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# Munich Social Science Review (MSSR)

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# Pataphysics and Pataphors: A Dialectical Approach

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**Abstract:** In Chapters 1 and 2, I explain the main concepts of pataphysics and apply them to pataphors. The creator of pataphysics, Alfred Jarry characterizes his new science: ‘Pataphysics is as far from metaphysics as metaphysics is from physics, and ‘pataphysics is the science of imaginary solutions. All this must be understood before we move to pataphors, which represent a novel way of handling metaphors, schematically: Basis > Metaphorization > Pataphor. We use the newly created metaphor to describe the facts of a novel world, which form the pataphor in question. In this way, a pataphor uses a metaphorical similarity as a reality with which to base itself. I suggest that we approach pataphors dialectically, starting from a particular pataphor instead of the basis: Patamoment > Pataphor > Metaphorization > Basis. I illustrate all this by starting from the memory of a love story that leads us through its metaphorization back to the basic scene on a street corner in Turku. I explain in detail how a pataphor is created by means of the dialectical approach. Note, the original approach allows the basis to create an infinite number of pataphors while my new approach restricts them to a singleton.

## 1. Elementary Methodological Considerations

Alfred Jarry is the father of ‘pataphysics. He was a poet, novelist, playwright, puppeteer, and translator. His biographer Alastair Brotchie (2015) writes, “Jarry is firmly established as one of the leading [French] figures of the artistic avant-garde.” He argues that Jarry lived a pataphysical life creating himself through his artistic work and destroying himself with alcohol and an irregular lifestyle. The key text on ‘pataphysics is Jarry’s posthumously published *Dr. Faustroll* (1911/1965),

which is a “Neo-scientific Novel.” Therefore, ‘pataphysics is an eccentric combination of literature and philosophy of science – this is reflected in the structure of the present article, too. A patapaper cannot be a standard journal article but rather its parody or falsification of the genre.

The name ‘pataphysics displays an apostrophe, which indicates something missing or eliminated, presumably because everybody already knows what is missing – not so in this case. When discussing cars, we know what a ‘box is: gearbox. ‘Pataphysics, therefore, hides something, but what? – presumably its definition. ‘Pataphysics is as far from metaphysics as metaphysics is from physics. ‘Pataphysics is the science of imaginary solutions and leads practitioners to novel worlds. These supplement the actual world (Brotchie, 2015; Clarke, 2018; Hugill, 2015; Jarry, 1996; O’Dair, 2014). ‘*Pataphysics* is a science of exceptions and concerns the laws that govern them. Such laws suggest generalized equivalences: everything is equal, especially inconsistencies, contradictions, and oxymorons, because everything is imaginary. ‘Pataphysics is, as already said, the science of imaginary solutions. This reflects the principle of ambiguation: the meanings or contents of concepts and thoughts tend to overlap.

An epiphenomenon is a crucial notion: a secondary phenomenon, like thought as an epiphenomenon that supervenes upon brain activity. Or thought is an emergent quality of the brain. Other related and useful ideas in this context are emanation and realization. The meaning of words like epiphenomena, supervenience, emanation, emergence, and realization agree. The basic idea is that something X comes about only because of Y when X and Y are mutually non-homogeneous sets of objects.<sup>1</sup>

‘Pataphysics is as far from metaphysics as metaphysics from physics. This platitude looks like it came from Aristotle. The term metaphysics originally means “after physics,” but only because *Metaphysics* comes after *Physics* in the traditional ordering of his books – and this is all. What metaphysics is, is a murky question in academic philosophy, and it is

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<sup>1</sup> *Britannica* (<https://www.britannica.com/>) defines *supervenience* as follows: “In philosophy, the asymmetrical relation of ontological dependence that holds between two generically different sets of properties (e.g., mental and physical properties) if and only if every change in an object’s properties belonging to the first set – the supervening properties – entails and is due to a change in properties belonging to the second set (the base properties).” Cf. <https://www.britannica.com/topic/epiphenomenalistic-materialism> about *epiphenomena*.

impossible to answer how it relates to physics. Metaphysics is a loose family resemblance term: we may specify sufficient conditions, unlike necessary ones. In modern philosophy, “metaphysics” is a market-driven trade label.

‘Pataphysics is a science of exceptions, making it one of the *ideographic sciences* like history, unlike the *nomothetical sciences* like physics. The distinction is due to the Prussian Neo-Kantian philosopher Wilhelm Windelband (1848-1915) – perhaps Alfred Jarry should have known it. In historical research, everything is exceptional and, as such, unpredictable. We cannot explain historical events and processes by the Hempel-Oppenheim model because we would need lawlike propositions. Instead, we read, narrate, and interpret individual events and their relations (Woodward and Ross, 2021).

What about those laws that govern exceptions? We may look at Karl Popper’s falsificationist philosophy of science (Popper, 2007). As a scientist, I locate a problem and present a hypothesis to solve it. The process utilizes an educated guess and a suggested explanation, resulting in an answer to the problem. Next, I try to falsify the hypothesis. Suppose I am successful. Now I need a strange new hypothesis. I continue my falsification attempts until I fail; therefore, I accept the hypothesis and call it a (provisional) truth and a valid scientific position. However, I cannot call the hypothesis unfalsifiable because science progresses in time, unlike pseudoscience, which makes future falsification possible. We must keep in mind the distinction between unfalsified and unfalsifiable hypotheses. No meaningful empirical proposition is, in principle, unfalsifiable.

In the Popperian context, we always play with exceptions. We try to find an exception to a lawlike hypothesis. We try to falsify a potential law, which is a general proposition. In other words, we try to find an individual exception that falsifies the lawlike proposition in question. If no attempted falsification works, and we cannot imagine others, we have discovered a law covering all the potential exceptions. Popper is a pataphysicist. And notice that all hypotheses are imaginary solutions to scientific problems. A scientist formulates a lawlike proposition and imagines specific falsifying conditions, which he hopes do not apply. ‘Pataphysics can be incorporated into the Popperian philosophy of science where it gets the new lease of life it may deserve.

Perhaps surprisingly, at this point, we also need to discuss miracles in the traditional Christian sense (Gurevitch, 1988: Ch. 2, and 205). Roughly, a natural event is a miracle if and only its occurrence is contrary to valid

natural laws, yet it does not refute them. Let us systematize this. Suppose we recognize a natural law, L, and experience a novel natural event, A, when A is anomalous to L. What are our possible epistemic attitudes in such a situation? We can organize them as follows:

- (i) Accept A and therefore reject L. (refutation)
- (ii) Accept A and accept L. (miracle)
- (iii) Reject A and accept L. (error)
- (iv) Reject A and L. (not possible)

(i) A is now a counterexample to L, which we must reject or modify (Popper). (ii) We can accept A and L together, which means their somehow illusory mutual compatibility (miracle): *Credo quia absurdum*, or as Tertullian said: “*Prorsus credibile est, quia ineptum est.*” (iii) We may reject A and call it an error that fails to invalidate L. Finally (iv), which may or may not represent a pataphoric intuition. Anyway, pataphysics is the science of *miracles* in case it accepts (ii): exceptions are once again more fundamental than laws.

Next, what about the principle of equivalence – or ambiguation and indifference? Hegel’s logic is pataphysical because it accepts the dialectical unity of certain contradictions. The orthodox Marxist logic and science follow suit. The simplest and most basic Hegelian example is this: Pure being (*Sein*) is being without properties, but without properties, being is nothing (*Nichts*); therefore, being becomes non-being (*Werden*) (Hegel, 1812: I.1.1). We can extend this idea to existence: existence without characteristics is nothing, and nothing means non-existence. Take a rose and eliminate all its features; you will lose the rose. The rose becomes nothing. Add enough properties to what used to be a rose, and again it is something. How many should you add? One cannot tell – which exemplifies the sorites paradox, or the paradox of the heap.

The fundamental principles here are indifference, equivocation, and ambiguity. For instance, a miracle exemplifies ambiguation: we accept an anomalous observation and the relevant law. Roman Catholic Church still plays this weird game when they canonize new saints. Saints perform miracles by default, while good people may witness them (Gurevitch, 1999: Ch. 2). Did Alfred Jarry perform miracles? The amount of alcohol he consumed is miraculous; it should have killed him (Brotchie, 2015: 259). Does this make him a patasaint?

We need not allude to the identity of opposites when we say that specific terms are so ambiguous that they do not allow separation. Love and hate may mean the same: “For each man kills the thing he loves,” says Oscar Wilde. Contingency and necessity are identical, as I will show below. After all, according to Alfred Jarry, words have no fixed meanings. George Orwell’s *Newspeak* (Gerovitch, 2004: Ch. 1) and Charles Dickens’s Mr. Pickwick utilize the same idea.<sup>2</sup>

Everything said is ultimately to be accepted in some convoluted conventional manner. Another example is naming things in the Pickwickian sense. For example, no one ever came close to showing what justice means – in a way that attracts consensus. What about the concept of power? If it is not a technical term, it lacks meaning. Yet, we love to use such big words. Their use involves an indicator as they become indexed to the speaker and her situation. One cannot correctly understand them without this information.

I do not want to void pataphysics, although its standard descriptions need to be more informative. Also, the pataphysical supplementary world that results from pataphoric activity is a possible world, a familiar term, and a tool of modern logic and analytical philosophy. Consider any changes to our actual world, and you have created a novel possible world that we may call a supplementary world. Two different worlds exist, say, where I am bald or not. The second world happens to be the actual world. But notice an ambiguation: exactly how much hair loss makes me bald? It is impossible to say. The sorites paradox is typically unanswerable because we cannot provide strict criteria for a person being bald or not bald.

The actual world is, obviously, possible. Any new world that is physically accessible from the real world is also possible. A world where tailless kangaroos topple over is accessible because we know how to create such a world. A world where I am bald is also accessible from the actual world: we know how to make a man bald (use radiation). We do not know how to create an inaccessible world. We call it physically impossible, like the world where cows can fly – our natural laws repudiate it. A logically impossible world contains mutually contradictory elements

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<sup>2</sup> Samuel Pickwick, a character in the novel *Pickwick Papers* (1836–1837) by Charles Dickens. – When we speak in the Pickwickian sense, our words may mean whatever we want. However, no general agreement on the proper meaning of this term exists – which itself is a Pickwickian and pataphysical point.

and thus cannot be realized or consistently described. We do not know what such a world is like; therefore, we cannot discuss it. Only one impossible world exists because it contains all the possibilities: A & non-A logically entails B, or contradictory premises entail anything and everything. A failure to bypass such tedious facts defines a member of the “oxymoron crowd” (Clarke, 2018: 1). We can hear their shouts: But that is impossible; it does not make sense!

Moreover, possible worlds are imaginary solutions. They are what we imagine. Therefore, when we do pataphysics, we need a clean break from normal science and a novel interpretation of those fundamental principles. Facts do not restrict imagination, and new radical variations and arrangements of the world are always possible. *Pataphors* offer tantalizing possibilities. The most direct way of seeing the new science of ‘Pataphysics emerging is by playing the language games of pataphors.

## 2. Pataphors

Here is a simple example of a pataphor:

*Fact:* John swims.

*Metaphor:* Seals don’t swim as well as this crazy individual.

*Pataphor:* John hunted seals this year in the Gulf of Finland, but in open waters, they swim too fast.

Hugill provides the following (2012: 51; I have modified it):

*Fact:* Tom and Alice stand side by side in the lunch line.

*Metaphor:* In the lunch line, they are three pieces on a chessboard.

*Pataphor:* Tom took a step toward Alice and made a date for Friday night, checkmating. Tom wins, and all the other boys are enraged.

Hugill (2015: 51) then explains the *pataphor* as follows:

Pataphor uses the newly created metaphorical similarity as a reality with which to base itself. In going beyond mere ornamentation of the original idea, the ‘pataphor seeks to describe a new and separate world, in which an idea or aspect has taken a life of its own.

According to Clarke (2018: 41):

When you extend the metaphor beyond its reasonable limits until an entirely new context is created, then you have escaped into the realm of the pataphor. So, start with a metaphor and then reach into the blank space that surrounds it; see what will happen next.

As my favorite patasource, *Wikipedia* (“Pataphysics”; my italics), explains the term nicely.

[A] pataphor attempts to create a figure of speech that exists as far from metaphor as metaphor exists from non-figurative [*sic*; figurative] language. Whereas a metaphor compares a real object or event to a seemingly unrelated subject to emphasize their similarities, *the pataphor uses the newly created metaphorical similarity as a reality to base itself on*. ... [A] pataphor seeks to describe a new and separate world, in which an idea or aspect has taken on a life of its own.

All our sources agree, and thus we may proceed. To create a pataphor, using the definitions above, one may move in the following standard manner (read the sign > “leads to”):

Factual description of a *basic scene* > Its *metaphorization* > Watching a novel *pataphor* emerge as an alternative factual scene somehow based on the existing metaphors.

Or even mover schematically:

Basis > Metaphorization > Pataphor.

The canonical method locates the facts of a basic scene, redescribes them metaphorically, and performs some verbal trickery to complete the pataphor as a novel factual scene in a new possible world. This description is, of course, too sketchy. Therefore, I dialectically reverse the standard order. I call my starting point a *patamoment*, read it as a factually described pataphor, and then reach back to the original basic scene via a ruling metaphor. In this way, I propose a dialectical deconstruction of the original pataphor:

Patamoment > pataphor > metaphorization > factual description of the basic scene.

I aim at a dialectical approach. However, applying the reverse order method alone does not make our inquiry into pataphors dialectical. We must use the reversed and direct methods together: we must alternate them step by step to make sense of the pataphor.

We need the dialectical method because the usual way of explaining a pataphor leads to an infinite number of pataphors derived from a single factual event. The metaphor used is a wholly ambiguous source of pataphors. This does not sound right, but I cannot discuss the problem here. My dialectical method allows us to focus on a single pataphor via a given patamoment, thus entirely focusing on the notion of an individual pataphor. The dialectical method individuates pataphors. We can therefore discover, analyze and, if we want, deconstruct a single pataphor in a novel way. To explain what we do *not* want:

Basis > Metaphorization > An infinite set of pataphors.

Indeed, we want one individual pataphor we can play with, and here we use the dialectical method.

When you focus on the contents of thoughts, a personal patamoment is a shock, alarm, and wake-up call that makes you consider a given pataphor in your imagination. A patamoment signals a new world. Next, I provide a detailed case study of a love story. I describe the pataphysical use of imagination, the science of exceptions, and the emergence of possible supplementary worlds. To create critical pataphysical elements, the style of the story tends to become grotesque and hyperbolic.

A patamoment indicates a pataphor that emerges to a person: a pataphor demands attention. I experienced a massive patamoment at home one freezing January afternoon in 2022 in Helsinki. I had come from my garage to check my Ferrari that I did not use in winter. I must drive it soon – cars are for driving, and they perish in the garage. But I was exhausted and bored. The bleak winter sun was setting behind those skeletal trees, the last remnants of rare northern daylight fading ever so slowly, leaving a blue haze reflected from the fresh white snow in its wake. I was lying on

my grey sofa dozing off while listening to Mozart's opera *Magic Flute* and its stunning aria of the *Queen of the Night*. Diana Damrau's otherworldly interpretation is both sublime and grotesque. I figured out a solution to a problem that bothered me through my adult years. The reminiscence threatened to grow out of proportion in its significance until I deciphered its meaning. I understood my only hope was pataphysics and the deconstruction of this pataphor I was now living through in my thoughts. To illustrate and analyze what I experienced on that idle January afternoon on my sofa, exhausted and half-asleep, listening to opera arias, I say this.

Here we have a pataphor in Helsinki. Next, we need another factual narrative that becomes the *basis* of the ruling metaphor that turns into the pataphor we already have. The basis explains the pataphor. In the fall of the late 1960s, a scene in Turku occurred when a gaggle of young men stood on a street corner opposite the Appeal Courts building. Before the great fire of 1827, it was the Old University of Turku or the Royal Academy's main building behind a small park and its threatening leafless trees. The moon was out on that cold, clear, and dark November late evening when suddenly, as if from nowhere, the most beautiful young blond woman I had ever seen emerged – or one of them. She knew my friends, posed, laughed, and talked to them for a while, her soprano tingling in the icy air, only to disappear into the night.

I did not speak to her as I only admired her demeanor; then I asked my buddy Ariel, who she was, as I wondered how such a perfect human being is possible. Ariel's answer was: She was Adina, whom the boys knew because they all were members of the Turku Jewish congregation. He said she knows how gorgeous she is, and thus none of them ever had or will have a chance of dating her. For all of us, she was a dream object. For me, at that very moment, she was a symbol of otherworldly beauty of the kind I will never again see. She was not only beautiful, but she was sublime. She was not from this planet – she could have emerged from the unfathomable depths of outer space. She represented a possible supplementary world and its unreal epiphenomena. Indeed, I never saw her again. I was twenty years old. As I am no poet or troubadour, this is all I can say.

I ask in vain what became of her. What happened to her? Did her beauty last? Did the subsequent events of her life justify her proud attitude? How did life treat her? – so many questions I could never answer. Why was I asking? Why bother? I do not know, but something must be said about this strange incident – indeed, it was a life-changing event, as I

now realize. At least I can try to figure out its pataphysics because here we have a glaring exception to life's common ways or a unique event. In Helsinki, this was a patamoment: I had fallen in love, not with her, but with her beauty. While reasonable, all these questions concerning her future life are naïve and, strictly speaking, illegitimate, as we will see. Yet, they demand answers.

### **3. 'Pataphysics of Chance and Determinism**

Ariel told me the following story. A friend asked Adina's father how he dared to let such a rare beauty go alone and unguarded at night in the city jungle. His answer in plain Finnish flows nicely, "Kuule, vittua ei voi vartioida," or in English: "Listen, you cannot guard the pussy." You must not garage a young beauty like you garage your Ferrari like the friend was suggesting. It is there to be used, whereas the woman opens all the doors herself. Ferrari does not escape, unlike an independent woman. Indeed, much can happen in the morning hours before noon. People commit great sins before lunch. The enlightened exchange between the father and the friend is ambiguous and is the first of many we will encounter. Strangers may threaten the young beauty or, alternatively, she may ruin her life with irresponsible behavior. Indeed, the two possible ways of personal destruction look distinct and different. But one can wonder whether this is true. All we need is to ask, what does it matter what ruins one's life; what matters are the ruins themselves, and that is all.

Pataphysically, we may legitimately ambiguate names of the causes of disasters because pataphysics respects the logical laws of identity and contradiction as little as metaphysics. The key is the positive attitude towards oxymorons – or their acceptance. Pataphysics is the science of exemptions, and Adina is such an exemption. Also, the moral ambiguity of her father's answer is an exemption. Fathers are not supposed to say what he said, yet he makes perfect sense. He did not want to lock her up.

In the cosmic context, the terms fate and freedom, necessity and contingency, or determinism and chance deserve attention. I ask what happened to the young and lovely Adina during the decades I have been thinking of her. How did she manage that night in Turku or any other night? Was she happy? Was her life good? I do not know, yet I realize that her fate could have been miserable or wonderful. It all depends – but on what? Her life was, of course, formed by numerous random events and chance incidents at every turn. Or her life was determined by rigid causes

that explain its course and allow us to speak of necessity, destiny, and fate. When she is old and her life fully formed, we can see that all that happened was necessary, as if the course of her life had a predetermined purpose. Or we can admire the random play of contingent influences and events, marveling at their interplay that produced the given result at the end of her life. Or perhaps her life was brief?

My point is that necessity and contingency apply equally to her life's course and end-state. Therefore, change and determinism, luck and fate, are the same. She, in the end, was a product of blind chance and iron causality, as shown by the end-state of her life, whatever it was. Something happened, and there she is now. What happened, happened to create the older woman she is – if she survives? Fate and chance mean, in the end, the same, the realization of which is a decisive pataphysical truth.

Her beauty was an exception among human beings, and her life was also bound to be exceptional. However, Adina is now an emergent epiphenomenon of my mind at home in Helsinki on that cold January afternoon. Here I have a celestial imaginary love object representing the Adina I glimpsed once in Turku. She is, for me, a being without history, life, and fate – an emergent contingent epiphenomenon lifted from my imagination. My anxious reflections concerning her life and its explanation by contingency and necessity are superfluous. Everything that matters is my thought of her in Turku at that very moment.

For me, now in Helsinki, Adina, forever gone but not forgotten, is a celestial epiphenomenon and the sole result of the metaphorization of those memorable events in Turku. And celestial epiphenomena exist only in cosmic contexts – in the strangest possible worlds. Her otherworldly beauty necessitates a cosmic approach, as I refuse to consider her a historical being. What appeared to me in Turku now has no history. All you need is love, and true, persevering love has no history. The rule is that unique events have no history because they no longer exist. They live only in one's feverish imagination.

#### **4. The Quest for Metaphors**

I have narrated my pataphoric moment in Helsinki based on what happened in Turku. Next, we must find the relevant metaphors of the Turku event that will transform into the given pataphor in Helsinki. A pataphor emanates from the metaphoric development of its basis. What are the metaphors of Adina? Metonyms are a type of metaphor. Think of the

above pataphysical context of fate and chance. We see that these two terms indeed are metonyms. Consider the following proposition:

*Various chance events formed Adina's later life.*

We can write as follows without changing the message:

*Rigorous causal processes formed Adina's later life.*

Their meanings are different, but their rhetorical message remains the same, just like in the following case borrowed from Alfred Jarry's life:

*I need to get drunk; now give me the bottle.*

And,

*I need to get drunk; now give me the absinthe.*

Here the words "bottle" and "absinthe" are metonyms because the two independently meaningful terms are fully interchangeable. The same applies to Adina and her celestial beauty. I glimpsed the Platonic idea (form, ideal, essence) of beauty I saw in a flash outside the dark Cave. Adina is a true exemplification of the idea of beauty. In this sense, the concepts of Adina and beauty are metonyms: show me Adina, and you show me the idea of beauty. Ultimately, she is beauty itself.

But Adina – what is the relevant metaphor in her case? We need a metaphor to realize the relevant pataphor. How do we find and create the relevant figurative meaning? Her exceptionality requires an answer regarding a metaphor turned into a pataphor, and thus we progress.

What is the crucial metaphor? Let's provide the foundations that we will discuss later. Adina is the Queen of the Night, a cosmic beauty, transcendental illumination, an escapee from Plato's Cave – as fascinating as she is terrifying. She is sublime in the old sense, at the same time beautiful and awesome, even frightening (Burke, 1757). Adina belongs to the cosmic night yet illuminates her surroundings. She is, simultaneously and metonymically, light and night.

Pataphors give metaphoric elements a new life. The figurativeness of metaphors must re-emerge as fundamental elements of the novel factual pataphor. Suppose I say this boy has a sharp mind. The idea of sharpness

moves the case into a symbolic realm that loses its direct contact with reality. Now, the standard pataorder of things moves from figurative sharpness over to a supplementary but imaginary world of facts. A pataphor emerges when we say: “I have lost my mind sharpener, but I heard they are for sale somewhere, perhaps where they also sell debraining machines.” The words “sharp” and “mind” are retained but now located in a novel scene and possible world that jokingly alludes to Alfred Jarry’s play *King Ubu* (Jarry, 2007, 2014). Ubu is fond of debraining his victims.

Adina’s stunning beauty left me dumbfounded and forever lonely. We find several metaphors here. Adina, in my dreams, represents female beauty and attractiveness; also, we see a metonymic pair of Adina and ideal beauty. These two terms are freely exchangeable throughout the erotic contexts. But the above sentence also contains another metaphor, “stunning,” admittedly a dead one. How could we turn such a context into a pataphor?

Now, all this is simplistic. A good pataphor cannot tolerate dead metaphors. We need the fresh fruit of fertile poetic imagination. So, we unpack the metaphor that applies to Adina on that fateful evening in Turku. What is the patarelevant key metaphor that represents Adina and her celestial beauty? To see Adina’s metaphoric place in the universe, we go from the mundane to the loftiest of visions and consider a proper metaphysical context translating into pataphysical language. I discuss Sigmund Freud, H. P. Lovecraft, and Franz Kafka on their heavenly apparitions that will explain the place of Adina and the ideal beauty in a possible supplementary universe.

First, Sigmund Freud tells in his classic *Civilization and Its Discontents* (1969: 11) about his unnamed friend (in what follows, Friend is a proper name) who explained his religious feelings’ uniquely cosmic nature. Other interpretations are possible, but here is Freud’s report given as someone who is blind and fails to see:

[H]e was sorry I had not properly appreciated the true source of religious sentiments. This, he says, consists in a peculiar feeling, which he himself is never without, which he finds confirmed by many others, and which he may suppose is present in millions of people. It is a feeling which he would like to call a sensation of ‘eternity’, a feeling as of something limitless, unbounded – as it were, ‘oceanic’. This feeling, he adds, is a purely subjective fact, not an article of faith; it brings with it no assurance of personal

immortality, but it is the source of the religious energy which is seized upon by the various Churches and religious systems, directed by them into particular channels, and doubtless also exhausted by them. One may, he thinks, rightly call oneself religious on the ground of this oceanic feeling alone, even if one rejects every belief and every illusion.

Freud finds all this intriguing, but he confesses he has no way of commenting – neither do I. Why call this black cosmic energy a source of religious sentiment in the void? Why not call it pure nightmarish horror? You may call it anything you like – why not call it a metaphor for the Friend’s lack of a soul? Of course, a holy reading is possible, mainly when one focuses on the Old Testament but less convincingly on the New Testament, which lacks all cosmicism. He may have misread his fundamental vision – no wonder Freud could not follow him. Christian lore has Friend blinded.

Lovecraft (1936: Epigraph) exhibits his sentiments of cosmic horror: he describes the universe in the Gothic style, even displaying the characteristic m-dash (Milbank, 2021: 166ff.), as if from an insider’s immanent point of view. He thinks as if he was there:

I have seen the dark universe yawning,  
Where the black planets roll without aim—  
Where they roll in their horror unheeded,  
Without knowledge or lustre or name.

Lovecraft is an atheist who believes in science but is open to metaphysical cosmicism in the same sense as Freud’s friend. Yet, his interpretation is artistic and Gothic; Friend, on the contrary, is a conventional religious seer. They choose the reading that suits their temperament, background beliefs, and religious convictions. Regardless, they both see the infinite universe opening before them as if they were there, Friend anticipating God and Lovecraft seeing physical objects in a gothic context.

Franz Kafka (2021) offers a third version of cosmicism in his unduly neglected novel *Amerika*. Karl Rossmann wanders around Mr. Pollunder’s huge mansion at night until he gets lost. The narrative style is surrealistic, and the point of view is external to the yawning, empty universe.

Karl came by a great stretch of wall entirely without doors, you couldn't imagine what was behind it. Then came again door after door, he tried to open several, they were blocked and the rooms apparently un-lived in. [...] And here so many rooms stood empty, just so you could hear a hollow sound when you knocked on the door. [...] Suddenly the wall on one side of the hallway stopped and an ice-cold marble railing stood in its place. Karl put the candle down on it and leaned over carefully. *Dark emptiness blew against him*. If this was the main lobby of the house – in the shimmer of the candle, a vaulted, arching ceiling appeared – why wasn't anyone walking through this lobby? What purpose did this great, deep room serve? You stood here in the open, as in the gallery of a church. [...] The railing wasn't long and soon Karl was taken into another enclosed hallway again. When the hallway suddenly turned Karl knocked into a wall with his whole force and only the uninterrupted care with which he desperately held the candle protected it, luckily, from falling and going out. Since the hallway didn't want to end, there were no windows to look out of, nothing moved, neither high nor low, Karl was already thinking that if he kept on walking forward through the same circle of intersections he could hope maybe to find the door to his room again, but neither it nor the balustrade returned again. Up to now Karl had kept himself from any loud shouting, because he didn't want to make any noises in a strange house at such a late hour, but he realized that this wasn't a bad thing to do in an unlit house and right away he began to scream a loud hallo down both sides of the hallway, when he noticed, in the direction he had come from, a small approaching light. [...] [A]n old servant was coming with a lantern to show him the right way. "Who are you?" (My italics.)

Here we have an extended metaphor or allegorically developed narrative. The house is America, an endless labyrinthine world wrapped in empty cosmic nothingness. Karl is lost, wandering through this vast structure, wondering what it is and where he is. He leans on the "ice-cold marble railing," reaching over, and "dark emptiness blew against him." He has gone to the *limes* understood in its two Latin meanings: a borderline and a long road leading to a hostile land. The railing is the border, and the eternal darkness of hostile realms looms beyond, toward which Karl staggers carrying his candle. The world and the yawning nothingness wait

for him. But when he screams, a servant, a savior carrying a lantern, like some latter-day Diogenes, comes to fetch him. Mock religious allusions tint Kafka's literary cosmicism.

In his cosmic poetry, Lovecraft says what Friend and Kafka refuse to say: here we have a possible world where nothing is real and real is nothing. The pataphoric technique can achieve this, too. We start from a metaphor and develop it until it applies to and represents a possible world unrelated to the world that grounded the original metaphor. We then find a world that opens towards the void and its nothingness (according to Freud's friend), which, for him, paradoxically entails God's presence. Therefore, Karl's observation of the void is incomplete, as Lovecraft's grand vision proves. A cosmic allegory emerges as a symbolic vision, or lack of it, in which the void is not void but a plenum (Lovecraft). What was originally a metonymic relation between nothing and real – nothing is real and real is nothing – now depicts a new possible world.

Friend and Karl access the void from the railing, the border between the plenum and its nothingness. Lovecraft, on the contrary, immerses himself in the cosmic emptiness and its nothingness. When he does so, he can show the contents of the void; paradoxically, nothing becomes something. All this is perfectly pataphysical: one can describe and make sense of what looks empty but is full, or nothing is something. What is nothing is something, that is – and *vice versa*. You reach the limit and lean over its railing to see it all. The trick is to use the proper language frameworks: religion, Gothic imagination, and fictional narrative. Together they do the work no standard science can do.

### 5. The Queen of the Cosmic Night

My account of the primary scene in Turku is true. Adina comes; she shines and goes leaving us boys alone and lonely. We can then ask what Adina represents here. Or we use more pataphysical language and make her an epiphenomenon. Once we have done so, we must formulate a metaphoric account of the basic scene and Adina's role there. Once we have the metaphor, we can construct the corresponding pataphor, which is now me in Helsinki listening to Mozart and trying to solve the riddle that is Adina. To put it schematically:

The basic scene in Turku > Adina as an epiphenomenon, or representation > Metaphoric description > Pataphor.

Or,

Boys on a street corner in Turku > Adina arrives > Adina as something > Metaphoric account of this > Timo on his sofa partaking in a pataphor.

We start unpacking all this by jumping Kafka's marble railing in a Lovecraftian manner. We see Adina's entirely moral perfection and her otherworldly nature in the vast, dark emptiness surrounding us at that unique moment outside all time and place. She is a perfect epiphenomenon of a simple schema. Hence, I say Adina and her celestial beauty represent a Lovecraftian view of the Queen of the Cosmic Night. We boys hang on Kafka's marble rail to see what that dark empty nothingness contains and ultimately reveals. Can we get it? All you need is love – of course. Beauty and love blend with awe and horror in all their sublimity.

Adina is the Queen of the Cosmic Night – the Celestial Beauty. In their alchemical role, the Queen and the King form a chemical couple, who have intercourse, lay in the royal bed, die, and putrefy, only to rise again cleaner and better than ever before (Abraham, 2003: 113, "King"; Roob, 2005: 76ff).<sup>3</sup> This allegory of the chemical process brings about something new from its blended but straightforward elements. The Queen is the Moon, silvery, calm, cool, and moist, while the King is the Sun, golden, hot, arid, violent, and bright. Adina is the Queen searching for her King to die with him – what could be more pataphysical than alchemy and its philosopher's stone? Of course, we Turku boys did not qualify in this search for syzygy or the discovery of contradictory and universal conjunction (Hugill, 2015: 14). We would never be eligible as the chemical King for the Queen.

Adina, that night was no longer a flesh-and-blood young woman tied to the historical space and time. As the Queen, she was an emergent entity straight from the Lovecraftian cosmic night of the planets, an epiphenomenon of the different reality of eternal values and virtues, a representation of everything sublime – and the Burkean sublime means both beauty and horror, as Lovecraft's little poem hints. She was the

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<sup>3</sup> Roob (2005) displays the pictorial heritage and glory of the alchemical lore. Pictures substituted the language fatally corrupted in the fall of the Tower of Babel in Babylon (p. 9). Today science is done with numbers.

chemical Queen, the Moon, and a Platonic emanation of beauty outside the Cave. When her father said no one could guard her, he was right. She was a free, pure, cool, transient light and a flashing silvery agency. We were lucky she left so soon, like a heavenly planet on her course. How could we bear more of her presence? She, behind locked doors, under guard and constraints – how do you dare to think of such a blatantly unreal possible world?

In Turku, Adina had arrived and gone without us recognizing any metaphoric import. But because I must explain the pataphoric Helsinki moment on my gray sofa, we need the crucial metaphor that alludes to the non-figuratively expressed pataphor. This metaphor brings about the related factual pataphor in a supplementary world. According to that pataphor, in Helsinki, we have operatic music, a gray sofa, a sleepy and confused person, night, light, darkness, trees, snow, garaged Ferrari, and other elements the mundane environment of my home contains. And we have that sublime opera aria from *Magic Flute* where the Queen appears so forcibly. And this Queen is liberated and free; this Queen is born to dazzle and circulate “when the stars are right” (Lovecraft). Father knows best. The relevant pataphor must somehow recreate these elements and at the same time present an account of Adina as the Queen and the boys as impotent spectators on that street corner in Turku.

Fernando Pessoa writes: “In my own way I sleep, without slumber or repose, this vegetative life of imagining, and the distant reflection of the silent street lamps, like the quiet foam of a dirty sea, hovers behind my restless eyebrows” (Pessoa, 1982: 155). Here is another metaphorization of my situation in Helsinki on my sofa on that cold January night. But we need a connection to that street scene in Turku. The key image is Pessoa’s “the distant reflection of the streetlamps, like the quiet foam of a dirty sea.” I return to Turku when I re-imagine this: The distant glare of unknown planets, like the inert foam of the dirty universe. And the sublime horror of “Where the black planets roll without aim” connects it all to the epiphenomenal Queen of the Night.

The following two alternative allegories illustrate my Helsinki patamoment and the memory of Adina:

“Be sure of this, uncle,” replied Hector in a more serious voice, “Clotilde will never love me, and besides,” he added, relapsing into gaiety once more, “I don’t like to succeed to another; I agree with Mademoiselle de Scuderi, that, in love, *those queens are the*

*happiest who create kingdoms for themselves in undiscovered lands.” (My italics.)*

Next, we have an allusion to the chemical King straight out of the furnace:

Yet out of the fiery trial, this King became a hero; his queen, whose pride and wasteful vanity had done its full share in bringing the country to the verge of ruin, became the *idol of the nation*. (Both in *Online English Collocation Dictionary*; <https://inspirassion.com/en/metaphor/queen>. I have slightly modified both. My italics.)

The crucial point: the metaphors and allegories we use must apply both to the factual Helsinki pataphor and the basic Turku scene where it all starts: the metaphors tie together the basic scene and the pataphor. They ambiguate Turku and Helsinki.

On my sofa in Helsinki, I replicate the events in Turku. I leave the trivial but tedious task of proving this to the reader because the job is so subjective. Interpretation permits no truth, and even a mutual agreement between readers may be exceptional. But when one understands Adina as an emerging epiphenomenon of the sublime Queen of the Cosmic Night, her celestial beauty’s horror becomes obvious. And its concrete manifestations in Helsinki are Mozart, me as an older man, my sofa, the darkness, the cold night, and my love of beauty. How can we incorporate the music into those relevant metaphors? We have beautiful Adina as the Queen of the Night (a metaphor), but now Mozart’s Queen of the Night appears to me on my sofa in my thoughts (a fact). Or perhaps the following is appropriate: the Queen’s silvery cool moonshine is like the soothing music of the spheres to her unfortunate victims of restless love. I read this with ever-increasing dread:

Xenocrates, as Martianus Capella further informs us, employed the sound of instruments in the cure of maniacs; and Apollonius Dyscolus, in his fabulous history (*Historia Commentitia*) tells us, from Theophrastus’s *Treatise upon Enthusiasm*, that music is a sovereign remedy for a dejection of spirits, and disordered mind; and that the sound of the flute will cure epilepsy and sciatic gout. (“Oxonian,” 1835: Ch. 14)

The pataphor we have discussed concerns my thought of Adina's sublime beauty in Turku. Like Mozart's Queen, she is simultaneously fascinating and scary in all her sublimity. Adina is the Queen of the Night – this is our needed metaphor. It must emanate from the factual basis and bring about my Helsinki pataphor. It does because now we have the relevant metaphor of Adina's beauty, the Queen of the Night, and Mozart's aria *The Queen of the Night* as music that I, in fact, played, listened to, and thought about on my gray sofa in Helsinki. A basic fact (in Turku) becomes a metaphor, and again this metaphor becomes a fact (in Helsinki). The figurative expression "Queen of the Night" applied to Adina in Turku now has two or three unrelated epiphenomenal guises in Helsinki: a name for a piece of music and the thought of the free-roaming female beauty. This proves that I have, according to its own rules, indeed created a legitimate pataphor.

## 6. King Ubu Triumphant

Think of the proofs of the existence of God. I presume that the idea of God entails no contradiction, so he must be genuine in certain possible supplementary worlds. But scandalously, his world need not include our present actual world. He may live forever alone in his lonely kingdom in heaven, as a deist says. Pataphysically, we may also assume a world where God is the world, and our world is in him, and therefore we humans become gods.

God is everything, and therefore he is nothing, but what is nothing is real, otherwise it could not be anything; thus, he is real. All these conclusions are evident. Pataphysically, "God is the tangential point between zero and infinity" (Jarry, 1996: Ch. 41). God is identical to Ubu the King, who has nothing and everything. Jarry's early play *Ubu Roy* (first performed in Paris on December 10, 1896) is still a prominent example of the theatre of the absurd, along with the plays of Eugene Ionesco and Samuel Becket. Ubu is a puppet from puppet theatre, and his creator Alfred Jarry was an expert puppeteer. In the end, he is a universal symbol of – what? The puppet Ubu looks like a sweet potato. We see a large spiral on his belly, which may represent a labyrinth and a warning: mess with this fellow and you'll be lost forever. Or it says: I am a labyrinth. As Jesus says, "I am the way, the truth, and the life" (John 14), which carries the same message as Ubu's labyrinth – at least when we

assume the pataphysical perspective. Ubu talks like a mechanical doll, and the dialogue moves along jerking and twitching to suggest puppet theatre.

The artistic effect is artificial and mechanical, devoid of human-like feeling, understanding, and compassion – pure satire. Père Ubu's literary characterizations never lend him any realistic outlook. He is the epitome of the Other, yet strangely, his peculiarities are lamentably familiar, universal human vices and weaknesses, like cruelty and cowardice, as well as greed for food and power. He is fat, fierce, and heedless. He has no moral consciousness, fellow feeling, or vicarious sensibilities. His approach to the world is consumerist: he aims at devouring it all. Here is Nietzsche's new superman.

Ubu's favorite way of treating his victims is to debrain them. For this reason, he has a debraining machine in the cellar. But he also threatens to remove your brain through the heel, which sounds scary enough. Perhaps when you read the play, the message will debrain you, the reader, as if you were one of Ubu's victims.

Ubu can also represent an everyman, an archetypal despotic ruler we all want to be, any ruler, a greedy God, and finally, any god. If we treat this series of epithets not as a line but as a circle, we get Ubu as everyman god and god everyman. In other words, Ubu is a universal characterization of us. Ubu is a socially relevant agency, and in this sense, he is universalizable. At the same time, he is nothing, or he is a kind of monad and a tangential point without independent existence in any possible world. Yet, he is more than an archetype or ideal type – this is how I see Alfred Jarry's message.<sup>4</sup>

As I explained above, the ultimate epiphenomenon is my Adina, the Queen of the Night whose celestial beauty suddenly emerges and again vanishes when the stars are right. She is an epiphenomenon of a traveling messenger from the universal void that is at the same time plenum. She debrains the Turku boys through their heels, which explains my initial awe. She was there to devour us all, and I felt it that afternoon on my gray sofa. I conclude that Ubu is the chemical King in bed with Adina the Queen. They will have intercourse, die, putrefy together, and rise again – thus creating a new alchemical substance, preferably gold, but in this case

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<sup>4</sup> How to construct a monad, see Szönyi's (2004: 169ff) illuminating account. Pataphysically Adina is a monad, but I cannot develop this idea here.

futile speculative thought as literature. Adina, the moon in the night, joins the sun, Ubu the King as her alchemical Queen forever.

Adina's celestial beauty is exceptional, and its memory triggered my corresponding patamoment. Her father's striking words to his friend actuated the divination process. Adina is a free wandering star whose emergence invites metaphorization. Therefore, my Helsinki pataphor contains Mozart's aria, the darkness of the evening, my longing, and all the other relevant elements. Adina is ahistorical and unique; thus, she is the Queen of the Night, eternally searching for her chemical spouse, the King, to die and putrefy with him – according to the alchemical principles of generation, birth, and creation.

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## An Inquiry into Class Gaze

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**Abstract:** The object of this essay is to open up the ‘class gaze’ and thereby destroy its unchallenged power, just as Laura Mulvey’s “Visual Pleasure and Narrative Cinema” opened the ‘male gaze’ to public awareness and scrutiny. The relationship between desire and gazing provides a particularly vivid depiction of an untapped substrate in Theodore Dreiser’s novel *Sister Carrie* and his “Trilogy of Desire” (or “Cowperwood Trilogy”) and in Oscar Wilde’s 1891 novel *The Picture of Dorian Gray*. The analysis employs cross-disciplinary lenses to view these texts, yielding what are at present only tantalizing hints of a neurological basis for a ‘class gaze,’ which is reflected in literary texts. “Class gazing” has a sociological dimension in *authority* and *control* and a psychological aspect in its sometimes *hypnotic* and *seductive* influence. While the main insight into the literary ‘class gaze’ pursued here is via traditional close reading of text, neural imaging offers a new avenue of research into how the commanding gaze of the powerful in society reinforces the social hierarchy. Bringing textual analysis together with neuroscience may offer a fruitful bridge between C.P. Snow’s often colliding “Two Cultures” (science and the humanities), as well as to indicate a method for understanding the mental “gadgets” of those who command the increasing concentration of wealth and power in human social orderings.

**Keywords:** Class gaze, Oscar Wilde, Theodore Dreiser, male gaze, black spectatorship, clinical psychology, dominance, eye aversion, neural-mapping, fMRI, social anxiety disorder, inequality, Joel Kovel, social stratification, aesthetics, Laura Mulvey, Manthia Diawara, Modernism, Virginia Woolf, Naturalism, Georg Simmel.

### 1. Why People Go Limp under the ‘Class Gaze’

Laura Mulvey coined the concept of a ‘male gaze’ in 1975 in her essay for *Screen* magazine, “Visual Pleasure and Narrative Cinema” (14-26). In this

study, Mulvey's goal is to "destroy beauty" by analyzing it, since that is what is claimed about the effect of analysis upon beauty. The reason for deconstructing the 'male gaze' is to show how lopsided and incomplete our view of cinematic experience is because of this omission (16). The one-way male voyeurism will then be subjected to a beginning of a 'female gaze,' according to Mulvey. Diawara (1988) added his challenge to the overdetermined gendered gaze with his essay "Black Spectatorship: Problems of Identification and Resistance." Yet this is still not the complete story about 'gazing,' because not only is there a 'male gaze' in which women strive to jump through hoops, but, as evidence suggests for me, a *class gaze*, too. Mulvey describes the male gaze in ways similar to the social class gaze, which is almost totally powerful in its ability to control by causing an obsession with comparing the self to others. In the 'male gaze' women and gay men pass muster below the gaze of men. Diawara outlines identification and resistance to the white male gaze from the point-of-view of the Black spectator. In the functioning of the class gaze, all genders and races are subject (the "looked at") to the censorious glance of the person perceived to be above oneself in the social hierarchy, a self-checking is frequent and stressful. The object of this essay is to open up the 'class gaze' and thereby destroy its unchallenged power, just as Mulvey and Diawara opened the 'male gaze' and 'white gaze' to public awareness and scrutiny. The relationship between desire and gazing provides a particularly vivid depiction of an untapped substrate in Theodore Dreiser's novel *Sister Carrie* and his "Trilogy of Desire" (or "Cowperwood Trilogy") and in Oscar Wilde's 1891 novel *The Picture of Dorian Gray*.

The work of Dreiser is so intimate that the writer has no place apart, no calm objective state. Dreiser could narrate, but always from the very brink, not some snug "room of one's own." He wrote fictional instances of the 'class gaze' while mentally torn open by this powerful social magnet. Wealth-obsessed and fixed in the class gaze, Dreiser spends 1361 pages exhaustively detailing one notorious Chicago street railway oligarch's life in what has become known as "The Trilogy of Desire," three novels about a notorious and thinly-fictionalized Chicago railway oligarch named Frank Algernon Cowperwood. Here we will explore some evidence that shows how the answer to Dreiser's obsession may be found below the novelist's conscious behavior.

## 2. Joel Kovel's "internalized schism" of Desire in Society

According to the psychoanalyst and cultural theorist Joel Kovel, in his 1980 text *The Age of Desire*, there is not only a sociological aspect to the 'class gaze' but a psychological, hypnotically erotic aspect of the 'class gaze' that is, perhaps, even more ubiquitous than the gendered 'male gaze.' The reason is that a 'male gaze' causes a sometimes-conscious response to its sexual charge while a 'class gaze' may affect its recipient consciously as 'authority' and 'control' or beneath conscious volition as a sexually hypnotic gaze. Kovel traces class back to the beginnings of society explaining that

People [have] lived a twofold existence: they shared in the same society, yet were strangers to each other, separated by the barrier of class. Such a barrier cannot exist only on the outside; it must be internalized. And once the self is separated from others, it becomes aware of itself as an individual entity cut off from the world in general, from nature and its own body as well as from other people (Kovel 1980: 57).

This internalized schism is at the root of Kovel's theory of desire in society to explain the rise of the class gaze, as well as struggles of fiction writers to portray their characters' inner lives' trying to merge with their outer lives. Take, for example, Dreiser's Chicago oligarch protagonist Frank Cowperwood's gaze, which is anything but frank, as shown in Dreiser's 1912 novel *The Financier*. Cowperwood has a mesmerizing effect on women, so that an early admirer named Aileen Butler senses "romance in his eyes, which, however governed and controlled--was directive and almost all-powerful to her" (see Dreiser: 1912: 115). Aileen, Cowperwood's first mistress, feels an electrical charge when she looks into his eyes and that here was a sympathetic person she could lean on. But she knows that Cowperwood had other looks so that

. . . men particularly, found it difficult to face Cowperwood's glazed stare. It was as though there were another pair of eyes behind those they saw, watching through thin, obscuring curtains. You could not tell what he was thinking (Dreiser: 1912 115).

The Cowperwood brand of hypnotic stare negated the wills of others. Men folded beneath that gaze. Women fell at Cowperwood's feet.

Kovel's path to his innovative theory of urban social hierarchies is based upon keen psychoanalytic observation similar to Dreiser's tracing Cowperwood's ability to stare people into compliance. After Yale Medical School and directing Residency Training at the Bronx Municipal Hospital, Kovel became aware of the role of *unfulfilled desire* underlying the most diverse battery of patients' symptoms. This line of inquiry paralleled some of Lauren Berlant's research in her study of affective states in the public-cum-private sphere: *The Queen of America Goes to Washington City: Essays on Sex and Citizenship*. Kovel opens his 1980 *The Age of Desire*, vehemently accusing psychiatry of being in a tight embrace with capitalism, leading to flavor-of-the-month therapies. The poor get cheap treatment, largely based upon drugs, while the fabled "talking cure" is reserved for the wealthy. Although perhaps indebted to Gilles Deleuze and Félix Guattari's *Anti-Oedipus*, some of the local color of Kovel's American psychoanalytic case studies make for remarkable reading.

Obviously Kovel's *Age of Desire*, came too soon for advances in neuro-imaging and more recent clinical advances, but we now can track some of the markers for how the 'class gaze' functions. In a 2001 clinical study "Evolution and social anxiety: The role of attraction, social competition, and social hierarchies," psychiatric researcher Paul Gilbert notes that one of the signs of lower status submission in humans is *eye aversion*, along with "inhibition or flight" (Gilbert 2001: 739). Recall from Dreiser's novel *The Financier* that "men particularly, found it difficult to face Cowperwood's glazed stare" (Dreiser 1912: 115). The class gaze may have a sexual component as articulated in intersectionality theory, but it may also menace with no component of warmth or desire. This structuring of the power of looking links the 'class gaze' to the 'male gaze,' as has been documented in human history and also proven observable in primate behavior, linking the 'class gaze' with eye aversive subordinating behaviors.

Like Kovel's critique of the psychiatric profession and its embrace of capitalist hierarchies, Gilbert notes that "being allocated a low social rank or being ostracized carries many negative consequences for controlling social resources and physiological regulation." Gilbert concludes that "If social anxiety (and disorders associated with it) are increasing in the modern age, one reason may be invigorated competition for social

prestige, attractiveness, and resources” (Gilbert 2001:745). And Dreiser’s Cowperwood has it all calibrated, musing that

He had no respect for judges--he knew too much about them. He knew how often they were sycophants, political climbers, political hacks, tools, time-servers, judicial door-mats lying before the financially and politically great and powerful who used them as such. Judges were fools, as were most other people in this dusty, shifty world. Pah! [Emphasis added] *His inscrutable eyes took them all in and gave no sign. His only safety lay, he thought, in the magnificent subtlety of his own brain, and nowhere else. You could not convince Cowperwood of any great or inherent virtue in this mortal scheme of things. He knew too much; he knew himself.* (see Dreiser 1912: 278)

Most of these behaviors fly below conscious volition in our mundane lives but fiction can make visible what has been naturalized and mystified away. Digital monitoring allows neural evidence to be introduced to prove a ‘class gaze,’ along with literary close readings: namely, emotion-mapping results from fMRI scans of the human brain. In addition to behavioral evidence of the ‘class gaze’ power over those in lower social positions, what might fMRI imaging data have shown about Aileen Butler under Frank Cowperwood’s gaze? Or humiliated Carrie Meeber, fixed in the stares of better-dressed Chicago girls? Franklin R. Schneier’s 2009 study “Neural Circuitry of Submissive Behavior in Social Anxiety Disorder: a Preliminary Study of Response to Direct Eye Gaze” may be a step in establishing the ‘class gaze’ and its effects upon those unhappy targets of its power. Future studies could examine whether response to direct gaze has utility as a predictor or a biological marker of treatment response in Social Anxiety Disorder. In addition, the conclusion that this is an evolutionary conserved trait from the primates may be ample field for a ‘class gaze’ lens for literature.

While class, race, and gender are common knowledge, psychoanalyst Kovel delves far more deeply. His theory emanating from *The Age of Desire* shows how powerful drivers of identity erupt on the surface but are driven by linked well springs below rational thought and beyond the control of both patients and the so-called “normal” population. He writes of the power of capital, of the class gaze, and of arousal in those mesmerized by ‘the gaze,’ explaining that

Certain Marxists will claim I am trying to mystify history by ascribing so basic a function to a nonrational force such as desire, one, moreover that seems to fly in the face of materialism by being unable to attach itself to any object in the world. And it must be admitted that I am not a very good Marxist, but one of the oft-rejected anarchistic or Humanistic type. I am so, however, with reason. The issue is not whether desire fits into Marxist dogma but whether it exists—and if it exists and palpably plays a major role in shaping events and is not reducible to ordinary material influence, then is it not a mystification to leave it (desire) out? (Kovel 1980: 260).

Admittedly, some people find great promise in the term and concept of ‘intersectionality’ that says that all our demographic traits such as gender, race, class, religion are formed intertwined and symbiotically linked to the point that, if we remove one, the whole identity picture gets skewed. That concept is accurate and a good guide by which to assess our worldviews as subjective observers.

However, ‘intersectionality’ leaves imminent sexuality out and what Kovel calls capitalism’s class gaze that is riveted upon the unreachable and indescribably obscure object of desire. Because *desire* has no place in consciously logical terms, ‘intersectionality’ is as sexy as a freight train. No one has ever accused class-based readings of literature of being sexy. Such unfashionably-dressed theorists as Marx or even more well-tailored economists such as Milton Friedman cause few hearts to flutter. That is not to say that some people do not find freight trains, economic theorists or droning lectures terribly sexy, but more often literary and cultural critics do not see things this way.

So logical discussion goes on while no one advances Dreiser’s important work of making the American businessman’s life palpably sexual. At least evolutionary biology should propel us in this direction. To make such an intimate connection, researchers need to determine which writers prominently foreground the ‘class gaze.’ Theodore Dreiser’s fiction seems fitting for the Naturalist worldview and model of literature and Oscar Wilde’s fiction for the Aesthetic (or Formalist) model of literature.

### **3. Mesmerized Novelist Theodore Dreiser places Privilege in the Mirror**

Dreiser's protagonist Frank Algernon Cowperwood is based upon the railway financier Charles Tyson Yerkes, who bankrolled "the Loop" elevated rail system circling downtown Chicago and who also founded Yerkes Observatory in Stevens Bay, Wisconsin. The real-life oligarch Yerkes had made some very unpopular moves in Chicago, opposing decent sanitation in the poorest part by keeping his bought-and-paid-for crony as sanitation inspector, outfoxing other millionaires to gain cheap streetcar franchises, so a young astronomer named George Ellery Hale gave Yerkes a chance to improve his tattered public image with an offer to help Yerkes endow a state-of-the-art scientific institution. At the time of its 1893 founding Yerkes Observatory held the world's largest telescope ("Yerkes": 2022). Dreiser never resolved his own attraction and revulsion response to the virtually unbounded wealth and power of this foremost "Robber Baron" whom he observed in late Nineteenth and early Twentieth Century Chicago society, yet Dreiser provided the most completely realized portrait of the interior mental states of an American businessman, as well as the larger issues of a "naturalized" capitalist society.

The subject of the three novels is the arc of one corrupt businessman's career as his activities reach staggering heights of wealth and power. Dreiser's *The Financier* begins the career of Cowperwood. As is often the case, Cowperwood is no "self-made" man but gets a start using inherited money from his Quaker banking family. Back in Pennsylvania, Cowperwood has more than a brush with the law when a slight case of embezzlement due to misuse of municipal funds land him in the Pennsylvania State Penitentiary. Yet Cowperwood leaves Pennsylvania with significant money and contacts with those capitalists willing to overlook a little stretch in the Pen. With his germinal capitalization, the financier goes on to buy up the rights to swathes of lakefront Chicago streets for rail development. Dreiser weaves the personal growth of Cowperwood's personal charisma, the growing fame of his "mesmerizing" gray eyes, with his clout in the high social circles of Chicago's downtown development.

Two questions emerge. Why such an outpouring of words about the fictionalized wealthy Cowperwood? Why not write as elegantly and selectively as the more highly admired writers such as Henry James or Edith Wharton? To understand why Dreiser is no Edith Wharton or Henry

James, we must make a small digression to explain one basic never discussed outside English classrooms. If you are the Pope, a famous film director, a member of a royal or socially prominent family, you may not need to cite your sources, depending upon what you are saying. Dreiser wrote from a quite different point on the societal map than James. And Dreiser took in the broader issues of society, rather than limiting to the interior states of certain, well-placed characters.

Position in society matters for writers of all sorts. Aristotle advised in his *Rhetorike*, if you are nobody famous and wish to be heard in any public venue and taken seriously, you must have the proper claims (enthymemes) and evidence (pisteis) giving convincing detail. Dreiser knew his social status was not anywhere near papal, so he labored dutifully at documenting everything. Being poor in his youth also taught Dreiser that his time was not valuable, so he would keep writing well into the night. Some early readers wished Dreiser had made a middle choice and not been so very earnest and diligent in his listing of Cowperwood's household furnishings, what his latest mistress was wearing before she fell into a fatal or near-fatal depression, how the sweatshop workers lived, and other intricately described persons, places, and events. The comedian Woody Allen perhaps most amusingly summed up the fatigue that readers feel amid the Cowperwood novels. In Allen's short story "If the Impressionists had been Dentists," the narrator laments to his brother Theo

I am working almost exclusively with dental floss now. The results are exciting! God! I have not even a penny left for Novocain! Today I pulled a tooth and had to anesthetize the patient by reading him some Dreiser. Help! (Allen 1975: 200).

Despite Dreiser's possible overwriting, in this new day of hyper-Cowperwoodery, we need to revisit Dreiser for his single-handed and well-articulated exposure of the hypnotic gaze that the historic figure Charles Yerkes (Cowperwood) was said to possess by contemporary accounts, not only for women but for men whom he sought to best on business deals (*Historic Figures* 2022). When he bore in on a potential investor or soon-to-be mistress, Cowperwood was irresistible as these descriptions show. For instance,

Cowperwood had a way, when he wanted to be pleasant, of beating the fingers of his two hands together, finger for finger, tip for tip. He

also smiled at the same time--or, rather, beamed--his eyes glowing with a warm, magnetic, seemingly affectionate light (Dreiser 1912: Ch. 4).

Chicago business tycoons were no match for Cowperwood's hypnotic gaze, as is exemplified in this meeting with the short and stocky Addison, who

[ . . . ] almost foolishly, for one so conservative, . . . was taken with Cowperwood--a man immensely his superior--not because of the Drexel letter, which spoke of the latter's "undoubted financial genius" and the advantage it would be to Chicago to have him settle there, but because of the swimming wonder of his eyes (Dreiser 1913: Ch. 2).

Dreiser's narrator tells us that Cowperwood's eyes are, indeed, strange and that

He looked strangely replete for a man of thirty-six – suave, steady, incisive, with eyes as fine as those of a Newfoundland or a Collie and as innocent and winsome. They were wonderful eyes, soft and spring-like at times, glowing with a rich, human understanding which on the instant could harden and flash lightning. Deceptive eyes, unreadable, but alluring alike to men and to women in all walks and conditions of life (Dreiser 1913: Ch. 2).

The poor have less defense than the middle class against the class gaze, because of the precarity of their senses of self, so they are often destroyed by 'the class gaze.' Dreiser was almost torn apart in his painful obsession with Yerkes, whom he called Cowperwood. In his fluctuating psycho-sexual attraction and repulsion response to such largely unchecked power, Dreiser "got it" about American businessmen. Dreiser sexualized the depiction of social class in a way that no writer before or since has managed. The element of power hunger is always explicitly part of desire in His protagonist Frank Cowperwood's appraising gaze, for instance when he connects with Ella Hubby, the narrator tells us that

. . . it was the most natural thing in the world for him to say to her, when they had adjourned to the drawing-room, that if she were in

the neighborhood of his office some day she might care to look in on him. The look he gave her was one of keen understanding, and brought a look of its own kind, warm and flushing, in return. She came, and there began a rather short liaison. It was interesting but not brilliant. The girl did not have sufficient temperament to bind him beyond a period of rather idle investigation (Dreiser 1913: 72).

In “Dreiser and the History of American Longing,” Jackson Lears outlines the exponential growth of desire in Frank Cowperwood “a pop-Darwinian Übermensch” who gazes upon world and himself in the way a lobster exercises its hypnotic gaze upon a squid because he

. . . lives beyond conventional good and evil, according to the motto “I satisfy myself.” Early on Dreiser stages the justly famous recognition scene: as the young Cowperwood watches a lobster slowly devouring a squid in a fish market window, he realizes that “men live off other men” and dedicates his relentless energy to a life of calculated self-assertion. “A man, a real man, must never be an agent, a tool, or a gambler – acting for himself or for others – he must employ such [tools] (Lears 2004: 69).

Like his zoological cousin the lobster, Cowperwood decides that

“A real man . . . a financier used tools. He created. He led.” This is not leadership toward any goal larger than self-satisfaction: in the financier (or at least this version of him) the sense of public duty is absent. With the coming of the Civil War, Cowperwood “was concerned only to see what was of vast advantage to him, and to devote all his attention to that (Lears 2004: 69).

Early in Dreiser’s first novel in the trilogy, *The Financier*, the lobster becomes Dreiser’s singularly poetic metaphor for the insatiably ambitious.

The advances of that lobster among men, Frank Cowperwood, pick up speed in *The Titan* where “He bankrupts several opponents with the help of political allies. Meanwhile, Chicago society finds out about his prison past in Philadelphia and the couple are no longer invited to dinner parties; after a while, the press turns on him too” (Lears 2004: 70). At this social level, there are enough meticulously described dinner parties among the would-be aristocratic layer of society to please even Henry James. The

social grape vine finally descends with a thud upon Cowperwood as his “mistakes” of his Philadelphia days reach the fictional equivalent of Chicago titans such as Marshall Field. Chicago’s elite knowing about Cowperwood’s jail time, means the end of dinner invitations and the end of Cowperwood’s hope of powerful allies for a relatively cheap perpetual license for the street rail franchise.

Apparently, this was all too much for a few literary critics. These critical voices felt called upon to defend the insatiably ambitious businessman’s ethical stance and to answer Dreiser’s critical gaze with their own. In 1957 Van R. Halsey complained that Dreiser unfairly indicts the iconic American businessman Cowperwood. Halsey goes on to accuse literary Naturalism itself of being a fraud because

Brought up in a Naturalistic world, Cowperwood has no alternative but [to resort to] corrupting legislatures to gain the [Chicago Loop street rail] traction franchises he seeks (Halsey 1957: 394).

Halsey does not explain what Dreiser makes clear in his novel: that Frank Cowperwood’s street railway franchises paid the city of Chicago a pittance for a perpetual privilege worth far more, robbing the city of needed revenue. The “Robber Baron” Yerkes viewed his surroundings in the way Dreiser’s fictional lobster viewed his fish tank. Events since this 1957 essay also may make this objection seem a bit starry-eyed, at very least.

Considering the ferocity of critical attacks against writers whose plots include ideas and whose social criticism does not stay within “modernist” limits regarding formal style, Dreiser has survived rather well. Most aesthetic objections to Dreiser concentrate upon his stylistic sins, ignoring the insightful analysis of the life issues of people in modern business. Dreiser’s texts are layered similarly to moderns such as James Joyce; the interior lives of his characters pulsate in contradictory fashion from beneath the characters’ outward behavior, which is also considered a *forté* of Henry James. Grasping at aesthetic straws, critics argue that Henry James documented these interiority/exteriority character development issues while Dreiser did not have a sufficiently complex understanding of psychology. These critics have never read Dreiser’s *Trilogy of Desire* or they would/should have noticed that Dreiser’s character Frank Cowperwood has as “richly-developed” an interior life as any character in the modernist canon. Dreiser’s Chicago Robber Baron Cowperwood, like

Virginia Woolf's Mrs. Dalloway, goes in two opposed directions at once. As Stephanie Coartney describes this dilemma, noting that Virginia Woolf's

*Mrs. Dalloway* stands as a unique artistic portrayal of the human mind and the struggle to express the deep parts of oneself to others. Through Clarissa, Woolf can display both the beauty of the solitary mind with its many complexities that are never fully known to others as well as the frustration of searching for a mode of communication to adequately convey what is in one's mind (Coartney 2009: par. 18).

Breathless superlatives aside, a close reading shows that Woolf's style may not be as "unique," as the citation above implies. Dreiser's flaw, if there be, is in the astigmatic 'class gaze' of critics who do not mentally register what they do not wish to see. When, for instance, "industrial slavery" is discussed in a novel, critics may often focus upon the lack of alliteration in "the words themselves," instead of articulating links between these semiotic tokens and the world. Writing in *Modern Fiction*, John O'Neill opines that the financier

Cowperwood is quite purposely disengaged from the violence of passion, precisely as he is disengaged from objects, so that he can look down upon the situation, free of passion, precisely as he was disengaged from physical objects with a lucidity that [his business colleague] Butler's sad alien emotion does not afford him (O'Neill 1977: 416).

"Does not afford him" means, according to Joel Kovel, that Cowperwood has psychotically split off his precious interiority from the exterior world, the mundane effects that ripple out from his downward 'class gaze' and his fiats. This is that wondrous complexity so valued in James and in Woolf.

Given the inertia of aesthetic standards and the defensiveness mounted by the critics of Dreiser's day (excepting H. L. Mencken and a few others who understood) how did this unusual writer beat the odds and grow into the urban Naturalist who is read around the world? Dreiser's novels have even given a basis for some loosely adapted Hollywood films (e.g., *Carrie*, *A Place in the Sun*, *Jennie Gerhardt*).

The bare statements of Theodore Dreiser's working-class origin are that he was the ninth of ten surviving children born to John Paul Dreiser and Sarah Schanab Dreiser in 1871 in Terre Haute, Indiana. The first Dreisers to challenge the expected rules of social behavior in that small Indiana town were Theodore's sisters. An unnamed staff writer at the Theodore Dreiser Papers at the University of Pennsylvania provides a portrait of the Dreiser siblings, recounting that

his four older sisters were Mame, Emma, Sylvia, and Theresa, young women who bristled under their father's strict moral demands as well as the economic and social limitations resulting from his business failures. In the mid-1880s, when Dreiser was a teenager and his family had left Chicago to live in Warsaw, Indiana, not only did the unwed Sylvia become pregnant by the son of a wealthy family in town, but Emma had also lived the events that would form an essential aspect of the plot for the novel *Sister Carrie*. Having left her Chicago lover, who was an architect, Emma took up with L. A. Hopkins, the urbane cashier of Chapin & Gore, a fashionable bar in downtown Chicago. Although initially unaware that Hopkins was already married, she nevertheless agreed to elope with him to Montreal, only to learn once they arrived that he had stolen \$3,500 from the safe at Chapin & Gore and they were fugitives. Eventually he returned the money, save \$800, with the hope that he would not be prosecuted, and the couple fled to New York.

Dreiser's coming of age in a family on hard economic times, which entailed frequent moves and even the splitting up of the family, left an indelible imprint: the social embarrassment and alienation felt by Dreiser, as well as the unfairness of it all, haunted him for the rest of his life (Dreiser Papers, n.a.: par. 3-4, 9).

Dreiser wrote his novel *Sister Carrie* about a country girl (similar in behavior to his sister Sylvia) who goes to the big city, sleeps around a bit, and doesn't have lightning strike her dead in the final scene as was the custom in novels in the Edwardian era. Clare Virginia Eby spells out how Dreiser reverses the usual Bildungsroman to mark a growth of desire, rather than a growth of knowledge in *Sister Carrie*. Eby's essay "The Psychology of Desire: Veblen's 'Pecuniary Emulation' and 'Invidious Comparison' in *Sister Carrie* and *An American Tragedy*" may be the first study of Dreiser to explain how his characters develop beyond mere social

emulation to a truly mesmerized worship of wealth. Carrie's development illustrates Thorstein Veblen's

"... normal effect" on an individual living in a pecuniary culture: "a prompt response to ... stimulus" (Leisure, p. 103). The self, argues Veblen, is no "self-contained globule of desire" "le [ft] ... intact" by stimuli (Place of Science, pp. 73—74); it is "an agent, not an absorbent."<sup>11</sup> In the first chapter of *Sister Carrie*, Drouet's clothes stimulate the "innate trend" of Carrie's emulating mind and "she [becomes] conscious of an inequality" (pp. 49, 11). Quickly tallying and comparing, Carrie's self recognizes its shabbiness. The department store provides the answer: tantalizing objects meet with well-turned out women, and Carrie submits herself to the painful comparison (Eby 1993: 193).

In 2021 essay, "City Girl," Windy Graham, grounds her close reading of *Sister Carrie* by overturning claims that there is more freedom in the city. Graham cites German pioneer sociologist Georg Simmel (*The Philosophy of Money*) to show that money is a totalizing force in Dreiser's character Carrie. For Simmel, money has ceased to be simply a tool for various uses, instead money has become the terrifying teleological goal of life.

In Chicago, the richly hypnotic eye itself appears as Carrie finds that

... [t]heir clothes were neat, in many instances fine, and wherever she encountered the eye of one it was only to recognize in it a keen analysis of her own position—her individual shortcomings of dress and that shadow of manner which she thought must hang about her and make clear to all who and what she was. A flame of envy lighted in her heart (Graham 2021: 27).

This moment exemplifies invidious comparison and pecuniary envy, those twin desires caused by being gazed down upon by those more fashionable. Having to avert her gaze from the other girls' more confident looks (see Gilbert 2001), Carrie sees no other path but to reconstruct herself in these others' image. Eby explains that, by the end of the novel, her "name" is "worth" enough to translate into free lodging at a swank hotel (Dreiser 1900: 415). Being so "naturally imitative" (Dreiser 1900: 103), Carrie can keep constructing more and more successful selves.

The denizens of Terre Haute, unsurprisingly, went through various stages of viewing Dreiser's behavior in print with disgust, shame, ridicule, and finally grudging admiration for their hometown, world-renowned, novelist. The International Theodore Dreiser Society located within Indiana State University's Terre Haute campus recently posted a web site soliciting funds to erect a statue to their once-reviled fellow townsman (Dreiser Society 2014: par. 3). Another unrelated metal sculpture of a selection from Dreiser's often-maligned words has already been constructed in Terre Haute. Perhaps a reassessment of Dreiser has begun.

#### 4. Oscar Wilde's Aesthetic Eye on Dorian Gray

Hypnotic eyes and gazes abound in Oscar Wilde's *The Picture of Dorian Gray*. This comes as no surprise in a novel about a painting. Looking is the province of the artist. We see in a multitude of ways, just as we come to print texts, as the Reader Response theorists tell us, we bring all our life experiences and opinions. About seeing we have such colloquialisms as "beauty is in the eye of the beholder" and "beauty is only skin deep," but the Aestheticist movement tends to expand that skin-deep charm into the sole ruling factor in life. This message of the absolute pursuit of beauty and exquisite sensations as the only worthwhile standards by which to live is advanced in Wilde's novel by the character Lord Henry Wotton. Whether Lord Henry speaks seriously or not, we never can tell because of his many rhetorical conceits.

Wilde's novel *The Picture of Dorian Gray* hinges upon the odd hobby this dandyish married man, Lord Henry, has devised: to affect others in subtle ways while remaining bemusedly aloof. Ironically it is the painter Basil Hallward who feels revulsion at what horrors his portrait has enabled Dorian to do, seemingly with no consequence for Dorian himself. The painting decays while the real-life Dorian remains young and handsome, keeps his innocent appearance, even as rumors of his scandalous activities grow in his wake.

Kovel has revealed that desire lies below the surface in many aspects of what may seem purely pragmatic decisions about money, power, and social advancement. As Lord Henry disobeys Basil Hallward and begins to influence Dorian to seek beauty, sensations, pleasure, [Lord Henry's] gaze

...was an extraordinary improvisation. He felt that the eyes of Dorian Gray were fixed on him, and the consciousness that amongst

his audience there was one whose temperament he wished to fascinate seemed to give his wit keenness and to lend colour to his imagination. He was brilliant, fantastic, irresponsible. He charmed his listeners out of themselves, and they followed his pipe, laughing. *Dorian Gray never took his gaze off him but sat like one under a spell* (emphasis added), smiles chasing each other over his lips and wonder growing grave in his darkening eyes (Wilde 1891: 38).

A key component of Lord Henry's group of Aestheticists' ambiance is well-made *objet d'art* and the ability to play music or at least to buy season tickets to musical events in London. Dorian, who is talented as well as handsome, does both: he plays piano charmingly--later seductively--and he also makes use of the high social function of attending the opera, especially Wagnerian operas (which were a real heart throb for the Oxford elite in the Victorian era.) Wilde shows how the arts function in terms of setting out a net for those unused to being in higher society. Wilde notes that the chemist Alan Campbell grew into having to obey Dorian, who had learned of power of an aloof gaze, although still half unconsciously, from Lord Henry. Wilde's narrator decides that

it was music that had first brought [Alan] and Dorian Gray together--music and that indefinable attraction that Dorian seemed to be able to exercise whenever he wished--and, indeed, exercised often without being conscious of it (Wilde 1891: 140).

This is no blanket condemnation of Aesthetics, but rather of power imbalance and how relationships created by one who knowingly uses such power on another who has little by way of a self-protective shell, can be deadly. The reason that we must add social stratification to textual analysis is to get at the basis of the lack of resistance to this form of class gaze. As with Dreiser's railway tycoon Cowperwood, people in charge of vast fortunes or of ancient ancestral names know full well the power that this accumulation brings to their words and outward gaze at those who almost invariably are weaker and/or beneath them socially.

John Berger, the economic and materialist art historian, wrote an influential 1972 text called *Ways of Seeing* that opened the world of artistic "masterpieces" to analysis in their original historical context. The text accompanied a BBC art series intended as a riposte to Kenneth Clark's traditionalist 1969 BBC series *Civilization*. What made *Ways of*

*Seeing* different was that, instead of entralling the viewer with breathless sentences about genius and brush strokes (though there is some about brush strokes in Berger's text), Berger literally opened artworks to show their hidden assumptions and ideologies. Berger would approve of teasing out 'the class gaze' and he often did note similar instances of the 'class gaze' in paintings, though not by using this phrase. There is no final and definitive ranking of art and neither is there one way of viewing art. Coming around the time that literary scholars were opening visual texts in similar fashion via rhetorical analysis (what a painting is trying to persuade a viewer of, for example) and deconstruction (how texts that seem unified have many fissures and faults ideologically within), Berger set off shock waves with his *Ways of Seeing*. In describing the "gaze" of two powerful Ambassadors in Hans Holbein's *The Ambassadors*, Berger states that the male subjects in the painting are confidant and formal. He then challenges his reader to decide

... [h]ow do they look at us? There is in their gaze and their stance a curious lack of expectation of any recognition. It is as though in principle their worth cannot be recognized by others. . . The painted objects on the shelves between them were intended to supply—to the few who could read the allusions—a certain amount of information about their position in the world.

...The scientific instruments on the top shelf were for navigation. This was at a time when the ocean trade routes were being opened for the slave trade and for the traffic which was to siphon the riches from other continents into Europe, and later to supply the capital for the take-off of the industrial revolution (Berger 1983: 94-5).

How different this "way of seeing" is from the kind of aesthetic armchair formalism being tossed about in Oscar Wilde's *Picture of Dorian Gray*. One could be excused thinking that Wilde had no interest whatsoever in how money was made, just that there be plenty of it flowing and supporting the gracious life. Yet when Lord Henry sets his gaze into London's depths of poverty, he begins to stir with what might almost be called empathy. But no. Empathy across class lines is passé and only the product of sloppy thinking and humanitarianism.

Film historian Steve Haberman notes in his comments on the DVD of the film adaptation of *The Picture of Dorian Gray* that Lord Henry paraphrases many theories in *The Renaissance* by Oscar Wilde's

inspiration, the Oxford Don Walter Pater. Walter Pater had a highly reticulated creed and stringent rules, such as that one should live for pleasure and pleasure only, without thinking of consequences and morality. Wilde had lived by this theory in his Oxford days and later, yet by the time of writing *Dorian Gray* he had started to criticize this philosophy with its notion that the one aesthetic “sin” is to mar pure beauty with ethics and morality. Lord Henry hears about how Dorian has been accompanying his (Lord Henry’s) aunt Lady Agatha on little musical forays into London’s East End to give concerts for the poor. Lord Henry then jokes about the ineffectuality of such behavior, because he has seen the slums and, better yet, sees *them* better than the muddle heads at this dinner party, so when Lady Agatha protests that

“... they are so unhappy in Whitechapel, continued Lady Agatha.

“I can sympathize with everything except suffering,” said Lord Henry, shrugging his shoulders. “I cannot sympathize with that. It is too ugly, too horrible, too distressing. There is something terribly morbid in the modern sympathy with pain. One should sympathize with the colour, the beauty, the joy of life. The less said about life’s sores, the better.”

“Still, the East End is a very important problem,” remarked Sir Thomas with a grave shake of the head.

Quite so, answered the young lord. “It is the problem of slavery, and we try to solve it by amusing the slaves” (Wilde 1891: 36-37).

The power of this witticism is that Lord Henry’s supercilious and appraising gaze abruptly overturns any superficial social concern of a Lady Bountiful and makes her charity appear what it truly is: condescending and ineffectual. Rather than move toward empathy, Lord Henry recoils from “humanitarianism” entirely. He continues his subtle influence upon Dorian Gray in his remarks here at the table of his friends, leading him away from such endeavors that bring no sensuous delight or appreciation of what is outwardly beautiful. Lord Henry has once fixed his ‘class gaze’ upon Whitechapel and East End the slums, which was enough. Yet this brief exchange shows that even Lord Henry realizes the abjection

of poverty so close to abundance. This is the class gaze upon unequal economic conditions rather than on a specific hunt for a gorgeous prize. Lord Henry has the power to shift his own gaze from the slums, back to his pleasant audience at a festive table. In terms of cognitive basis for Lord Henry's lack of empathy, Joan Y. Chiao, et al., have studied the inverse ratio of the love of hierarchies and loss of empathy for the suffering of others. Early studies of brain areas lighting up differentially in empathic vs. hierarchical responses to pained eye gaze and facial expressions may only be called "suggestive," rather than conclusive, of course. In her 2009 study of the "Neural Basis for Human Social Hierarchy versus Egalitarianism," Chiao concludes that

Modern social psychologists have discovered that people vary in the degree to which they prefer their own social group to dominate others, a phenomenon known as *social dominance orientation* (SDO). Across human cultures, SDO is a stable and unique personality trait that predicts a wide variety of social and political attitudes. For instance, people who strongly prefer social hierarchy (higher in SDO) have been shown to support political ideologies that promote social hierarchy rather than egalitarianism (Chiao 2009: 174).

The artist Basil Hallward becomes enthralled by Dorian's beauty, paints his image, yet disapproves the job after it is completed. Basil is the character with whom Oscar Wilde stated that he most identified, despite giving most of the Wilde witticisms to Lord Henry Wotton. There is in Basil a mixture of compulsion and striving to see clearly. He feels himself locked in the hypnotic gaze of Dorian, the young gentleman of leisure. And a certain timeless ecstasy takes over Basil so that he knows this painting will be like no other that he has ever painted. Hallward feels Dorian is a new sort of being and exclaims his merely visible presence

--ah! I wonder can you realize all that that means? Unconsciously he defines for me the lines of a fresh school, a school that is to have in it all the passion of the romantic spirit, all the perfection of the spirit that is Greek. The harmony of soul and body--how much that is! We in our madness have separated the two, and have invented a realism that is vulgar, an ideality that is void (Wilde 1891: Ch.1).

Basil functions as an anti-Dr. Jekyll, uniting instead of splitting humanity into two halves, refusing to sell the painting and giving it to his young god Dorian. There can be no Mr. Hyde and nothing to hide, if one is a god. The whole idea of humanity's moral nature that so dominated Robert Louis Stevenson is rendered obsolete in the wink of Dorian's class-gazing eye. But truly beside the point? Yes and no. The question also in Stevenson's novel remains: have those with wealth the right to prey upon others in need? Basil's reversal of the usual artist looking at subject (or mad scientist looking upon his creation) that places the artist or scientist in the more powerful position only serves to enhance the force of the class gaze within this novel. Even the artist is only a humble instrument being used by the youthful, handsome, and above all, wealthy, Dorian Gray.

The strange connection between the three: Dorian, Basil, and the painting can only be severed by the destruction of all three. This level of remorseless destiny dogging these two men's trail is operatic and a bit beyond full emotional realization. The fate of Dorian has a kind of railroad engine quality to it that bears down in ways mythic yet diffuse. The reason that Wilde's emotive peaks are diffuse, or perhaps better stated, de-fused, is that he wants to show how his carefully depicted richly hypnotic gaze is nothing we can pin down and study directly.

Dorian falls deeply in love with a poor but talented Shakespearean actress, Sybil Vane, but his love turns to cold disdain when her acting ability fades due to being so in love in reality. Dorian makes clear his disgust at Sybil's preferring coarse reality over sublime art. She no longer stirs his imagination, which is what he loved in her. Now, he rasps out hoarsely, she barely interests him, so he is done with her. His love is dead. She has betrayed his love and let him down. Sybil is devastated and once again we see those marvelous eyes of Dorian Gray's when

She crouched on the floor like a wounded thing, and Dorian Gray, with his beautiful eyes, looked down at her, and his chiseled lips curled in exquisite disdain. There is always something ridiculous about the emotions of people whom one has ceased to love. Sibyl Vane seemed to him to be absurdly melodramatic. Her tears and sobs annoyed him (Wilde 1891: Ch. 7).

Dorian goes home and looks at the painting of himself, which has lost its wide-eyed innocence somehow and seems to look back at him with a colder stare. There is a touch of cruelty around the mouth. Faintly and

almost imperceptibly, the painting has altered (Wilde 1891: Ch. 7). Sybil's dashed spirits find nowhere to go. Withered by Dorian's class gaze, Sybil drinks carbolic acid and dies.

The whole novel is suffused with Dorian's mesmerizing power over women and men alike. Yet he himself is not a free agent. He is caught in the little drama of loving and being the aloof beloved. There is never parity or even happiness that lasts beyond the initial seductive phase. Basil Hallward is left feeling like a kind of artistic Dr. Frankenstein. He may not have set Dorian in his path of cruel exploitation of others, that was Lord Henry Wotton, but his portrait was the instrument that leads later to Dorian's (and his own) destruction. The gaze coming from the painting is at first charming and seductive, but finally horrific.

The delightful Victorian suburban world of Dorian Gray is a world in which some people's gazes exercise almost total control over others, be they servants, employees, or wives waiting on husbands' whims. Minor characters, such as servants, are the *furniture* in Oscar Wilde's play *An Ideal Husband*, described by Andrew Goldstone as functioning to

. . . fit neatly into the world of art-for-art's sake in just the same way as a perfectly impassive butler fits among the other utterly elegant furnishings of an aristocratic drawing room. If, however, the character makes us aware of certain social truths intruding into the magic circle of art, he comes to stand for the unpleasant athermal and social reality—the unwanted content—that he is meant to keep out (Goldstone 2010: 618).

### **5. Comparing irresistible “class gazes”: Dreiser's Frank Cowperwood and Wilde's Dorian Gray**

Wilde wittily distills blatant social inequality into what seems at first a sparkling mirror of high London society of the late Nineteenth Century. However, as we struggle not to be caught in the depths of Dorian Gray's gaze, we recognize our own aching desires for the unattainable. This is where desire meets implacable economic determinism. The figure of Dorian Gray exhibits more the gaze of the suave lover than the dominating man of affairs. Perhaps Dorian's gaze is also the aloof Narcissus, being gazed upon while he gazes upon himself in the mirror of his vanity. Yet Dorian Gray's social position and physical beauty allow him to fascinate, and thus dominate, no less successfully than the more traditionally

masculine-appearing and aggressive Frank Cowperwood. In Cowperwood there is full 360-degree dominance: women swoon at his feet, diving into those inscrutable, icy blue eyes. Men fail the “staring-down” test, usually looking away or feeling increasingly uneasy in any boardroom contest of wills.

Are these observations regarding the ‘class gaze’ in Dreiser’s fictional character Frank Cowperwood and in Wilde’s fictional character Dorian Gray an attempt to empirically calculate charisma? Some may contend that human society will remain in some shambolic state until we have completely aligned “desire,” “love,” and “compellingness” to a form of quantified theory. Such human traits as “charming-,” “magnetic-,” and “emotionally compelling” gazes have always been the province of poets, novelists, and playwrights, but have been considered by the social sciences as off the map. However, recent studies suggest, without being conclusive, that there may be a physical and neuro-biological basis for the control and dominate aspect of the ‘class gaze’ that often gets described in fiction (Chiao et al. 2009; Gilbert 2001; Schneier et al. 2009; Skuse 2003).

This essay has been an opening for a response theory of the ‘class gaze’ in literary texts such as Dreiser’s and Wilde’s texts previously discussed. Kenneth Burke, the twentieth century rhetoric theorist, asserts in his *Language as Symbolic Action* (1966) that, because our language allows us to resist a social order and a socially-given or Platonic essence of aesthetic perfection, we judge ourselves and feel guilty about not measuring up to this internalized gaze of the strong, rich, powerful, or beautiful, since these are placed into discourse communities as absolute standards. Even Dorian Gray is in terror of aging, the one thing that his money, beauty, and commanding ‘class gaze’ cannot control. Absolute standards in Burke’s terms are “rotten with perfection:” static (Aristotle’s ‘entelechy’). Absolute standards of perfection and their emblems in society compel our attention and torment us, causing us to judge and find ourselves lacking, as shown in zoological-rooted primate eye aversion and social anxiety disorder studies.

While some orthodox Marxist critics claim that desire cannot be adequately solved numerically and additionally has no place in economic analysis of literature, we are only beginning a new interdisciplinary conversation here. Psychoanalyst Joel Kovel and others counter that the impulse to leave what some critics may (prematurely) call fuzzy concepts such as desire, “compellingness,” and the “class gaze,” out of readings of

psychiatric clinical cases or out of analyses of literary texts are just other forms of mystification.

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# German-Greek Yearbook of Political Economy, Volume 3/2020

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## Aspects of the Interest Ban Problem in Contemporary Christianity

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**Abstract:** Contrary to earlier times, in the present economic order, interest is readily taken and paid. For supporters of the secularization theory, this should reflect the declining importance of Christianity in favor of the secular economy. A closer look at history shows, however, that there has always been a struggle between the prohibition of interest resp. usury, which was pronounced out of Christian charity, and the secular pursuit of wealth. It can also be shown that, contrary to the theory of secularization, the protection of the weak as a result of charity has largely been incorporated into the German legal system within the framework of the *Soziale Marktwirtschaft*. Therefore, it would be completely absurd to abandon the existing restrictions on taking interest just because Christian aspects are not very highly valued at the present time.

**Keywords:** Interest, ban on interest, usury, prohibition of interest, theory of secularization, charity, business ethics

**JEL classification:** E04, I13, K02, N02, Z01

### 1. The Problem and the Question

Regardless of whether interest is understood as "compensation to be paid by the debtor for the provision of capital" (Gramlich 2020: 2297) or as the result of an "exchange of present against future consumers' goods" with a "premium (Agio), attaching to the former" (Schumpeter 2006: 895), interest is paid in the present and is also valued as an important business and economic instrument of control.

But such a purely economic understanding of interest rates is a recent phenomenon. It was the ban on charging interest that dominated economic

and social thinking for much longer. Interest was condemned as "usury". The main interest of this paper is to examine the assertion as to whether the handling of the usury ban illustrates the effectiveness of the so-called "secularization thesis" (Berger 1967) and thus the loss of importance of Christianity in the current supposedly secularized world. Since such a way of thinking is cultivated mainly in Germany, our observations should focus on the German situation.

It speaks in favor of the secularization thesis if it is true (at least for the modern age) that one can supposedly recognize "how the money addicts entered the church and then occupied it" (Hoffmann 2013: 12). In the same way it would strengthen the secularization thesis if it is true that it was the reformer Johannes Calvin who "disposed of the medieval theory of money," This is why he can be called "the father of the modern interest" (Baker 1974: 58/ Frierson 1969: 124). Beyond Christianity, a mediation between ethics and economic rationality is expected from Islamic Banking with its special way of prohibiting usury (Valeva 2016: 237).

In order to be able to comment on such views, it is necessary to take a short look at the biblical origins, the medieval development - including Islamic banking -, the Reformation differentiation, the modern attempts at abolition of the prohibition on interest and finally the enclosure of the ban on interest within the framework of the *Soziale Marktwirtschaft*. In the end, the question must not be avoided as to whether, as an emphatic consequence of the supposedly increasing insignificance of Christianity in the German society, any restriction on interest-taking should be abandoned.

## **2. The protection of the neighbor**

Well over a thousand years before the first documents of God's People can be verified, evidence of the payment of interest is identified in ancient Mesopotamia, for example, in texts by Uruk III (3100-2900 BC) (Molina 2017: 311). It seems that it was common at the time to charge lending rates of about 20% for silver loans, or 33⅓% for barley loans (Roth and Hoffner and Michalowski 1995: 38.61.62.97). But since agricultural capital productivity was then typically only a few percent, taking on interest-bearing debt was a road to economic catastrophe – up to and including the enslavement of the borrower and his family.

It is evident that the biblical provisions on the prohibition of charging interest from one's neighbor must be understood against this background.

For the ancient People of God must not have remained unaffected by Mesopotamia's millennia-old culture of interest and loans. In explicit contrast to this, the People of God were concerned with protecting their neighbors, namely the poor. The fight against usury - namely not to "take interest from your brother" and not to treat him "like a usurer" - took shape in the three decisive formulations of the prohibition on interest (Ex 22.24; Lev 25.36f. and Dt 23.20f.). With this form of fundamental prohibition of interest and usury, the conviction to protect one's neighbor also financially gained an unmistakable literary form, "singular in the ancient Mediterranean region" (Otto 2014: 7), distinct from other peoples.

The regulations in favor of the member of the people who got into trouble as a "brother" undoubtedly also include the prohibition of liens according to Dt 24.6.10-13.17b and the jubilee provisions in Dt 15.1-3.7-10. But any observer interested in economization and secularization phenomena must notice that these bans are not subject to sanctions and ultimately were probably not complied with either. It can therefore be assumed that the severity of the demand for interest, which was prophetically denounced and threatened with punishment in Ezekiel (Ez 18.7.8.13.17 or Ez 22.12), was not chosen without reason. Eisenstadt's suspicion may be correct that lending money to the poor, even at high interest rates, had gradually become "common" (Eisenstadt 1930: 1574).

In this respect, Pr 28.8 and Neh 5:7 can be understood as Old Testament evidence for the violation of the prohibition on interest - just like the accusation of the prophet Ezekiel because of the shameful deeds of the people (Ez 22.12) or the protest of the prophet Amos against the oppression of the poor by the usury of the rich (Amos 8:4-6). Furthermore, the indispensability and harshness of the ban on interest in Ez 18.7.8.13.17 may testify how much one already knew about the destructive power of interest and usury. But it may be true that there was a striking difference between the law in theory and in everyday (secular) practice. If these observations are correct, they would be the first indications against the popular thesis that secularization should be understood as a process that intensifies over time. Rather, this observation would indicate that from the very beginning of the People of God there was a tension between the required love of neighbor and economic-secular interests.

As far as the New Testament is concerned, it is hardly mentioned in the literature on the subject of usurious interest. This is only partially justified, but is caused by the close connection between the Old and New Testaments, because the New Testament texts do not leave the Jewish

consensus, in general. However, the New Testament represents a radical position within Judaism. In this sense, the ban on interest and with it the condemnation of every usurious interest was not understood in the Christian sense "only" as good advice or as an ethical commandment that one could follow or not.

The fact that Jesus advocates to outbid legal regulations is made clear, for example, in Mt 5:42, where we read "Give to those who ask you, and do not turn away from those who want to borrow something from you." Lk 6:35 says "love your enemies and do good and lend without expecting anything in return." This shows how, from the perspective of the newly dawning kingdom of God proclaimed by Jesus, everything economic and secular becomes relative, and what importance the ban on interest has in its protection of the neighbor with regard to a completely different way of life.

### **3. On the Development of the Prohibition of Interest in the Middle Ages, Including Islamic Banking.**

From an organizational-sociological point of view, it should not be surprising that in the new small Christian brotherhoods, in which people were rather familiar with one another and who were hoping intensely for the dawning of the Kingdom of God, no interest, and certainly no usurious interest, was charged from one another. Nevertheless, from today's perspective, which is characterized by a better understanding of economic processes, it may appear as a narrowing down that the protection for the poor rightly held in the Old Testament was adopted in the early church, but in the form of a strict prohibition of asking any kind of interest. This was the cause of growing conflicts in the context of increasing global economic activity. In any case, the merciful help for the poor remained decisive for Christianity. And anyone who lent money to another and then demanded back more from the borrower than he gave was condemned as a usurer. However, according to canon law, according to the "representation model" developed at the Council of Nicaea, the restriction initially only applied to clerics as church representatives, but not to lay people (Hefele 1873: 421). Even if the Church's rejection of interest and usury was repeated again and again in the centuries that followed, the large number of these rejections should mean nothing other than that the lending business was lively at the time of the Early Church. In this context it was certainly significant that in late antiquity the state-decreed maximum

interest rate of 12% remained in force. However, even this rate can be understood as usurious and economically destructive in view of the capital productivity of a few percent that was hardly achieved in agriculture at the time.

Pope Leo the Great tried to counter this obvious ruthless work of secular thinking and acting in his letter of 443 to all bishops in Campania, Picenum, Tuscan and in all provinces by generalizing the ban on interest and usury and also including the laity (Denzinger et al., 2009: 161). However, it cannot be said that this venture was successful. It is remarkable how often the prohibition of interest and usury is repeated in later synods - for example, in the Synod of Doyon (527), the Third Council of Orleans (538), the Council of Clichy (627), in the Trullan Synod (692).

It makes sense now to look at how Islam, which emerged in the 7th century, dealt with interest and usury, and at Islamic banking. Because, according to Annemarie Schimmel, the Islamic ban on interest developed in the Middle Ages and is still applied in the Islamic world (Schimmel 1992: 141).. Furthermore, given the historical origin of Islam from Judaism and Christianity, it is not surprising that there is a certain connection with corresponding questions from a Jewish and Christian point of view. In the Quran, for example, there is an emphatic prohibition on all interest-taking (*ribā*) (Sura 2, 275/ Sura 2, 276ff./ Sura 3, 130/ Sura 30, 39), regardless of whether it is interest of an acceptable level or usury. However, it is part of the work of Islamic jurists to have made the *ribā* prohibition "permeable" (Oberauer 2014: 116f.), for example, allowing *Wadiah*- and *Qard-Hassan* accounts as "accounts without interest", or instead of speaking of a loan to talk of a *mudā raba* business ("silent partnership") or of a gift instead of interest.

Ultimately, however, similar to the *mudā raba*-, *Tawarruq*- or *Ijarah*-business, there is a shift in the subject matter. Somebody who gives a loan usually does not want to become an entrepreneur with the associated risk of loss. This clearly shows what is characteristic of the Islamic understanding of economics: The decisive factor is not to circumvent the *ribā* ban by using a variety of legal tricks developed by Islamic law, but rather to focus on the thoroughly debatable concept of profit and loss sharing. However, with this interpretation, the direct reference to the question of usurious interest would be abandoned.

The restriction fixed in the early church – problematic from a modern point of view – to forbid any kind of interest to protect the poor, was certainly maintained in the early Middle Ages (Schaub 1905: 26). And it

was also included in state legislation, e.g., in England, but above all in the Frankish Empire. At that time, state and church laws against interest and usury were needed again and again, and Schaub even speaks - especially in German monasteries - of a "torrent of usury" for the year 1071 (Schaub 1905: 146). Surely that has something to do with the overwhelming secular pull that emanated from the expanding economy and especially the money economy in the Middle Ages.

Apparently, the beginning "commercial revolution of the Middle Ages" pulled almost everything under its spell - despite the fact that "the development of the banking system and the canonical ban on interest rates are largely mutually exclusive" (Rösch 1994: 594). However, one should not overlook the great importance attached to the "pious works" given by these secular merchants to redeem their sins (Hamm 2009: 33). Although the lending business, which is now subject to payment and thus subject to worldly principles, seemed to have become "indispensable" in practice, all efforts against usury seemed to be headed for the climax of the church interest law against usury. In sharp contrast to all secular action, Pope Clement V decreed on the occasion of the Council of Vienne (1311/2) that those who took interest were to be punished as heretics (Denzinger et al. 2009: 484). And that actually meant - for example after the decree of the German Emperor Frederick II of 1224 - that the secular power had to carry out the (deadly) punishment of those convicted as heretics (Weiland 1896: 126f.).

The full range of medieval considerations on the prohibition of usury cannot be reproduced now. But it should be mentioned that Seneca's argument about the inconceivable sale of time is put forward again (Kaufer 1999: 362). Remarkably, it also applies that anyone who collects money for letting or leasing a house or land is not a usurer (Gilomen 2018: 414). Finally, the thesis of the sterility of money only serving to mediate the exchange of goods, was ultimately taken over from Aristotle. It was developed from pagan antiquity. In scholasticism, one then dealt very much with the question of justice - in particular, with regard to the risk of loss for the lender. On the other hand, the primarily Christian theme of mercy fades in favor of various exceptions, probably also determined by secular reason. It seemed perfectly reasonable to claim interest as a form of compensation for damages - such as in Roman law as *damnum emergens* (compensation for damage suffered by the lender), as *lucrum cessans* (compensation for lost profit) or also as *periculum sortis*

(compensation for the risk of a loss of capital) – damages constructions, which were then often summarized under the term *Interesse*.

These exceptions also included that real estate loans (including the annuity purchase apparently approved by Pope Martin V (1425) and Pope Calixtus III (1455)) (Richter 1959: 1270ff.) were exempt from usury considerations. Even the “Contractus trinus”, in which a loan agreement was ultimately converted into a partnership agreement, was not to be understood as an attempt to circumvent the prohibition on usury.

Likewise, it was thought that the “Montes pietatis” could be accepted as pawnshops for the poor. And even anyone who preached, wrote, or disputed against this rule confirmed by the Fifth Lateran Council was threatened with excommunication (Harduin 1714: 1774). However, these legally recognized projects of Christian mercy did not support those who were really in need, the destitute and beggars, but only those who were “moderately” in need, who then had to prove their need to the administrators of the Montes and also had to offer secular guarantees that they would not frivolously squander the money lent. All in all, this sounds less like wanting to practice Christian mercy than like secular management of the capital invested by respected city citizens.

#### **4. The Reformation and the Ban on interest**

Martin Luther was concerned with a (re)consideration of basic Christian convictions against all secular “natural justice” in the sense of Aristotle and against all “autonomous laws” in business and politics. In this respect, in relation to interest and usury, the mercy emphasized in early Christianity towards those who got into trouble comes to the fore in a renewed way. Above all, Luther had consumer credit in mind. He writes that Christian trading and doing good with temporal goods consists of three types (degrees): giving for free, lending without interest and leaving things to others with love (WA6,6,12-14). However, out of mercy, he later sees possible exceptions, including interest rate reductions (WA 6,57,15-19). Only in the course of time did there become signs of an expansion of his perspective from a sole, directly Bible-oriented focus on the principle of mercy to an inclusion of productive credit (WA 6,53,34f.), including the proposal of “profit and loss sharing” (WA 6,57,15-19). But this development is by no means undisturbed straight forward, It also means that Luther is willing to accept interest rates of up to 4-6% (WA 6,58,16-18), which can help alleviate the problem of usury, but does not solve it.

Because the capital productivity at that time will not have been higher than the interest rate (Boelcke 1964: 357f.). Ultimately, this leads to the economic ruin of the borrower. In contrast to the secular perspective of the usurers, this could not be accepted from the point of view of Christian charity.

Although Luther shared the Aristotelian idea of the sterility of money with his time, he did not share the scholastic rules of exception to the ban on interest. For example, with regard to the "Schadewacht" (damage protection) he only wants to take into account damage actually suffered and not just arithmetically lost profit (WA 51,349,12-16). According to the principle of "equity" or charity, Luther also refuses to stop legitimate interest payments (WA 18, 540,11-16). As much as he considers measures against the usurer to be necessary, he nevertheless advocates a "Notwücherlein" (small usury for needy persons) (WA 51, 372,4.20) for the poor out of mercy.

In contrast to Luther's position, many refer to Calvin, who allegedly demanded the release of the ban on interest (Sprandel 2004: 686), which can only mean that he adopted secular thinking within the church in this way. But what is overlooked are the downright negative words Calvin used against usury. For example, he condemns usury in the Geneva church order of 1541 (CR 38 I, 19) or of 1561 (CR 38 I,97), but also in the commentary on Psalm 15:5 (1557) (CR 59, 147) or on Ez 18:8 (CR 68,430). And in his writing "De Usure" he wishes for the expulsion of all usurers (CR 38 I,246).

However, it is true that Calvin questions a general ban on interest (CR 38 I,245f.) and doubts the traditional ethical argument against taking interest, which came from Aristotle (CR 38 I,247). But along with the commandment not to take usury from the poor and the attachment to the general interest, Calvin gives other very differentiated advice, most notably "that the one who lends should not be so single-minded about profit that he (i.e., the debtor) perishes with the necessary obligations." (CR 38 I,248f.). This makes it clear that he does not submit to secular economic logic, but, like Luther, takes mercy as a standard point of reference.

Another important impetus from the Reformation period is that Luther advocated public, institutionalized welfare for the poor (WA 6,450,22-25) and thus brought the aspect of mercy into the secular community. He opposed the then theologically popular transfiguration of poverty and beggary. Through his contribution to the "Leisniger Kastenordnung" (An

order for managing the funds that the political community collected and kept in a box). (WA 12,11-30) laid the basic structure for the protection and preservation of the poor in modern times. The poor were now relieved of the necessity of borrowing necessities at exorbitant interest. They could get interest-free loans and use the money for necessities of life. The secular usurers were deprived of their clientele and the first aspects of the modern welfare state were recognizable.

### **5. Attempts to Abolish the Ban on Interest in Modern Times**

Dealing with usury led to the question of "appropriate" interest payments; statutory interest rate reductions were decreed. Even during Luther's lifetime, the *Reichspolizeiordnung von 1530* was an important step towards regulating interest rates in the German Holy Roman Empire. A maximum interest rate of 5% was set for the purchase of annuities. The actual conclusion of these general, empire-wide legal efforts to set a "moderate" interest rate was evidently the decision of the Reichstag in Augsburg in 1654, which confirmed the maximum interest rate of 5%. Many principalities followed this regulation. Many saw it as a success of secular "progressive" thinking beyond all ecclesiastical restrictions (Neumann 1865: 567f.), however, without considering the fate of the poor.

It would now go too far to discuss the contributions made by writers such as Francisco de Toledo (1532-1596), Luis de Molina (1535-1600), Leonhardus Lessius (1554-1623) or Juan de Lugo (1583-1660) (Funk 1876: 636f.) made in the Catholic world to circumvent the interest ban by means of the above-mentioned "Contractus trinus." But after a few further affirmations of the ban on interest by the magisterium, Pius VIII finally withdrew from commenting on the ban on interest in 1830 (Denzinger et al.. 2009: 877f.). Even today, despite occasional papal statements on the subject of usury, it is not included in the latest edition of the relevant canon law provisions, the 1983 Codex Iuris Canonici.

Dedicated writers were heard who, for various reasons, spoke out against the traditional prohibition on usury. Among them was Claude Saumaise, who assumes that everything religious is sharply separated from the world, which is why there can be no religious regulations regarding interest (Salmasius 1638: 626). Only secular authorities can be authoritative.

On the other hand, Hugo Grotius objects any ban on interest for reasons of natural law (Kirchmann 1869: 420). Jeremy Bentham demands

in his writing "Defence of Usury", completely detached from any ethical considerations, that "no man of ripe years and of sound mind, acting freely, and with his eyes open" should be prevented from borrowing money, whatever the conditions (Bentham 1816: 3).

Adam Smith argued in a more differentiated way: the interest rate should be always slightly above the lowest market price, i. e., it should be above the price that people who can give undoubted security usually paid for the use of the money, coming to 3-4½% (Smith 1811: 43f.). With respect to usury, Smith was not concerned with "selfishness" but with socially integrated "self-interest" (self-interest/own interest). Nevertheless, he was associated with Mandeville's market model, which he himself criticized, according to which everything evil and selfishness in the market is supposed "frequently" to be turned to good, i.e., that even the worst secular usury would "frequently" contribute to social good through what is happening on the market.

Similar arguments can be found in Jean Baptiste Say, a mediator of Smith's teachings, who thought he could view the processes in the economy as natural laws (Say 1840: 2) in which there could be no ethical influences and therefore no interest rate restrictions. Accordingly, he thought he could show that the secular permissive of usury was ultimately beneficial (Say 1852: 90f.).

In this sense, there were a large number of other voices that, using purely secular arguments, not only disputed the justification of usury laws, but also judged them to be ineffective and expected advantages from the forces on the free market. In 1867, such convictions actually led to an (almost complete) departure from statutory interest rate regulations in the *Norddeutscher Bund* (Norddeutscher Bund 1867: 159f.). But in the newly founded *Deutsches Reich*, in which this interest-free regime initially remained in force, expectations of a moderate level of interest rates and lasting economic growth were not met, which then had an impact on the "founder crisis" (1873) and, above all, the hit the poor, especially small farmers (Dilcher 2002: 319). For this reason, a purely secular view of economic processes was abandoned and a return was made to usury legislation, or in the new § 138 of the *Bürgerliches Gesetzbuch* of 1896, they finally turned against a complete release of interest (Bürgerliches Gesetzbuch 1896: 218).

## 6. The Ban on Usury Within the Framework of the Social Market Economy

The balance-oriented, secular conceptions of "classical economics" as they had developed in Europe and America were shaken by the dramatic emergence of the so-called "social question" in the 19th century, as Lorenz von Stein, among others, astutely observed (Stein 1850). And that was also connected with the development of their special communist or national-socialist world interpretation systems, which also turned against usury. But although they did not accept the traditional secular ideas of "classic bourgeois" economics, they oriented themselves to the logic of their own world interpretation systems.

Apart from that, however, there was also an ecclesiastical-theological turn to the "social", which set itself apart from the secular thinking that was popular at the time. Institutional care for the poor had already been initiated by means of the *Leisniger Kastenordnung* suggested by Luther. But at that time the social commitment of Johann Hinrich Wichern or Amalie Sieveking or in the Catholic area of Wilhelm Emmanuel von Ketteler or Adolph Kolping (Uhlhorn 1890: 429.436ff.447f.) was fruitful, and ultimately helped to prevent the poor from becoming victims of the usurers by supporting the poor. Furthermore, the development of the (Raiffeisen) *Sparkassen* (Raiffeisen 1866) and the *Volksbanken* (Schulze-Delitzsch 1873) is part of the diverse efforts to "dry up" usury.

Even during the turmoil and threats of the Second World War, people gathered in the "Freiburger Kreis" (Jähnichen 2008: 123) - also encouraged by the "Confessing Church" - to develop a "humane" economic constitution for the post-war period. But the resulting and then enforced *Soziale Marktwirtschaft* was not anchored in the *Grundgesetz* - but in its articles 20 paragraph 1 and 28 paragraph 1 sentence 1 the welfare state principle. And against all economic secularity, Ludwig Erhard's view won broad general agreement that it was the task of a *Soziale Marktwirtschaft* to "combine the principle of freedom on the market with that of social balance and the moral responsibility of each individual towards the whole" (Erhard 1957).

This clear turning away from a purely secular orientation then also found its way into further German legislation. Decisive is the usury paragraph §138 of the current *Bürgerliches Gesetzbuch* (BGB), in which then the idea of protecting the weak flows into state law obviously as a manifestation of Christian mercy.

At this point, it is not necessary to go into more detail how exactly usury is opposed in this law and in case law. That is, how the nullity of immoral legal transactions in general and on the other hand the nullity of (usurious) legal transactions in which, among other things, someone is exploited through a service that is noticeably disproportionate to the service, is determined (Armbrüster 2018: 119f.). It is also not intended here to discuss how effective these provisions ultimately are. But what is decisive in this context is the emphatic turn against complete secular freedom for interest-taking.

And such usury protection, which we can only agree to from a Christian point of view of mercy, is found not only in the *Bürgerliches Gesetzbuch*, but also continues, among other things, through corresponding provisions in §291 of the *Strafgesetzbuch*. The reasons why there are relatively few convictions in this sector need not be discussed here. In addition, further legal regulations can be cited - such as §288 BGB (default interest) or §246 BGB (statutory interest) - the aim of which can be seen in the fact that they are intended to put a stop to excessively high interest claims in commercial transactions by specifying certain interest rates. And even in relation to the public sector, interest amounts that were currently excessively demanded to the detriment of the citizen were corrected by the highest court (Bundesverfassungsgericht 2021).

### **7. Abandoning Constraints on Interest-taking as a Consequence of Increasing Secularization?**

Undoubtedly, this brief overview seems to reinforce the view that the biblical prohibition on interest, as strictly stated in the early days of the Church, is largely outdated in the present. But this short overview may also have made clear that the problem of the Christian ban on interest and usury isn't a gradual disappearing of the Christian influence in favor of supposedly "value-free" secular ideas in the sense of a theory of secularization. Rather, the history of Christianity shows how strong the secular powers and temptations existed in every age to gain one's own advantage by charging interest at the expense of one's neighbor. And now it is to ask whether it is correct to speak of Christianity being unsuccessful or meaningless concerning the German society and the Christian intention to protect namely the neighbor, the poor, for the sake of charity.

There are certainly attempts here to capture such phenomena with a "genealogical concept of secularization", which describes the

transformation of the meaning of a concept from a theological to a secular context. For example, the postulate of the political equality of all citizens before the law is interpreted as a secularization of the idea of the equality of all people before God (Jellinek 1974). Or the idea of progress in history as a transformation of the idea of a providentially guided salvation history (Löwith 1953). And apparently the theory of secularization assumes that the core theological content is always lost in this process of transformation.

But the history of prohibitions on interest and usury considered here does not conform to this logic of secularization. Because it doesn't matter whether the economic processes observed here could be described as a phenomenon of secularization by any scientific discipline, it is crucial that in the end the theological message is not replaced, but is emphatically implemented currently. Because, as can be seen from the few indications presented, the motive behind the ban on interest, to protect one's neighbor and in particular the poor, is documented in a variety of ways in the corresponding current regulations against usury and other state ordinances.

One could certainly object to the fact that a corresponding legal anchoring already existed in the Middle Ages, but was ultimately unsuccessful. But there are many things that must be said against such an equation: Certainly, this includes how committed the independent courts are to protecting the poor nowadays. This also includes today's institutional poor care as initiated by Luther and others, which is largely supported by the population. And the beneficial work of the *Verbraucherzentralen* against all usury must not be forgotten at this point.

The conviction that the poor should be protected and should not be forced to pawn their last shirt to the usurer in order to survive should be firmly anchored in the public spirit of the population. Without a doubt, this overall attitude requires careful care and maintenance, which is certainly part of the life and mission of the Christian communities as a matter of course - but certainly not only.

And if the basic Christian motive of protecting one's neighbor and especially the poor has demonstrably permeated society in this way, how should one be able to reconcile this with the main thesis of secularization theory that Christianity has become meaningless? And who would not see it as a socially completely absurd idea to demand to abandon any restriction on interest-taking as a consequence of increasing secularization and the allegedly increasing insignificance of Christianity in Germany?

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## **An Economic Plea for a More Differentiated Discussion on Usurious Interest Rates**

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**Abstract:** Legal regulations designed to prevent so-called "usurious interest rates" have a long tradition dating back to antiquity. At first glance, it seems obvious that the price for providing a loan is subject to legal control. Pawlas (2022) substantiates this with an interesting view to Christian social teaching as a basis for the *Soziale Marktwirtschaft*. However, this is only one side of the coin. From a legal and economic point of view, there are numerous arguments that question restrictive interest rate control and state intervention in the contractual freedom of individuals. In this paper, we would like to add to the discussion an economic and legal position based on subjective value theory, utilitarianism, managerial decision theory and contract law. Nevertheless, it must be recognized that there are situations in which individuals appear to be worthy of protection.

**Keywords:** Interest ban, usury, subjectivism, investments, financing, utilitarianism

**JEL Classification:** B25, B53, D14, E43 G31, G38, Z12

## 1. Introduction

Currently, media are reporting on the insolvency of the former German tennis player, *Boris Becker* (e.g., Thomas 2022). It is particularly noteworthy that *Becker* is said to have taken out a loan with an interest rate of 25% (Welt 2017). Compared to the current key interest rate of the European Central Bank, this loan rate is said to be usurious. At first glance, the external observer tends to assume that the financial plight of the economically presumably uneducated sports star was exploited here. In the following, we would like to take up the topic in order to initiate a differentiated discussion of the legal regulation with regard to the interest rate. In particular, we will address the fact that a loan must not be viewed in isolation from the investments made with the capital or the fulfillment of consumption needs. Like any action, a credit relationship is also oriented toward the subjective preferences of the transaction partners, which are fundamentally beyond external assessment (von Mises 1998).

In his paper, published in this volume, Pawlas (2022) discusses the problem of the "interest ban" against the background of the dwindling membership of Christian churches and an increasing secularization of Western societies (e.g., Follert 2022). Based on Christian social teaching as one of the foundations of the Central European cultural area, Pawlas (2022) argues that protection against usurious interest is a central feature of the German legal system. However, this one-dimensional view may fall short. Therefore, we would like to add a legal and economic view to the discussion with this paper. The aim is not to make a (normative) decision – this is the prerogative of the legislator and largely escapes scientific consideration. Rather, we want to show that there are economic arguments that suggest that sweeping government interventions, especially point-based maximum prices, as have been known in history, cannot do justice to the subjective decision-making situation. We emphasize that our paper should be seen as a complement to Pawlas' (2022) paper. A scientific discussion can never be conducted one-dimensionally, so the aim is to stimulate the discussion further.

The remainder of our essay is structured as follows: In section 2 we provide a short overview on the history of interest ban and usury. In section 3 we show the subjectivism of financial decision-making. Therefore, we use the analytical frameworks of a pure subjectivism and business economics decision theory, supported by contract law. In section 4 we argue, based on behavioral economics and an asymmetric

distribution of information and power, that there could be situations where individuals may need some legal protection (to level the relations, not to recognize privileges). Finally, we summarize our results and draw some conclusions in section 5.

## 2. A Brief Overview of the Historical Background

We base our analysis on the understanding that people value present consumption higher than future consumption, even if the exact time preference will vary from individual to individual (Huerta de Soto 2020). In this regard, Huerta de Soto (2020: 285) understands interest rates as “the market price of present goods in relation to future goods”. Interest and usurious interest are mutually dependent. In principle, the interest rate is nothing more than the payment for the granting of a loan. Thus, the usurious interest rate would be an interest rate that significantly exceeds the usual level.

In the course of history, the issue of interest and thus usury interest has been assessed differently from both, a religious and a legal point of view (Geisst 2013). E.g., the Code of Hammurabi (18th century BC) permitted interest; however, usury interest is not dealt with in it. In contrast, the legislation of Solon (550 BC) provided for a maximum interest rate of 12%. An interest rate exceeding 12% was to be regarded as usury interest. In the Roman Empire a law existed against usury interest, too. In the Middle Ages and in the early modern period corresponding prohibition regulations against usury interest rates existed e.g., in France, England and the Holy Roman Empire.

From a religious point of view, it is worth mentioning that the Bible (and Torah) provides for a ban on interest (e.g., Ex. 22:24, Lev. 25:36-37, Dt. 23:19, Ez 18.5-17, Ez 22.12). It comes from Jewish tradition and Christians have adopted it (usury is forbidden with your brother, not with other people (Dempsey, 1943)); due to the influence of the Goths it was intensified in the Middle Ages (Escotado 2008-16). During the Modernity, the Canonical ban on usury was reviewed by Italian city states and their financial systems (beyond the trick of *depositum confessatum*. Grice-Hutchinson, 1978 and 1989; Grice-Hutchinson et al, 1993) and it was received by Salmanticensis School and divided in two approaches: the pre-monetary school and the pre-banking school (Huerta de Soto 2012, 2020; Sánchez-Bayón 2020). The Catholic Church has maintained the dual view. For example, Pope John Paul II was in favor of free contracts and

Pope Francis I is in favor of interest ban (Huerta de Soto, 2017). The Koran also provides for a ban on interest (Sura 2:275), which is still binding for Islamic believers (Calder 2016). Basically, we can state that the three monotheistic religions, Judaism, Christianity, and Islam know a *ban on usury*. Huerta de Soto (2020: 64) points out that it was this restrictive attitude which “did much complicate and obscure medieval financial practices”, as the bankers naturally invented numerous ways of getting around it.

There are currently corresponding legal regulations in many countries that are intended to prevent usury interest rates. For example, in a comparative view, in Germany this case is treated as a subcategory of usury (Section 138, 2 BGB). Furthermore, in Spain, there was a Usury Act (*Ley de usura* de 1908), without effect after the Civil procedure Public Act of 2001 (currently, it is an issue of contract law). In Ecuador and other Latin American countries, the usury is considered as a crime.

In deep, all those state-regulations are based on principles of *ius naturale et gentium* or International and Natural Law, recognized by Cannon Law and secularized later (Sánchez-Bayón 2013). One principle is *mutuus et commitas gentium* or reciprocity and common respect (Sánchez-Bayón 2014).

### 3. Financing, Subjectivism, and Freedom of Contract

#### 3.1 Financing and Investment Decisions

For our considerations, we assume the reality of an imperfect capital market. In the neoclassical model of a perfect capital market, the problem of usurious interest rates cannot exist by definition. Indeed, the model assumes that there is a uniform market interest rate “*i*” which is exogenous and, moreover, that any market participant can borrow and invest capital in unlimited amounts (e.g., Hering 2022). Such a “perpetuum mobile of indebtedness” (Biewer and Follert 2016: 172) thus opens up the possibility for every individual to satisfy all consumption desires without having to pay an interest rate that is higher than the market interest rate.

Like any human action, financial decisions are determined by two parameters. The target function (e.g., Laux et al. 2018, or the ends (see von Mises 1998) symbolizes the preferences of the individual and the indicates the intensity of the pursuit of these. It indicates what goals the person has. Through his/her actions, man or woman shows that he/she wants to achieve certain needs and goals. Ludwig von Mises (1998: 92)

emphasizes that “the end, goal, or aim of any action is always the relief from a felt of uneasiness.” However, individuals are limited by a variety of factors. The lifetime and income of human beings are limited, while the desires tend to be unlimited, so man has to choose between alternative actions. He/she (intuitively) ranks the various options. If he/she decides in favor of action A, he/she foregoes the benefit that action B would bring him/her. In this respect, the decision field (e.g., Bamberg et al. 2019) as a space of all restrictions limits the desires of individuals. From a financial perspective, financing and investment are two sides of the same coin (e.g., Bieg et al. 2016). This can already be seen with a view to the mirror-inverted payment structure (e.g., Hering 2022). In the simplest case of an investment, a payout is made at time  $t=0$  (present) to pay the purchase price, while positive payments are expected in the future for the periods  $t=1$  to  $t=n$ . If the present value of the future payments is higher than the payouts, the net present value is positive and the transaction is economically advantageous. The initial payout must be financed, for example by a loan. For such a financing project, the payment structure is obviously reversed. In this respect, investment and financing cannot be evaluated separately.

Dean (1956) shows in a simple model of simultaneous planning that the most expensive loan may cost just as much as the worst investment promises. Let us assume an individual A who is convinced of a company and its business model. After intensive research on the company's plans and a forecast of future profits, the investor predicts a return of 25 %, which results in particular from the expected increases in the stock market price. If A now finances this investment with a loan, the effective interest rate of the loan is of course to be seen in comparison with the expected return, although a limitation of the example is that the return on the investment is uncertain, while there is a contractual obligation to pay interest on the loan.

A practical application of investment and decision theory is shown in a simple net present value calculus in which the initial payout and the present value of the future payments are netted. To determine the present value of the projected payments, discounting is performed using the period-specific internal rate of return of the best alternative use of the money located in the decision field (e.g., Olbrich et al. 2015; Rapp et al. 2018; Matschke and Brösel 2021). This alternative use may be the repayment of a loan taken out or another investment. Both the target function and the decision field with the respective restrictions of the

individual are highly subjective and thus vary from person to person. On the one hand, financing can be used to make an investment that is expected to generate a return that exceeds the cost of the loan. The subjectivity of this parameter is pointed out by Rapp et al. (2018: 67): “[T]he only correct discount rate on imperfect—that is, real—capital markets equals the internal rate of return of a particular investor’s best alternative application of funds, either another investment or the settlement of a loan.”

On the other hand, additionally to this pure financial consideration, there will be individuals with non-financial needs, who need financial means to satisfy their current consumption desires expecting a feeling of happiness in the sense of a psychic return (Rothbard 1957). The answer to the question of the best individual alternative use of capital is therefore highly subjective and depends on the personal circumstances of the individual. In this regard, we have to accept that we cannot measure the individual valuation from an external perspective (e.g., Menger 2007).

The actual subjective value experienced by the individual cannot be objectively measured as there is no universal unit to gauge personal satisfaction (there are no actual “utils,” as used in undergraduate economics courses), and it cannot be directly observed by others. (Bylund and Packard 2022: 1246).

Of course, the subjectivity of needs also applies to so-called basic needs (such as food, physical integrity, etc.). There are people who mutilate themselves to pocket accident insurance. There are athletes who have their legs amputated so that they can compete in the Paralympics. There are people who go on hunger strike to achieve other goals. And there are people who would rather buy alcohol than eat something from their limited budget. All of these examples show that these supposed basic needs are also subject to an exclusively subjective evaluation.

This subjective view is crucial for our argumentation. As outsiders, we do not have the possibility to judge the valuations in the sense of a ranking of an individual. At first glance, it seems obvious to make the comparison based on the interest rates. Here, one can make a business economics comparison based on the prices for capital. This is obviously no longer possible if we consider an individual who takes out a loan in order to consume other goods from it. The psychic return on this investment is known only to the individual himself. This also means that it is not

possible to compare individual benefits between people based on their decisions (Packard and Bylund 2017).

Ludwig von Mises points out that an external third party can only observe a person's actions. From action, he infers that people want to improve themselves through their actions according to their subjective goals.

The ultimate end of action is always the satisfaction of some desires of the acting man. Since nobody is in a position to substitute his own value judgments for those of the acting individual, it is vain to pass judgment on other people's aims and volitions. No man is qualified to declare what would make another man happier or less discontented. The critic either tells us what he believes he would aim at if he were in the place of his fellow; or, in dictatorial arrogance blithely disposing of his fellow's will and aspirations, declares what condition of this other man would better suit himself, the critic (von Mises 1998: 18f).

In this respect, people strive to achieve their goals with the given means under all restrictions. How the goals are chosen is up to the respective individual and is therefore beyond criticism by third parties. Von Mises also points out that valuations which do not appear comprehensible to a third party are by no means to be traced back to irrationalities.

It is usual to call an action irrational if it aims, at the expense of "material" and tangible advantages, at the attainment of "ideal" or "higher" satisfactions. In this sense people say, for instance – sometimes with approval, sometimes with disapproval – that a man who sacrifices life, health, or wealth to the attainment of "higher" goods – like fidelity to his religious, philosophical, and political convictions or the freedom and flowering of his nation – is motivated by irrational considerations. However, the striving after these higher ends is neither more nor less rational or irrational than that after other human ends. It is a mistake to assume that the desire to procure the bare necessities of life and health is more rational, natural, or justified than the striving after other goods or amenities. (von Mises 1998: 19)

The fact that a person can fail to achieve his/her goals, that, for example, expectations about the return on investment, projects are not fulfilled, does

not in any way contradict the attempt to improve his/her situation by his/her actions (e.g., von Mises 1998), as they are rather the result of the imperfection of most decision-making situations, which manifests itself in uncertainty and incomplete information (e.g., Emrich and Follert (2019) and references in this publication).

### *3.2 Utilitarianism, Classical Liberalism, and Freedom of Contract*

Which conclusions can be drawn from the above analyses of subjective (financial) decision-making? Since preferences and the individual decision field are subjective and unobservable, it could be argued that only the contracting parties know which exchange of goods increases their utility and to which extent. The fact that they voluntarily decide to exchange one good against another suggests that both derive a benefit from this action. This reading is consistent with the utilitarian view. Bentham (2000, ch. I sec. I) points out:

Nature has placed mankind under the governance of two sovereign masters, pain and pleasure. It is for them alone to point out what we ought to do, as well as to determine what we shall do. The principle of utility recognizes this subjection, and assumes it for the foundation of that system, the object of which is to rear the fabric of felicity by the hands of reason and of law. Systems which attempt to question it, deal in sounds instead of sense, in caprice instead of reason, in darkness instead of light.

If we adopt this view, then we assume that a credit transaction entered into voluntarily by both parties must be considered ethical regardless of the absolute level of the interest rate. Another access to assess the phenomenon of usurious interest, are the ideas of classical liberalism. Although, it is difficult to grasp classical liberalism as a socio-philosophical orientation in its entirety, since like every school of thought it has manifold ramifications, however, there are some central issues that are common to all such currents (see also Follert and Daumann 2021):

*Anthropological foundations:* Classical liberalism assumes that people differ in terms of their physical and cognitive resources and their preferences: Besides that, their knowledge of facts and of cause-effect relationships are subjective. According to Hayek (1969: 171; 1976a: 103f. and 121) different cognitive restrictions and imperfect information about reality ("constitutional ignorance") result in a subjective interpretation of

reality and in the fact that action must always be based on more or less accurate expectations (Hayek 1976b). In addition to these differences, liberalism assumes that individuals possess free will: The individual is free in his/her will; his/her actions are not determined by nature (Hayek 1983).

*The postulate of a maximum of equidistant freedom:* Classical liberalism demands that the largely autonomous achievement of goals by individuals should be given the highest priority (Hayek 1983). Thus, classical liberalism makes a normative decision in favor of a maximum of individual freedom which presupposes the existence of a private sphere in which the individual can decide and act according to his or her own ends. Hayek (1983) and Rothbard (1998) offer two approaches to define individual privacy. Hayek (1983) states that a private sphere requires the absence of intentional coercion exerted by other individuals. According to him an individual has individual freedom when he or she can act without regard to the goals of others; regardless of whether he or she has the material or physical resources to fill those opportunities. Because of the existence of other individuals, the individual freedom has to be restricted, since an unlimited freedom of an individual would limit the freedom of others considerably. Therefore, the legal order in the form of universal and abstract rules has the task to separate the freedom of individuals in an equidistant way – in a way that enables them to use their knowledge, abilities, and resources within their scope of freedom, entirely without coercion, in accordance with the goals they have set themselves (Hayek 1979) – irrespective of how these goals are formulated (Hayek 1976). However, Rothbard (1998) defines the limits of the sphere within which the individual can act freely as determined by private property rights. An individual may act freely as long as he or she does not violate the just property rights of someone else.

If one puts these facts in more concrete terms, one comes to the following conclusion: There are free individuals with individually different resources, preferences and knowledge who have individually different property rights of these resources. The existence of these property rights and the primacy of maximum equidistant freedom require freedom of contract, i.e., any individual can conclude contracts with any other individual for the exchange or temporary use of these property rights (also remember the cited principle is *mutuus et committas gentium*).

#### **4. Assessing the Problem of Usury Interest Rates**

Considering the framework based on the existence of free individuals with subjective goals and different resources, interest is initially the result of an individual agreement (according to the late scholastics or Salamanca School, this is the fair price, because only God knows the true price (Huerta de Soto, 2020)). The lender develops certain ideas about the interest rate and the borrower also develops corresponding ideas. A contract will be concluded if both parties expect to benefit from the exchange according to their preferences (e.g., Menger 2007: 180). Of course, not all information is known and the benefit of the decision on how the capital is used is usually only known in the future and is therefore uncertain. However, it is precisely a characteristic of exchange that expectations diverge between the parties. If they are incompatible from each other, in the sense that the lender would like to charge a higher interest rate than the borrower is willing to pay, then such a contract will not be concluded.

One could argue that the borrower is in a predicament that the lender exploits and can thus enforce an interest rate that is above the usual interest rate. In this case, however, two questions arise:

1. Why can the lender enforce a higher interest rate?
2. Why is the borrower is in a dilemma?

Ad 1): A lender can enforce a higher interest rate if there are no alternative offers for the potential borrower. If the loan seeker intends to make a lucrative investment with the loan, there should be enough suppliers who provide alternative offers and thus lower the interest rate level for the potential borrower again. A supposed usurious interest rate does not occur in this case. If, on the other hand, the investment is questionable and very risky, then there will be a lower supply of loans to be expected and therefore the interest rate could rise to such an extent that one could speak of usurious interest rates. However, we must consider that in such a case the lender will sensibly demand a higher fee, since his/her risk of default is correspondingly higher. In this case, the potential borrower still has the freedom to decide whether he wants to contract this expensive loan under these circumstances (which he would do if he thought the expected value of the investment was higher than the discounted loan costs) or not and then he renounces the investment.

Ad 2): A potential borrower is in a dilemma if alternative credit providers fail and the borrower therefore has to fall back on the offer of a remaining provider. Here, too, the facts are adequate to the situation described in 1).

What is our conclusion? From a utilitarian point of view and as well from the perspective of property rights ethics, the level of interest is the result of a contract concluded between *free* individuals and is therefore not objectionable from an external position. It depends on the individual time preference, the financing alternatives and the expectations that the borrower forms from the use of the capital. In this respect, the decision-making field is highly individual; in particular, the evaluation is not subjectively recognizable from the outside. We can only recognize with von Mises (1998) *that* the transaction partners act. Neither does an outside observer know the preferences of the parties, nor is he informed about their alternative uses of the money. Against this background, the phenomenon of objective usury interest does not really exist. If there are interest rates that are above the “usual” market level, they could be also the result of the individual situation and reflect the individual benefit expectations of both, the individuals involved and the individuals who consciously do not participate in this contract, as they assess for example the risk of loss differently. Finally, the negotiating skills of the parties need not to be equal. It is quite conceivable that a *prima facie* non-market condition results from better negotiating tactics. It is also conceivable that the negotiating power is the decisive factor, but this is also not apparent from the level of the interest rate. From a utilitarian point of view, Bentham (1818) challenges that restrictive prohibition implies exclusion of certain populations. A creditworthy potential borrower will not be able to finance his current consumption by borrowing without the possibility of a corresponding risk premium. Bentham (1818) argues for leaving the decision to the individual. A restrictive prohibition, on the other hand, is precisely a paternalism of the individual.

Our argumentation is supported by Nozick (1974: 161) who comes to a similar conclusion in his *Wilt Chamberlain* argument. He justifies Chamberlain’s exorbitant income (in our case the lender’s income) by referring to the freedom of contract and the property rights of the spectators, who use part of their income to finance Chamberlain’s income by buying tickets.

In addition to the borrower’s decision field, the lender’s restrictions must also be included in an assessment. This is because the amount of the

loan interest rate will regularly depend on the creditor's refinancing costs. It is important to point out that banks are favored here by the state, which has a monopoly on money through the central bank: legally, banks are allowed to have deposits and they are required to hold a compulsory deposit on accounts with the central bank (the so-called "required" or "minimum reserve" which is currently (May 2022) 1 % in the Eurozone). While banks are able to borrow funds from the central bank at a pre-determined interest rate (which is currently 0 % in the case of the European Central Bank), they can offer citizens or companies personal loans at an interest rate of more than 5%. In the case of an individual's or company's credit limit is exceeded, the bank can require an interest rate that is much higher. If a private creditor's cost of capital is higher than that of a bank, it is economically natural that the latter must agree on a higher lending rate with its debtors in order to maintain the margin that the bank earns through favorable refinancing.

Overall, it can be stated that a categorical ban on interest rates that are "too high" represents an intervention in the market.

*Usury laws* are another form of price control tinkering with the market. These laws place legal maxima on interest rates, outlawing any lending transactions at a higher rate. The amount and proportion of saving and the market rate of interest are basically determined by the time-preference rates of individuals. An effective usury law acts like other maxima—to induce a shortage of the service. (Rothbard 2009: 1084.)

Rothbard (2009: 1084) criticizes usury law as price controls that distort the market results:

Usury laws are designed, at least ostensibly, to help the borrower, particularly the most risky borrower, who is "forced" to pay high interest rates to compensate for the added risk. Yet it is precisely these borrowers who are most hurt by usury laws. If the legal maximum is not too low, there will not be a serious decline in aggregate savings. But the maximum is below the market rate for the most risky borrowers (where the entrepreneurial component of interest is highest), and hence they are deprived of all credit facilities. When interest is voluntary, the lender will be able to charge very high interest rates for his loans, and thus anyone will be

able to borrow if he pays the price. Where interest is controlled, many would-be borrowers are deprived of credit altogether.

It is obvious that the regulation restricts at least one group of transaction partners in their benefit (Rothbard, 2009). Government intervention may be justified if the market cannot allocate capital efficiently. However, the question arises to what extent the state should make a better allocation without the knowledge of the individual decision parameters (e.g., Jankovic and Block 2019).

Let us take a closer look at the argument that individuals who are in distress and therefore dependent on credit could be exploited by interest rates that are too high. On the one hand, it should be discussed why people are in distress. In other words, the situation must not be viewed from a synchronic perspective but from a diachronic one. A market order is based on individuals being able to make decisions freely and having to bear the consequences of these decisions. This means that if an individual has made an unfavorable decision from a strategic point of view and thereby finds himself in a calamity, he/she must bear the consequences of this decision himself. We want to illustrate this with an example: A married couple builds a house on credit that just corresponds to their financial potential. Now the couple is separating and one of the partners who wants to keep the house has to refinance it, which he/she only gets at a "usuary" interest rate – precisely because the repayment may appear to the lender to involve a great deal of risk. Should this risk be passed on to someone else? From a libertarian point of view, that would have to be denied. In this context, diachronic also means that the incentive effects of state intervention must be taken into account. What incentives result from a ban on "usuary"? One consequence could be moral hazard: the individual makes decisions whose consequences he does not have to bear himself. In the house example, this would mean that the lender would be forced to give the remaining spouse the loan at an interest rate that did not reflect the risk. The other consequence would be that such a cap on the interest rate could result in certain loans no longer being granted.

On the other hand, we should consider that the state usually provides for existential emergencies. From a libertarian point of view, however, the state should not use tools in the form of directly intervening in the price mechanisms, as would be the case with a prohibition on usury interest, which represents nothing other than the setting of a maximum price as we have seen above. A social policy appropriate to a liberal order would have to start with the needy individuals themselves and equip them with the

appropriate purchasing power which he can use according to his/her preferences.

## 5. Concluding Remarks

Legal or religious regulations concerning the ban of usury interest rates require a benchmark in order to be able to identify excessive interest and thus usury interest. If one justifiably assumes that the goals of individuals and thus their preferences as well as the decision field's parameters are necessarily of a subjective nature, such a standard can hardly be determined. Because a voluntary exchange between individuals *with equal rights* resulting from the self-ownership of the own body (e.g., Rothbard 2009; Block 2015) only comes about if both expect an advantage from this exchange. A regulation against usury interest is based on a different image of human, namely the image of an individual who is worthy of protection because he does not or cannot reflect on the consequences of his/her actions. A regulation against usury interest is thus paternalistic and restricts the freedom of individuals. However, since the conditions of financial decision-making are imperfect, we can imagine situations where information and especially power is distributed asymmetrical between the contract partners. A need for government action can at best be identified in the following two areas: On the one hand, this could consist of providing individuals with information about market conditions so that demand for credit has greater market transparency. On the other hand, regulations should be questioned that restrict the supply of credit too much and thus reduce competition in this market.

Overall, with a topic of this kind, in which pronounced norms of justice exist, it is necessary to illuminate the facts from different perspectives. Of course, it can make sense for a religion to denounce the charging of high interests as unacceptable. From an economic point of view, however, there are numerous arguments that can explain situations in which interest rates are paid that are perceived as too high for an outside observer. The interest rate is an outgrowth of a negotiation between two parties pursuing objectives and constrained by certain framework conditions. In particular, the alternatives within the decision field determine the economic assessment of an investment or financing project.

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## Some Friendly and Some Critical Comments

on the contribution of Florian Follert, Frank Daumann, and Antonio Sánchez-Bayón, An Economic Plea for a More Differentiated Discussion on Usurious Interest Rates, *in this volume*.

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I very much welcome that Follert et al. look in their own way at the interest rate problem, which is otherwise often ignored by society. Certainly, it is justified in accusing me of not being ideologically neutral in my work on the problem of interest. Apparently, their qualifications “one-dimensional view” and “(normative) decision” point to my Christian point of view. However, if they intend to “add a legal and economic view to the discussion with this paper,” as they announce), they also start from an (economic) ideologically biased view that is undoubtedly of its own right, but certainly not of a higher order than my own. In this respect, their paper may rightly be viewed as a *complement* to Pawlas' paper.<sup>1</sup>

Given the widespread “lack of history” in current economic theory, it is gratifying when Follert et al. briefly look on the historical background of the usury question. However, they adopt the traditional concept of usury as “an interest rate that significantly exceeds the usual level.” Indeed they are in good company. Even today, the term usury is mostly understood in this way. For example, in the comments on § 138 BGB, referred to by Follert

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<sup>1</sup> See Pawlas (2023), “Aspects of the interest ban problem in the positioning of contemporary Christianity,” in this volume.

et al., an interest rate that is higher than twice the effective market interest rate (or a 12% larger than effective market interest rate) is considered as usury.<sup>2</sup> It is not necessary to further elaborate this point that such a view is not relevant in the (hopefully past) times of “negative interest rates” although the interest rates for overdraft credits and short-term loans are still substantial. However, this is not the relevant argument against the traditional understanding of usury which I present in my contribution to this volume (Pawlas 2023). And yet, so little has been achieved on policing usury in human history due to this definitional construction. I would have been happy if, at this point, Follert et al. had taken account of my current, completely different attempt, referring to medical ethics. It defines usury as a violation of the principle of “nonmaleficence.”<sup>3</sup> Specifically, that would mean – similar to what Follert et al. propose and later in their article elaborate – to compare the expected capital productivity of the announced investment with the requested loan rate when granting a loan for an investment. Should the interest on the loan be higher than the productivity of capital, such a loan would have to be rejected from the point of view of Christian ethics as harmful, precisely as usurious. If not, the loan can be accepted as a fair, ethically acceptable creditor's share of a successful investment.

As far as the historical background of the usury question is concerned, as pointed out by Follert et al., the jump from the biblical prohibition on usury according to Dt. 23:20 to the Goths is undoubtedly quite bold. A great deal of efforts of the Christian tradition and the church fathers against usury are thus ignored, in particular the Council of Nicaea. But even after the Goths, at the Council of Vienne in 1311-12, the condemnation of usurers as “heretics,” with all the penal provisions to be executed by the state, was passed over. Wouldn't it be worth mentioning the struggles and fights of the usury reformers as well as the travails of the more modern Catholic tradition – up to and including the command of silence on the subject by Pope Pius VIII in 1830? If, on the other hand, the ban on interest is rightly emphasized in the Koran, the interest evasion procedures popular in the Islamic world could certainly have been

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<sup>2</sup> Armbrüster (2018, Rn. 119, 120), Wien (2012: 51), and BGH III ZR 201/88 in: [https://www.prinz.law/urteile/bgh/III\\_ZR\\_201-88](https://www.prinz.law/urteile/bgh/III_ZR_201-88), of 18.6.2021.

<sup>3</sup> See Pawlas (2021: 24f), based on T.L. Beauchamp and J.F. Childress (1994), *Principles of Biomedical Ethics*, 4<sup>th</sup> Edition, New York and Oxford: Oxford University Press.

supplemented – but also the associated procedures of profit-loss sharing which are worthy of a discussion.

A reference to an alleged “natural law” (see Grotius) would then certainly have had its own weight as well as a comment about its doubtfulness. This, of course, particularly true with regard to a canonical recognition of such a natural right, which is problematic from a Protestant point of view.

Towards the end of their article, Follert et al. draw attention to the weaknesses of formal state and religious prohibitions on usury and summarize: “A regulation against usury interest is thus paternalistic and restricts the freedom of individuals.” They rightly bring forward this criticism – albeit under the assumptions of classical economics. For example, in Bentham’s classic work “Defence of Usury” from 1787, we read: “... that no man of ripe years and of sound mind, acting freely, and with his eyes open, ought to be hindered, with a view to his advantage, from making such bargain, in the way of obtaining money, as he thinks fit: nor, (what is a necessary consequence) any body hindered from supplying him, upon any terms he thinks proper to accede to” (Bentham 1816: 3). Under these conditions, the usury laws were by and large abolished in England and France, and in 1867 also in the *Norddeutscher Bund*.<sup>4</sup>

The essay by Follert et al. shows in its last pages some understanding for a religious rejection of excessively high interest rates. However, this does not seem to mean that such a (supposedly unrealistic?) reference would have any influence. Rather, the assumptions of Bentham and Follert et al. do not really take into account the drama of the usury phenomenon.

In the history of mankind, usury is not about censoring the business deal of two sovereign merchants. There were state usury bans (then again after 1880 in the German Reich<sup>5</sup>), because sheer need drove the poor into the hands of the usurers, who took their “last shirt” as a pledge. This is the background to the biblical tradition's prohibition on usury. It is therefore about the protection of the neighbor who, in the event of non-payment of interest, may have been made slaves himself or his relatives.

Follert and others may ignore this problem and thus remain within the logic of classical economics – undoubtedly be justified in a closed economic model. However, the fight against usury, as it has been fought

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<sup>4</sup> See *Norddeutscher Bund* (1867: 159).

<sup>5</sup> Gesetz, betreffend den Wucher, vom 24. Mai 1880, in: *Reichs-Gesetzblatt* 1880, No. 10, p. 109.

so heatedly in human history for so long and is still being fought in various countries around the world, would remain unnoticed. And yet, the fact that economists – like Follert et al. – take historical prerequisites of the currently quite successful economic thinking into account may produce two results: On the one hand, a repeated review of the prerequisites of the theory and their justification; different times may require different economic theories. On the other hand, it can be acknowledged that, at least in Germany, with the concept of the social market economy (*Soziale Marktwirtschaft*) and the culture of fellow-feeling on which it is based, those in need no longer have to hand themselves over to the usurers.

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## Applying a “Turn to the Sea” Strategy and the Transformation of the Athenian Economy (508-322 BCE)

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**Abstract:** This article describes how a radical change in the socioeconomic basis of the ancient Athenian society took place during the Classical period (508-322 BCE). I argue that the need to repel the imminent second Persian invasion of Greece, which eventually took place in 480 BCE., led the Athenians, under the leadership of Themistocles, to intensify their “turn to the sea” strategy through the implementation of a large construction program of 200 *trireme* warships that saved Athens and Ancient Greece in general. In the coming decades the Themistoclean shipbuilding program, led to a series of impressive developments in the economy, such as the rise of the “secondary sector of production” (shipyards, iron etc.) and the development of a series of sophisticated (for the era) financial institutions. These developments included institutions such as a reliable monetary system, banking and insurance services, protection of private property and commercial contracts, etc., and all these led to the gradual transformation of the economy from the agricultural to the commercial/services sectors. The article further argues that these institutions are strongly related to the Athenian economic success during the Classical period.

**Keywords:** Athenian democracy, turn to the sea strategy, secondary-tertiary production sectors, advanced economic institutions

### 1. Introduction

The Athenian city-state, as the “prototype” of a democratic state and society, has been the focus of a great deal of scholarly attention during the

last three centuries. Innumerable books and articles have been written over this period covering the historical, political, and social aspects of Classical Athens and this interest is very much alive today.<sup>1</sup> However, much less attention has been paid to the economic aspects. An important reason for this has to do with the influential work of some authors such as Moses Finley<sup>2</sup>, his followers as well as some other authors who argued that the ancient Greek economy was characterized by primitive structures and organization and that it was “embedded” in social, political and religious aspects, thus could not be characterized as market type of economy, as we understand the term today.

However, Finley’s work has been revisited in many aspects by a plethora of modern authors in the last 30 years, such as: Burke (1992, 2010), Cohen (1992), Figueira (1998), Shipton (1997), Morris (2004), Amemiya (2007), Bitros and Karayannis (2008), Ober (2008, 2011, 2015), Kyriazis (2009), Engen (2010), Halkos and Kyriazis (2010), Lyttkens (2013), Mackil (2013), Tridimas (2013), van Wees (2013), Bergh and Lyttkens (2014), Pritchard (2015), Bresson (2016a, b), Harris (2016), Harris and Lewis (2016), Woolmer (2016) and O’ Halloran (2018).<sup>3</sup>

Thanks to the influential work of the above authors we among others know that the Classical Athens was a highly organized state in terms of how its budget was managed, how the public administration functioned, as well as that the Athenian market was characterized by international commercial orientation based on a series of general principles that fall within what is now called modern institutions of a free market type of economy. The findings of the above authors indicate that many elements

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<sup>1</sup> This paper is written on the occasion of the 2500th anniversary of the great historical event of the Battle of Salamis (in all probability it took place on 23 September 480 BCE), which saved Greece, the Greek culture and the newly founded democratic regimes throughout the Hellenic world during the Classical Period (508-323 BCE). According to renowned historians, Salamis changed the course of world history and, especially, that of the West (Strauss 2005). If the Persian Empire had prevailed, most likely, the world we live in today (especially in the West) would have been very different. And democracy, as a political system with organized institutions, would never have prevailed not only in Greece, but also in the West and the rest of the world. See analytically the papers in the recent volume *Democracy and Salamis* in Economou et al. (2022) regarding this.

<sup>2</sup> See, among others, Finley (1954, 1973 and 1983).

<sup>3</sup> See also the following papers that are consistent with these findings: Economou and Kyriazis (2017, 2019a, c), Bitros et al. (2020), Economou (2020), Economou and Kyriazis (2021), Economou et al. (2021a,b, 2022) and Halkos et al. (2021).

of the ancient Greek economy can be interpreted with modern economic theory, at least, to some extent. This mostly applies to the *New Institutional Economic School* of thought and to *Behavioural Economics*. Rational choice thinking was also present, at least in a significant part of the Athenians’ mentality of taking economic decisions. Lyttkens (2013), Tridimas (2013, 2019a), Lyttkens et al. (2018), Holler (2022) and Ober (2022) among others, provide persuasive evidence regarding this.

The debate concerning the “primitivism” or the “modernism” of the ancient Greek economy goes back to the late 19th century, with the opposing views between two eminent German historians, Karl Bücher and Eduard Meyer, which became known as the Bücher-Meyer controversy. Bresson (2016a) and Tridimas (2019a, 2020) offer a recent detailed and critical review of this debate which was further continued in the 20th century, and according to Reibig (2001) it remained inconclusive till nowadays. This paper contributes to the discussion regarding the primitivism or modernism of the ancient Greek economy by focusing on the Athenian case, where the existing historical data are sufficient to provide us with safe conclusions. It argues that the external threat that the Athenians faced at the second Persian invasion to Greece in 480/479 BCE, made them reconsider many aspects of their socioeconomic organization so as to effectively repulse the imminent threat. Then it is argued that Athens was transformed from a mainly land-based state into a sea power, which led to institutional change, under North’s (1981, 1990) perspective, and led to the establishment of a new socioeconomic regime.

Within this regime, new, more efficient institutions, both political and economic, emerged. Thus, the “turn to the sea” strategy led to a major transformation of the economy: the gradual abandonment of an agrarian type of economic organization led to the establishment of a “secondary” and “tertiary” type of economy, which was based on sea power, commerce (both naval and land) manufacture and a variety of superior financial institutions for the era. All these innovations were mutually reinforced by the establishment and the evolution of democracy which was introduced by Cleisthenes’ reforms from 508 BCE onwards.

## **2. The Second Persian Invasion and the “Successful Response of the Athenians”**

At the beginning of the fifth century BCE, Athens was still mainly an inward-looking city-state, the great majority of whose inhabitants lived off

agriculture, despite a slow ongoing process of transformation of the economy towards the maritime sector since the time of Solon<sup>4</sup>. It engaged in some trade, had some commercial ships and presumably some warships; but, it certainly was not a leading trading or naval power, as archeological evidence of the sixth century BCE outside of Attica have revealed (van Wess 2013; Figueira 2021).

During the 480's the Athenians and the rest of the Greeks were receiving more and more information concerning the Persian Empire's intentions to launch a second invasion in Greece. Athenian politics were strongly influenced by a visionary politician, Themistocles, who had no doubts concerning the true intentions of the Persians against Greece. Themistocles foresaw that the decisive encounter of the forthcoming war would take place at sea. Thus, the Athenians needed a mighty fleet that had been lacking before.

The problem was how to finance such a fleet of about 200 *trireme* type of warships. The city's revenues, consisting of public land revenues, custom duties, fines and war booty were insufficient for such an ambitious task. Suddenly, as a *deus ex machina* in 483/482 BCE the Athenians found at the silver-mining district of Laurion, located in South Attica, near Sounion, an unprecedented rich new vein of silver. The royalties reached the unheard of figure of 100 *talents* per year (or 600,000 ancient drachmae), at a time when one drachma was a day's wage for a middle-class worker (Loomis 1998). This amount was enough to be distributed at a flat rate of ten drachmae annually to every citizen (Kyriazis and Zouboulakis 2004; Tridimas 2013; Economou and Kyriazis 2019a).

Themistocles intended to use this amount of money in order to finance the fleet of 200 *trireme* warships, (to be constructed in two years, 100 each year) which would be capable of repelling the Persian-Phoenician fleet. However, he had first to persuade the Athenian citizens in the arena of politics. His main political opponent was Aristides who was the leader of the conservative aristocratic political faction which was mainly supported by the wealthier landowners and possibly also by medium smallholders whose revenues came from agriculture. On the other hand, Themistocles was supported by the low-income *thetes*, who until that time had limited political rights: they could vote in the popular Assembly of citizens but

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<sup>4</sup> Solon was mostly known for his socioeconomic reforms and a kind of a "Constitution" he established in Athens, with the consent of both poor and well-off people, culminating with *seisachtheia* (debt abolishment) of 594 BCE.

were excluded from occupying public office.<sup>5</sup> Themistocles understood that he could convince the poorer *thetes* to vote in favour of his ship-building program if he could promise them full political rights. Furthermore, he promised to secure permanent jobs for the poorer citizens as rowers in the state's navy.

Manning *triremes* offered the most appropriate opportunity of employment for *thetes*. *Triremes* comprised a crew of 200 men: 7 officers from the upper income class, including the captain (called *trierarch*), 10 marines (called *pezonautai*) possibly coming from the medium-income *hoplite* class, 10 sailors, 4 archers and 170 rowers (Morrison Coates and Rankov 2000; O' Halloran 2018). Building 200 ships in two years was a task requiring the harnessing of a substantial labor force. Since at that time the slave population was relatively low, a major source of employment came from the citizens. It is reasonable to believe that the better-off citizens, such as farmers and city workers, would have weaker incentives to abandon their work for employment in the construction of the fleet. Thus, the people employed in the shipbuilding project came from the poorer class, the *thetes*.

Another important element that proved vital for the Athenian citizens' decision to vote in favour of Themistocles' military state investment program, was his ability for persuasion which combined emotion, patriotism, but also the memory of the perilous danger by reminding them of history. More specifically, Themistocles managed to incite the patriotic sentiments of his fellow citizens, by reminding them of the Sack of Miletus by the Persians through a theatrical play that was possibly performed in 492 BCE. According to Herodotus (*Histories* 6.21.10), this play had such a deep emotional impact on the Athenians that they fined the playwright Phrynichus for "reminding them of their own troubles". But Themistocles had achieved his political goal. The play enhanced the patriotic feelings of the Athenians while simultaneously convincing them that the Persian danger was real. The play was also an indirect warning to the Athenians by reminding them how they could possibly suffer from the Persians in the immediate future if they were not prepared to act militarily.

The Athenians finally decided to approve the proposal of Themistocles to build the fleet. This decision can be seen as an issue of "public choice",

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<sup>5</sup> Regarding how the political institutions of democracy functioned in Classical Greece, see among others, Ober (2008, 2015) and Tridimas (2019b).

to use a modern economic term: the Athenians had to sacrifice additional personal consumption (ten drachmae for each Athenian) in favour of the public good (defense). This is the so-called “butter for guns” choice. In retrospect it can be argued that the Athenians chose wisely since this fleet, which comprised two thirds of the entire Greek fleet, saved Greece, Europe and the western world, as it defeated the mighty Phoenician-Persian fleet in the naval battle at Salamis (480 BCE) (Strauss 2005; Economou et al. 2022).

**Image 1.** Greek *triremes* sailing in formation.



Source:

[https://commons.wikimedia.org/wiki/File:The\\_trireme\\_Olympias\\_on\\_23\\_February\\_2019.jpg](https://commons.wikimedia.org/wiki/File:The_trireme_Olympias_on_23_February_2019.jpg)

In order to construct the fleet, the Athenians introduced the *trierarchy*, according to which a wealthy Athenian was charged with the running expenses of a *trireme* warship for one year, at the same time acting as captain of the ship. More specifically, the city itself financed the construction of warships but entrusted their maintenance to rich citizens chosen by the Assembly each year for this purpose. Eligibility was based on the formal rule of property qualification, according to Solon’s and

Cleisthenes’ constitutional reforms of 594 and 508 BCE, respectively. Later on, during the second half of the fourth century, as *trierarchy* had become very costly even for the wealthy citizens, the Athenians realized the limitations of this system, both from a “fairness” and a practical point of view. By acknowledging this, in 358 they decided to link the issue of financing *trierarchy* with the institution of *symmoriae* which were introduced in 378 to collect the *eisphora* property tax (Hansen 1999: 112-115).

**Image 2.** The Tomb of the Salaminian Fighters (‘Tymbos ton Salaminomachon’) monument, Kynosoura, Salamis



Source: Private archive

In general, Athenian citizens were subjected to taxation known as *eisphora* only when extreme or urgent conditions required it (war, natural disasters, etc.). The lower income classes incur much lower taxation than the wealthy citizens who had to pay the levy, meaning that the rich were much more burdened by the less well-off citizens. Thus, taxation was not proportionate but progressive in nature (Ober 2017). However, as Hansen

(1999: 112) writes, since 347/6 and later on the *eisphora* tax became a regular annual tax, for the well-off citizens or *metics*<sup>6</sup>. Since 358 and later on, under the system of *symmoriae* the 1,200 richest citizens, known as, the *synteleis*, (joint contributors), became collectively responsible to finance *trierarchy*. They were grouped into twenty *symmoriae* of sixty men each (Gabrielsen 1994: 48-50, 84, 157-160, 178-179, 198-199; Lyttkens 1994: 75-76; Economou and Kyriazis 2019a). *Trierarchy* proved to be a successful Public Private Partnership (PPP) program in the area of national defense since it was seen as a public good, if we interpret it in modern economic terms.

Viewing the decisive defeat of the Persian invasion through Arnold Toynbee's ([1946], 1966) spectacles, what we observe is that not only did it signify the ability of the Athenian socio-political system to "survive" and to respond effectively to external threat, but that it also led to a major socioeconomic change: it transformed the socioeconomic base of the Athenian economy from an agrarian into a maritime one. In the next section this view is further explained in accordance with the financial and economic institutions that the Athenian economy introduced after adopting the "turn to the sea" strategy.

### 3. The gradual transformation of the economy

The necessity to repel the Persian fleet led not only to the construction of *trireme* warships, but also to the creation of the proper infrastructure so as to make the construction program feasible. This infrastructure necessitated the transfer of a large number of the labour force from the agricultural to the "secondary" sector of the economy. Of course, agriculture remained an important aspect of the structure of the Athenian economy (Bresson 2016a), but this gradually changed towards handicraft and manufacturing to such an extent that, as Cohen (1992), Amemiya (2007) and Halkos and Kyriazis (2010: 256) argue, the Athenian economy became the first "modern" economy, where handicraft ("industry") and services

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<sup>6</sup> For an extensive analysis regarding the *eisphora* tax, see Fawcett (2016). *Metics* were (for the most part) citizens from other city-states of Greece who had settled, either temporarily or indefinitely, in Athens mainly for labor and subsistence purposes, and who paid a tax as a fee for a residence permit known as *metoikion*, amounting to 12 drachmas for men and 6 drachmas for women (Gabrielsen 2013: 337, 341).

contributed more to GDP than the primary sector. Unfortunately, there are no cliometrics data available for the ancient Athenian economy, but by combining in this and the following sections all the available evidence (ancient sources, archaeological evidence and the findings of modern academic literature) this claim seems reasonable.

### 3.1 The “Secondary” Sector of the Economy

The need to create the new maritime infrastructure of the warships led to a series of production sectors that either rose from the beginning or, according to van Wees (2013), were significantly expanded from the pre-existing pre-Classical period such as: timber (for the production of ships, oars, etc.), iron and bronze shops (for the rams of warships and special nails in order to connect the different parts of the ships etc.), forges, shops for ropes and paint as well as a variety of products that were related to the shipping industry such as hemp, pitch, flax, as well as a major upgrade of the existing infrastructure for dockyards (*naustathmoi* and *neosoikoi*), anchorages and marine installations, etc.

Furthermore, once the Persian threat faded away after the Battles of Salamis (480) and Platea (479 BCE), this newly created infrastructure continued to expand. The democratic spirit of innovation led the Athenians to exploit this infrastructure so as to make their city wealthier and stronger: the Athenians took the lead in the Greek world together with the Spartans. They played a major role in the establishment of the so-called First Athenian Alliance (the Delian League) during 478-404 BCE. More than 300 city-states were members of the Alliance with Athens being the leader in military and economic terms (Figueira 1998: 52). Thus, the Athenians actually managed to integrate a large part of the Mediterranean into a unified area of economic cooperation and security through its mighty fleet.

Commerce in this unified area of economic cooperation rapidly flourished (Economou et al. 2021; Halkos et al. 2021). Athenian exports comprised olive oil, Hymettus honey, wine from the agricultural sector etc., but more significantly, handicraft and “industrial” products such as pottery, furniture, silver plate, artworks such as marble and bronze statues, bronze and iron domestic utensils, arms and jewelry. According to some estimates (Cohen 1992), the import of grain required 600 shiploads at 3,000 *medimni* (120 tons) per shipload. Total trade value has been estimated to have been at least 13,8 million drachmae, or 2,300 talents per

year, a very large sum created through economic transaction. Luxury items like ivory and silk were also imported, as well as slaves. The “secondary” sector was further developed. During the fourth century the majority of rich Athenians were no longer landowners but “industrialists”, bankers and shipowners (Halkos and Kyriazis 2010).

The port of Piraeus became a primary hub for international trading. During the period of the first Delian League, the port contributed to the Athenian economy through shipbuilding and repairing, warehousing for goods in transit, banks, loading and unloading facilities, etc., as well as contributing to state revenues through the levy of a customs duty of 2% on the value of exports and imports. But by the middle of the fourth century BCE it had grown to such a magnitude that it could accommodate up to 400 commercial and military ships. Buying and selling goods took place in the *Agora*, the Athenian and Piraeus marketplaces, as well as through street vendors who attended various social and religious events and artisans and merchants who visited private homes to provide goods and services. Evidence concerning the significance of the market and the port comes from several sources. Regarding the commercial potential of the *Agora* and the port, Isocrates (*Panegyricus* 4.42) proudly argued that there was nothing produced anywhere in the world that somebody could not find there. Cohen (1992: 141) characterizes the port of Piraeus as the dominant *entrepôt* of the Eastern Mediterranean, much as Amsterdam was during the Early Modern European period or Amsterdam, Rotterdam, Hong Kong and Shanghai are, among others, nowadays.

Furthermore, there is reliable evidence regarding the existence of specific professions that were related to the Athenian “secondary” sector of the economy. The orator Lysias, a *metic* himself, together with his brother Polemarchos, employed 120 slaves in their shield factory. Demosthenes’ father maintained two factories, one producing beds and the other producing swords. Demosthenes provides the information that his father employed 22 slaves in one factory and 32 slaves in the sword factory. The richest Athenian during the second half of the fifth century was the general Nicias, who owned 1,000 slaves who he lent out to a mining contractor at one *obol* a day. An *obol* was equal to one sixth of the drachma. The range of trade activities was large and many that appear on

the list of 170 occupations that are mentioned by Harris (2002: 88–99) were related to the "secondary" sector.<sup>7</sup>

Women, *metics* and slaves could also participate in the economic activity of the city. Cohen (1992: 78), based on ancient inscriptions such as (*IG* 11<sup>2</sup> 1672, 11. 64, 71) and (*IG* II<sup>2</sup>, 1672-73), argues that there are recorded cases of businesswomen; even the Eleusinian treasurers dealt with at least two women. One, named Artemis (of Piraeus), sold building materials having a value of at least 70 drachmae. Husbands and wives are known to have worked together in retailing activities (*SIG*<sup>3</sup> 1177, reproduced by Cohen (1992: 78)). There were a variety of places where women could work, such as shoe stores, bakeries, cook houses, perfume stores, flower shops, stores for women's ornaments and stores selling agricultural products such as fruits (figs, grapes, pears, apples etc.)<sup>8</sup>.

*Metics*, either men or women, also participated in the commercial activity of the Athenian market. In order to reside in Athens and participate in its economic life, *metics* had to pay a tax known as *metoikion*, which was 12 drachmas for men and 6 drachmas for women. Obviously, the Athenian state charged them a tax because, although not being Athenian citizens themselves, they were, however, allowed to make use of the Athenian infrastructure and institutions to profit and acquire wealth, just as ordinary Athenians could. Thus, the *metoikion* could be seen as the cost of making use of the Athenian infrastructure.

Finally, regarding slaves, some originated from foreign lands such as Illyria, Colchis, Scythia, Syria, Caria and Lydia, but others were Greeks who were sold as prisoners after a war (Kyrtatas 2011: 93). If we exclude the slaves in the mines of Laurion, their position was much better than that of slaves in Sparta, in Rome or in the American South before the Civil War. A slave in the Athenian democracy enjoyed a minimum level of civil and property rights. Slaves also had the right to engage in economic

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<sup>7</sup> Among those listed by Harris (2002) are jar-maker, sculptor, charcoal-maker, architect, minter, shield-maker, smith, businessman, goldsmith, knife-maker, spear-maker, merchant, architect-assistant, shoe-maker, rowing-master, potter, wax-worker, furniture-maker, lyre-maker, engineer, helmet-maker, mason, stone worker, perfume-boiler, shipbuilder, skewer-maker, housebuilder, brick-maker, iron-worker, maker of breastplates, carpenter, wheel-maker, an employee in a shop.

<sup>8</sup> For evidence regarding the status of the economic and civic rights of women in Ancient Greece see Economou and Kyriazis (2019a,b) and the references they provide therein.

activities and obtain legal property (Cohen 2000: 132-145). With this legal fortune it was possible to redeem slavery and become free citizens known as *apeleutheroi* (Zelnick-Abramovitz 2005). It seems that this practice was not very common. However, it functioned as an important incentive for slaves to be honest and competent in their duties towards their masters. There were also slaves who operated the business of their masters with their consent after having been trained by them in the technical parameters of each business. We know of a slave named Pasion who later became one of the wealthiest Athenians. This kind of slaves either ran the business of their masters almost entirely autonomously with the sole obligation of paying a specific monthly amount of money to them, or alternatively, running their businesses under their supervision.

### **3.2 The Institutions Towards a Market Economy<sup>9</sup>**

Once the secondary sector of the economy was shaped and the volume of commerce started to increase, Athenians were flexible enough to understand that they had to develop new institutional mechanisms in favour of commerce. Thus, they proceeded by taking a series of steps. At first, property rights and their protection were further refined during the period of democracy in Classical Athens. Property rights protection is one of the most important prerequisites that safeguard the prosperity of a modern state (Hodgson 2015a). During the Classical era property rights were further secured. In case of a violation of his property, a citizen had the right to sue the one who was responsible for the violation. The system of property rights was so advanced that citizens even had the right to sue the state itself in a situation where they faced a state violation. As has already been argued above, even Athenian women could own property and could function as entrepreneurs and bankers (Economou and Kyriazis 2017).

Another important institutional arrangement had to do with the protection of commercial agreements and contracts, an element which is pivotal for modern economies (Hodgson 2015b), so that commercial transactions become credible. This is strongly related to the existence of a regime that protects property by law and under legitimate procedures

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<sup>9</sup> For an extensive analysis regarding the mechanisms through which the Athenian monetary and fiscal policies were implemented see Bitros et al. (2020) and Economou et al. (2021a,b).

backed by the state. This indeed was the case in Athens. For example, Cohen (1973: 158-198) mentions a number of cases of protection of property rights and commercial contracts that have to do with maritime law. He argues that at some point during the fourth century BCE, special maritime courts were set up in Athens to deal with commercial cases, (*dikai emporikai*), apparently replacing an earlier system of such cases, *nautodikai*. There is no doubt that the use of written contracts was a standard commercial practice.

A general comment must also be made concerning the procedures of dispensing justice in public courts (known as *Heliia*), because they were obviously related to the enforcement of the law and property rights. It is known that litigants were required to provide all the documentary evidence, such as contracts and bills to the judges. The Athenian state had laws which were inscribed on large stone blocks erected in various public areas of Athens, as in the *Areopagos* court and on the Acropolis for the purposes of transparency<sup>10</sup>. Beginning at the end of the fifth century copies were kept in public buildings. In the fourth century a large collection of official documents including laws was located in the *metroon*, an ancient Greek temple dedicated to a mother goddess such as Demeter. A special institutional body called *nomophilakes* (meaning “guardians of the laws”) was responsible for the safety and protection of those written laws from forgery and for the loss or damage of the stone blocks with the inscribed laws. For this purpose, they had full access to the *metroon*, also known as *nomophylakion* (Lanni 2006). This means that there was an officially established system of laws (having been previously decided upon by the Athenian Assembly) according to which the jurors offered their verdict.

Another major issue had to do with the introduction of a reliable currency as a means of performing efficient economic transactions. Figueira (1998), Camp and Kroll (2001), Kroll (2011) and van Alfen (2011) among others, have extensively studied the Athenian coinage system. They argue that the Athenian currency, the so-called “owls” (*glauke*) or drachmae were introduced around 650 BCE and during the sixth and fifth centuries BCE the Athenian state, through its state mint,

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<sup>10</sup> For detailed analyses regarding the functioning of courts in ancient Athens see Lanni (2006) and Harris (2013). *Areiospagos* was the Athenian court during the Archaic period (750-508 BCE). After 462 it was confined to a court that only judged murder cases.

introduced hundreds of thousands of very reliable coins, including their subdivisions, in order to facilitate every kind of transaction (Bitros et al. 2020; Economou et al. 2021a,b; Halkos et al. 2021). Transactions regarding higher value prices took place through the exchange of silver coins coined in the Athenian state silver mint known as *argyrocopeion*. Due to the realization that there was insufficient money circulating in small denominations to cope with daily retail transactions of recurrent, but small-valued items such as bread, the Athenian state issued the so-called *obols*, made from silver, which were lighter in weight and smaller in size. One *drachma* was equal to six *obols*.

During the late fifth century, even smaller bronze denominations of coins than the *obols* were introduced, so as to facilitate the large volume of transactions of small value, known as *chalkoi* (bronze) and *kollyboi* and coined by either the second state mint for bronze coins, known as *nomismatocopeion*, or by individuals (Camp and Kroll 2011; Bitros et al. 2020). According to Kroll (2011: 37) one *chalkos* was equal to two *kollyboi*.

**Image 3.** An Athenian *tetradrachm* issued sometime between 449-413 BCE



Source: <http://www.wildwinds.com/coins/greece/attica/athens/sg2526.jpg>

Athenian coins, such as the famous *tetradrachm* (four drachmas), had an intrinsic value (as did all coins in antiquity) and they were very reliable and pure as far as their silver content was concerned, thus they rapidly

became the leading monetary currency in the Mediterranean for the era<sup>11</sup>. The reliability of the coins in Athens and many other Greek city-states was ensured by the introduction (in Athens) of the Monetary Law of Nicophon, which was accepted by the Assembly in 375/374 BCE. Under its provisions, all foreign-made imitations of the Athenian drachmae could be circulated in the Athenian economy for conducting commercial transactions, providing that: i) these coins were of exactly the same silver content like a genuine Athenian drachma ii) bearing the same stamp, like a genuine Athenian drachma.

In practice, this law permitted also the circulation of all “good” foreign coins (meaning those that had the correct silver content) together with Athenian drachmae. Thus, foreign traders, etc., could also use foreign coins for their transactions without necessarily having to change them into drachmae, providing that they were not counterfeit and were accepted by their Athenian trading partners (Shipton 1997; Figueira 1998: 57, 536-547; Engen 2005; Ober 2008: 200-206; Bitros et al. 2020).

In cases of doubt about the “purity” of the contents of the foreign coins (and as a state guarantee against fraud) the office of the “testers” (known as *dokimastai*) was introduced. The “tester”, being a public slave himself, was a state official with an office, a bench in the *Agora* of Athens and at the harbor of Piraeus. If one of the private contracting parties had doubts regarding the purity of the foreign coins, he could bring them to the “tester” who examined their purity. If found impure (e.g. fraudulent) the coins were confiscated, then cut through immediately and then became sacred property of the treasury-temple of the mother goddess. If found to be authentic imitations of the Athenian drachma, (meaning that they were of the proper silver content) they were returned to their owners, who then had the right to use them legally in order to perform commercial transactions in the marketplace (Economou et al. 2021a,b; Halkos et al. 2021). Rhodes and Osborne (2003: 115) argue that whoever did not accept these drachma imitations for transactions, “shall be deprived of what he is selling on that day”. Having this in mind Ober (2008: 222-225) argues that the Law of Nicophon reduced transaction costs and generated, by its

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<sup>11</sup> As it also happened later, with the Macedonian Greek *tetradrachm* after the conquests of Alexander the Great, the Roman *denarius*, the Byzantine *solidus*, the Venetian *grossi*, the Dutch *lion dollars*, the Austrian Maria Theresa *thalers*, Great Britain’s *pound sterling*, and currently with the US *dollar*.

existence and provisions, trust between the parties. Nicophon's Law functioned as if Athenians were aware of the Coase Theorem.

Supplementary to the above institutions were the *agoranomoi*, the *metronomoi*, and the *sitophylakes*. The ten *agoranomoi* were responsible for supervising the market by punishing those who were selling goods at exorbitant prices, thus profiteering. Five of them were stationed in Athens and another five in Piraeus (Harris 2013: 30; Halkos et al. 2021). *Metronomoi*, on the other hand, were responsible for checking and making sure that the weights and measures used by sellers of goods in the markets were correct. Their job was very important because they prevented profiteering as well. Obviously, these two institutions were vital so as to ensure that market transactions were fair between the parties, either buyers or sellers. The ten *sitophylakes* were responsible to combat profiteering on wheat imports due to artificially increases on the price of wheat (Bresson, 2016b).

What is also important, based on the available evidence, is that Athens had established the above set of institutions in cooperation with its more than 300 Athenian League allied city-states, but also with almost every other city-state in the eastern Mediterranean, thus creating a unified economic ecosystem for interstate economic/trade cooperation and commercial transactions (Bresson, 2016b; Harris and Lewis 2016; Woolmer 2016; O' Halloran 2018; Halkos et al. 2021).

### 3.3 The "Tertiary" Sector

Banking activities are strongly related with the enforcement of contracts and the protection of property. Banking is an intertemporal institution that is vital for promoting commercial transaction in a market economy. In Athens, there were certain wealthy men who provided various banking services to Athenian and foreign citizens. Banking services covered a wide range of economic activities, such as offering loans, safekeeping of valuables (possibly acquired as security for loans) while their merchant owners traded elsewhere, arrangement of the payment of merchants' creditors in their absence to their associates acting as guarantors in favour of an economic agent.

They could also provide witnesses for business deals, keep contracts of arrangements and offer currency exchange etc. Cohen (1992) and Shipton (1997) provide various examples of ancient passages and epigraphical evidence that support this thesis. During the fourth century, the wealthiest

Athenians were no longer landowners, but "entrepreneurs" (Kyriazis 2009). Thirty bankers are known to us by name, such as Passion, Apollodoros and Phormion (Cohen 1992).

Related to banking and commercial activity, there are also attested insurance and trade partnerships, established for profit reasons. These institutions made trade activity easier and safer. Security of goods regarding the transfer of products (mostly by sea) was guaranteed by insurance services provided by those Athenians who held banks. Merchants could insure their ships and their merchandise by paying a fee to the banker of their choice, who provided insurance guarantee for their shipment and ship. Furthermore, the Athenians had introduced maritime patrols (through *trireme* warships) so as to guarantee the safety of their merchant ships, including those of their allies, a 'freedom of the seas' policy under the auspice of the Athenian League (Cohen 1992; Economou and Kyriazis 2019a).

As concerns sea trade partnerships regarding cargo/supply-ships, a series of such partnerships such as those between Phormion and Timosthenes, Dion and Lampis and Stephanos and Philondas who accompanied a timber shipment from Macedonia to Athens are attested. These partnerships could be seen as the "progenitors" of the later Early Modern European joint stock companies, such as the Dutch and the English East India Companies. They were further evolved during the Hellenistic Period (322-146 BCE) (Economou and Kyriazis 2019c). Partnerships were also created in other areas too, such as the exploitation of the silver mines at Laurion by private consortia under state license (Bitros et al. 2020). Partnerships were further evolved during the Hellenistic Period (322-146 BCE).

As a final comment, the gradual transformation of the Athenian economy into a maritime/commercial one through the institutions and mechanisms that we have analyzed above led to the significant rise of the Athenian GDP and economic growth at least for a period of time during the Classical period (Morris 2004; Ober 2011, 2015; Woolmer 2016; Tridimas 2019b). These institutions may not have flourished (at least to such an extent) if the Athenians had the Athenians not gradually built a democratic mentality of an "open society" which was "flexible" and receptive to new ideas, concepts and ideology, either political, economic, religious, etc.

#### **4. Conclusions**

In 483/482 the Athenians found a large vein of silver at Laurion, located in South Attica. Themistocles, the leader of the democratic side, persuaded the Athenian citizens in the Assembly to “invest” their money in favour of the public good defence against additional personal consumption. In order to repel the Persians, the Greeks, and more specifically the Athenians, chose the “turn to the sea” strategy and they introduced a very large-scale shipbuilding program, (which may be seen as being of Keynesian inspiration in today’s interpretation) and they finally succeeded in repelling the threat.

But the “turn to the sea” strategy was transformed into a process of reshaping the Athenian economy towards a well-functioning monetized economy with advanced economic institutions and highly developed (for the era) secondary and tertiary sectors. The Athenian economy, in practice, developed a series of institutions such as property rights protection, the enforcement of contracts via the law, introducing reliable coinage for performing commercial transactions, an effective banking sector, insurance services, the development of maritime commerce, etc. These institutions were very important in establishing a prosperous and flourishing environment for interstate trade, with the port of Piraeus and the *Agora* of Athens probably being the most characteristic epitomes of such activities during the Classical period.

I believe that the Athenian case verifies the intertemporal historical axiom which functions as a prerequisite for a society to achieve various kinds of progress and economic growth, which is the interconnection between free market type economic institutions (even if in a primordial form of development in our case) combined with political liberalism.<sup>12</sup>

This paper sheds more light in support of the current academic trend that favours a major revision against the older beliefs regarding the “backwardness” of the ancient Greek economy. The ancient Athenian economy was characterized by a plethora of advanced economic institutions (for the era), and under such a perspective I believe that its structure can be interpreted by modern methodologies and concepts.

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<sup>12</sup> This dual relationship was one of the basic axioms by many prominent authors such as Hayek (1981) and Acemoglu and Robinson (2013).

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# **Mercantilism, Free Trade, and the Opium Wars**

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**Abstract:** The tragedy of the Opium Wars lies not so much in the death and destruction caused by the wars themselves, though these were bad enough, but rather in the disastrous consequences for the people of China. Further collateral damage caused by the Opium Wars was the defeat and humiliation of its military and ruling institutions, a result being that China subsequently went into a long period of decline and political instability. This paper addresses how this catastrophe came about from an economic perspective, and questions whether the Opium Wars resulted from the clash of two opposing economic ideas – that of Free Trade versus Mercantilism. It will examine how this conflict played out within the political, economic, and social institutions of China, as well as the callous pursuit of self-interest both on the part of Western powers but also that of the Qing Dynasty Emperors who opposed them.

**Keywords:** Opium Wars, Free Trade, Mercantilism, China

## **1. The Opium Wars**

The events leading up to the Opium Wars of 1839 and 1856, as well as the wars themselves, are one of the most egregious examples of the ruthless use of military power in pursuit of profit by colonialist countries. The chief perpetrator was Great Britain and the victim was the Chinese empire. Even in Victorian England in the 19th century, this was the dominant view of events. In 1840, Thomas Arnold, prominent educator and historian, labelled the opium war “a national sin of the greatest possible magnitude” (Stanley 1870: 183). Joseph G. Alexander, Secretary of the Society for the

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Suppression of the Opium Trade in America, wrote a scathing article in which he claimed that Britain “must be held guilty of having forced opium upon China” (1896: 381), also citing the famous speech delivered by William Gladstone, future Prime Minister, in Parliament on the eve of the First Opium War. Gladstone, a vocal critic of the Palmerston government and its use of opium to redress the trade imbalance with China, had faced his Whig opponents in a long and protracted debate that would decide the question of whether Britain should indeed go to war (see Fay 2000: 206-207). It is worth quoting the speech at some length:

A war more unjust in its origin, a war more calculated to cover this country with permanent disgrace, I do not know, and I have not read of. The right honorable gentlemen opposite spoke of the British flag waving in glory at Canton. That flag is hoisted to protect an infamous contraband traffic; and if it were never hoisted except as it is now hoisted on the coast of China, we should recoil from its sight with horror. Although the Chinese were undoubtedly guilty of much absurd phraseology, of no little ostentatious pride, and of some excess, justice, in my opinion, is with them; and whilst they, the pagans, the semi-civilized barbarians, have it on their side, we, the enlightened Christians, are pursuing objects at variance both with justice and with religion (Alexander 1896: 383).

Much has since been written on the evils of the “infamous contraband traffic”, and its consequences for the people of China (e.g., Lin 2004; Brown 2012). The questions of pride, nationalism, as well as who or what might be considered “enlightened” or “barbarian” have also taken centre stage in scholarly discourse (e.g., Scheltema 1912; Helle 2017). The use and cultivation of opium in China was a complex issue that had its proponents and detractors and generated much internal debate (see Lin 2004), though an undeniable outcome of the Opium Wars is the huge impact they had on China in the century that followed, which is regarded as one of the darkest and bloodiest periods in the country’s history, and the seismic shift that they caused in China’s development; how they paved the way for the rise of Mao Zedong and the Communist Party; and how they still stand as a warning to future negotiations between China and the West.

Only two centuries have passed since then, a relatively brief spell in the long sweep of Chinese history, so it should come as small surprise if the Chinese remain doubtful when Westerners take the moral high ground in

relation to civil rights abuses in their country, however justified such criticism may be (see Longxi 1992: 106). At a time when China has become the second largest economy worldwide in terms of GDP, a new trade imbalance threatens the stability of the world order that has been created between China and the United States, one that has reached the limits of its previous alignment: “Led by the United States, the West once again wants to deal with China on new terms of its choosing, and China is caught between being too weak to resist and too painfully aware of its past to comply.” (Shapiro 2019: 62) With its new, though somewhat unstable, position as a global power, China now has the means of defending its national interests from “would-be-bullies”, and the matter of economic and political disagreements being resolved by military force once again looms large amid the escalating tensions between East and West.

The aim of this paper is not just to gain a better view of China and its relations with the West through the lens of the two Opium Wars, but also to examine the conflicting views on trade that ultimately caused them. It will address how the economic policies contributed to the trade imbalance that led to these disastrous conflicts, which were largely the result of a clash of economic systems—Free Trade versus Mercantilism—that were taken to extremes. This polarisation created a situation that was inherently unstable, and where a drastic reversal of one of the positions became the only feasible outcome. While Mercantilism has long since fallen out of favour as a viable approach to economic policy, and neoliberalism and Free Trade have become the dominant model for modern economies (see Jackson 2010), it is making a comeback of sorts in the form of revamped nationalist and protectionist policies, and threatens the stability of an increasingly interconnected, globalised world.<sup>1</sup> Yet despite their contemporary relevance, it is not enough to examine these economic systems in the abstract, as they are invariably linked to the cultural

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<sup>1</sup> Since 2016, many commentators have drawn a link between mercantilism and the national security strategy of the Trump Administration and its “America First” policies, which promised to disrupt the trade status quo and revive American manufacturing. This resulted in a confrontational stance towards major trading partners such as China and the European Union, which marked a radical departure from the previous national security strategies issued by presidents from Ronald Reagan to Barack Obama. These earlier strategies were aimed at reaffirming the U.S.-led liberal international order, even if this weakened American dominance and enabled the rise of other nations (see Ahmed et. al. 2017: 2).

identities, as well as the social and political development, of the nations involved (see Stern 2014: 4). This paper therefore argues that China's mercantilism was strongly influenced by cultural factors, namely how the Chinese valued self-sufficiency in consumption, distrusted Western influence, and did not wish to import foreign goods. This culminated in the Qing emperor's rejection of Britain's efforts to expand its trade and failure to establish diplomatic relations with China, which was then seized upon by the British government as a pretext for war.

Furthermore, there is another complicating factor that must be taken into account, namely opium. The goods involved in any trade dispute are important, though if the one between China and Great Britain had solely involved silk, wool, or porcelain—or tea, for that matter—then there might be less opprobrium, and less blame and guilt, attached to these events. The fact that opium addiction still causes misery for millions of people today means that the history of its trade remains impossible to gloss over, no matter how much the proponents and apologists of the British Empire have tried to do or say otherwise (e.g., Jackson 1957: 412).

## **2. China's Mercantilism**

While it is tempting to frame the Opium Wars and their disastrous aftermath for China entirely as a clash of two ideas in economics, this would be far too simplistic, and the terms themselves are vague and problematic (see Stern 2014: 3). What is more, commentators have claimed that too much emphasis has been placed on economic arguments in the past. "Economic interests", Melancon writes, "should not, in this instance, overshadow a second important attribute of Palmerston's foreign policy: defence of honour and avoidance of shame." (1999: 856) While questions of honour and face-saving were important to both the British and the Chinese ethos, and especially pertinent given Britain's cultivation of a murky trade widely regarded as sinful and corrupting, economic matters do however remain at the heart of the issue, and are important to understanding the course of events.

Mercantilism, as it is understood by modern economists and historians, was the prevailing economic doctrine in Western Europe from around the middle of the 16th until towards the end of the 18th century. It held that the aim of a country's international trade and commerce was to generate wealth by accumulating gold and silver bullion. This could then be used to finance the expenditure of the state, which usually turned out to be for

warfare and the sumptuous lifestyle of its rulers. “The tight analogy between the balance of trade and the balance of power that mercantilists drew contributed to a bellicose approach to foreign policy and to the frequency and intensity of warfare during the mercantile period.” (Ahmed et. al. 2017: 8) The policy implication, as we would now describe it, was to seek to maximise the value of exports and to minimise imports, since this would make the net flow of bullion into the economy as large as possible. All that a King or an Emperor then had to do was to appropriate as much of this as they could by taxation and other levies. The instruments used to carry out the policy were excise duties, tariffs, and quantitative restrictions on imports, and subsidies, the granting of monopolies and other incentives to exports. All this naturally called for a substantial degree of state intervention and detailed regulation of economic activity.

Hence if national governments were heavily involved in the marketplace, and trade is viewed solely as a means of self-enrichment, then war and conflict between them was all but guaranteed. This point was certainly not lost on contemporary observers, and the idea of Free Trade was put forward as an alternative, which Adam Smith and David Ricardo developed into its recognisably modern form. Ricardo’s famous Principle of Comparative Advantage showed that if two countries would each specialise in producing a good for which they had a relative advantage in the costs of production, and then traded the resulting outputs with each other, then the citizens in each of those countries would benefit. The example he chose to illustrate this was British cloth and Portuguese wine, though the principle might just as well be applied to Chinese tea. If Britain and China were to try to produce both goods rather than trading with each other, then their citizens would be worse off than if they adopted a policy of Free Trade, with each trading the surplus of what it produced.

Smith was also famously critical of Mercantilism on account of its damaging effects on the potential wellbeing of the people in the country practising it, which was due to the tight, detailed regulation of markets and the barriers to trade that it brought with it (see Stern 2014: 372). The wealth of nations would be increased, Smith argued, by sweeping away these barriers—there should be freedom to exchange goods and services, while individuals should enjoy the liberty to trade in the way they found most advantageous to themselves. Adam Smith’s famous concept of the “invisible hand” is based on the idea that self-interest, under the right circumstances, can enrich the entire community. For example, the freedom to trade in perfectly competitive markets would frequently lead to the best

possible allocation of available resources, thus allowing individual self-interest to achieve the greater good (see Smith 2008). Then again, if the market is imperfectly competitive, the pursuit of individual self-interest can often result in a suboptimal outcome. Although the doctrine of Free Trade was often used for political purposes—and the example of the Opium Wars is a case in point—there was a great deal of hypocrisy surrounding the British position. In reality, the government and the traders colluded to maximize the profits made by the traders.

On the surface, the moral case for Britain's adopting a *laissez-faire* approach to its trade with China might seem a convincing one. There is, however, a major flaw in the argument that the principles of Smith and Ricardo could provide the ideological grounds for Britain's embrace of the opium trade. Smith had in fact advocated civil institutions that might curb the greed of merchants and manufacturers—at least those who were not in competitive markets—and also state regulations and interventions on matters of taxation, monopolies, and public works (see Dunkeley 2013: 19). Thus Smith was not in favour of Free Trade under all circumstances, and any attempt to excuse the British government on the grounds that it was acting in “defence of free trade” is doomed to failure, a point illustrated by the Whig Melbourne Government's reluctance to submit to the calls of merchants and bankers to take a more forceful stance towards China as a “matter of honour” (see Melancon 1999: 858).

A view among historians is that the root cause of the Opium Wars was the extreme form of mercantilism adopted by the Qing emperors, which became known as the Canton System. This is often portrayed as “a symbol of everything that was wrong with late-Qing China: opium smuggling and corruption, isolation and xenophobia, a lack of official interest in international trade, and a refusal to adapt to the demands of a changing world.” (Carroll 2010: 51) Under this system, developed throughout the 18th and into the 19th centuries, all trade between China and Britain, as well as other Western countries like France, Holland, and the U.S., was strictly confined to the port of Canton (Guangzhou), where a small group of Chinese merchants, linguists, and other service-providers acted as a buffer between the foreigners and the rest of the country.

With the help of letters and other documents written at the time, historians have pieced together a more balanced view of the Canton System, at least before the 1830's and the signing of the Treaty of Nanking that ended the First Opium War. The picture that emerges is one of a smoothly run and efficient operation that eschewed bureaucracy

and state intervention, relying instead upon the competence and integrity of individuals. The hong merchants who acted as brokers, supervisors, and liaisons to the foreigners were regarded as highly skilled businessmen who were honest and fair in their dealings; the deals were conducted in a satisfactory manner, and those cases of dishonesty were no different to those experienced elsewhere; the laws that were applied to the foreigners were fair and often lenient, as opposed to harsh and arbitrary, as was often claimed; and the relations between the Chinese and the foreigners were for the most part good-natured and courteous. In some cases friendly relations and long-term business partnerships were established. It should be noted, however, that many of these favourable accounts were from Americans, who at the time were “generally more willing to accept the status quo, and whose younger and less experienced government had less interest in developing the China trade” (Carroll 2010: 55).

The status quo was certainly acceptable to all those who profited from it. The problem was that the rigidity of the Canton System did not take into account the changing needs or particular demands of the trading partners involved. At that time, silver, along with gold, formed the basis of the money supply in all Western economies, and their stocks of silver, or the gold with which to buy it, were not unlimited. Typically, one-sided trade relationships of this kind eventually led to a trade imbalance, meaning that in one country there is a reduction in the supply of money, which depresses prices and stifles economic activity. China’s strict limitations on imports from the West meant that instead of being able to earn their imports by producing goods which could then be sold or traded with the Chinese, Western countries had to deplete their monetary reserves. This created a persistent imbalance in world trade, since if China was permanently in trade surplus, then its trading partners had to collectively be in permanent deficit, with a constant flow of bullion out of their treasuries and into China’s.

If demand for Chinese goods had remained stable, and there had been no attempt to establish diplomatic ties or gain access to the country, then the Canton System might have persisted for longer than it did. China’s foremost trading partner at the time was Great Britain, which had not only conquered the largest empire in history—which included Bengal (East India), where much of the opium that was smuggled into China was produced—but also maintained another vast, informal empire of Free Trade, within which British traders and investors dominated foreign markets. Along with the growth of wealth and power came a sense of

pride and insatiable desire for luxury goods, foremost among them being Chinese silk, porcelain, but above all tea, imports of which by the 1830's had reached twenty million pounds annually (Bard 2000: 8). As the demand for Chinese goods rapidly increased, the restrictive nature of the trade with China grew intolerable, and efforts were duly made to change the arrangement.

### **3. Failed diplomacy**

Lord Macartney met with the Emperor Qianlong on September 14th, 1793, with the aim of expanding trade and establishing diplomatic relations. His requests were denied, and he returned home with little more than a letter addressed to King George III (see Fay 2000: 31). Lord Amherst made a second attempt in 1817, and while he was allowed to make the journey to Peking (Beijing), his mission failed, and he left without an audience with Emperor Jiaqing, Qianlong's son and successor.

Much speculation has surrounded these failed attempts, which have long been viewed as proof of the incompatibility of the two civilisations, rooted in China's belief in its own intellectual and cultural superiority, as well as disdain for foreigners and the West.<sup>2</sup> It is doubtful whether a more conciliatory approach to cross-cultural communication and diplomacy might have made any difference. The underlying problem was that while the Chinese relied on the massive inflow of silver generated from its trade revenue (see Hung 2001: 475), they had neither the need nor the desire to import British manufactured products or traditional goods like wool and other textiles. One of main reasons for the inward-looking nature of Chinese culture was that throughout its 5,000-year history it had remained self-sufficient, a point conveyed by Emperor Qianlong in his letter to King George III:

There was therefore no need to import the manufactures of outside barbarians in exchange for our own produce. But as the tea, silk and

---

<sup>2</sup> The frequent claims of "Sinocentrism" that have long surrounded China's relations with the West, along with its view of Europeans as culturally inferior "barbarians", have become increasingly contentious in recent years. This view also appears out of keeping with the fact that trade between Great Britain and China conducted through Canton had been largely peaceful and highly profitable for decades (see Basu 2014).

porcelain which the Celestial Empire produces, are absolute necessities to European nations and to yourselves, we have permitted, as a signal mark of favour, that foreign hong[s] [merchant firms] should be established at Canton, so that your wants might be supplied and your country thus participate in our beneficence (Backhouse 1912).

The tone of the letter alternates between indignation and indulgence, civility and condescension, and one can imagine the irritation and disappointment King George III might have felt after reading it. Subsequently, the imbalance of trade only worsened as demand in Britain for Chinese goods increased. Imports of foreign goods into China, however, remained prohibited by law, and the Chinese exports through Canton could still only be exchanged for payment in silver. Between 1760 and 1780 capital inflows to China increased by a factor of five, and they were set to increase even further (Shapiro 2019: 54). This determination of the Qing government to insulate itself from foreign contact and influence, while at the same time amassing huge quantities of silver from its booming exports, amounted to a policy of extreme mercantilism. While greed and xenophobia may well have played a role, some commentators speculate that the Chinese were also suspicious of growing foreign influence in Asia, given the European expansion into neighboring Tibet, Burma, the Philippines, and Nepal (see Bard 2000: 8).

There was another reason for the Emperor's refusal to part with his silver, namely the ever-present danger of rebellion. The Qing authorities' insistence on payments in silver had drawn down the reserves of its trading partners, particularly Great Britain, though this was clearly of little concern to the Emperor. The loss of a trading partner did not pose nearly as much of a problem as civil unrest, and Qianlong's letter to King George III also mentions the "strict control" it exercised over the vast territories that made up its Empire. By the 18th century, that territory comprised three distinct economic zones spread across more than five million square miles, populated by an estimated three hundred million people (see Hung 2001: 495). For around 200 years before the Opium Wars took place, the Chinese Empire had been ruled by the Qing dynasty, Manchus from the North East who had overthrown the Ming dynasty in 1644 and imposed their rule on the Han Chinese majority. They ruled ruthlessly, brutally suppressing opposition and forcing their male Han subjects to shave the

front of their heads and tie the remaining hair into what became known as a “pigtail”.

For the Emperor’s subjects, copper rather than silver was the more common form of currency, though after the “Single Whip” tax reform of the 1560’s, which standardised all forms of taxation, they were required to pay all their taxes in silver (Hung 2001: 492). This meant that if its stocks of silver were high, then the price of silver relative to copper remained low, and taxes were kept low as a consequence (Shapiro 2019: 55). Hence, as long as there was no immediate danger from an external enemy, and a steady stream of silver kept flowing into the country, the Emperor’s rule remained stable in a country renowned for revolts and explosive outbursts of violence. By the time of the first Opium War in 1839, the Qing emperor’s rule had been severely weakened by internal corruption, costly wars, and a series of rebellions. The humiliating aftermath of the Opium Wars reinforced the decline of their power, and, following a further series of major rebellions and defeat in the Sino-Japanese War of 1894-1895, the Qing dynasty was finally overthrown in 1912, and a period of lawlessness and anarchy followed until the rise of Mao Zedong and the CCP.

While it may have suited the needs of the Qing dynasty, China’s Mercantilism was not in the interests of the Chinese people. If a country diverts a share of its resources away from producing for its own consumption, and exchanges the goods they produce for sterile stacks of silver, it reduces its standard of living. Furthermore, it leaves it unable to compete with other nations that choose to invest in improved technology for trade or warfare, which the heavy, one-sided losses suffered by the Chinese during the Opium Wars clearly showed. The huge imbalance in casualties was characteristic of the outcomes of the battles of the two Opium Wars, and subsequent post-war (British) estimates of the total losses suffered by both sides put the number of Chinese combatants killed at around 20,000, while the British suffered 69 killed and 450 wounded. Such was the disparity in the quality of weaponry, tactics and training of the two armed forces (see Ouchterlony 1844).

Adam Smith’s famous criticism of early mercantilism was that it confused wealth with money (see Stern 2014: 74). It was bad enough that China’s silver was largely spent on costly wars and putting down rebellions, yet it was even worse that it was exchanged for large quantities of opium. Lin Zexu, arguably the most prominent opponent of the opium trade at the time who has since become something of a cult figure in anti-colonialist and anti-globalisation circles, addressed the two evils afflicting

his country: the massive rise in the use of opium versus and the outflow of silver that was draining the country's coffers. He came to the following conclusion: "If people grew opium themselves, the money they made would stay in China, and in the final analysis it would be better if the silver did not go abroad" (Lin 2014: 117-118).

Britain must take responsibility for its role in these events, as the East India Company—that symbol of the British establishment and instrument of its imperial ambitions—was the driving force behind the growth of Chinese opium consumption, which increased fivefold in the years between 1821-1837. Moreover, Her Majesty's Government had, under the banner "Defence of Free Trade", declared war on China twice, in 1839 and again in 1856, to protect and extend the Company's imports of opium into China, as well as to acquire land and harbor facilities. These wars lasted for over seven years in total and ushered in almost a hundred years of economic decline and political instability. The extreme Mercantilism of the Qing court was disastrous economics, but so was the belief that Free Trade should be advocated or imposed at all costs, regardless of the perilous nature of the good being traded.

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## **Reviewing Dutch Democracy**

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**Abstract:** In the current review of the Dutch political system, there is one huge 'elephant in the room' which has so far not been questioned: the fact that in the Netherlands (and elsewhere), the chosen methodology of decision-making in Parliament is the simple binary vote. So while arguments about numerous electoral systems abound, discussions of the various methodologies which could be used to identify the democratic 'majority' opinion do not. This is despite the fact that the current methodology, majority voting, is primitive, often divisive, and sometimes hopelessly inaccurate. More inclusive methodologies are possible, the use of which could lead to a more wholesome polity.

Furthermore, one of the more accurate – and therefore more democratic – decision-making methodologies is non-majoritarian; if the latter were to be adopted, the ubiquitous habit of dividing every newly elected parliament into two could be replaced by a more inclusive form of governance based on an all-party coalition. Hence, and at a stroke, many of the current problems associated with forming a new government could be overcome... and the benefits abroad could be overwhelming!

**Keywords:** Preferential voting in decision-making, all-party power-sharing, modified Borda count, governments of national unity, matrix vote, conflict resolution.

### **1. Introduction**

In reviewing the Dutch system of governance, the first four papers in the Munich Social Science Review (MSSR), Volume 3 (2020) discussed the Dutch electoral system, even though, as Hannu Nurmi (2020) implies, 'if it ain't wrong, don't fix it.' In contrast, this paper concentrates on two

aspects which do need fixing: the question of how best should decisions be taken, that is, how best can be identified the will of parliament; and the second, how best to implement government formation. A solution to the first could well facilitate a resolution of the second.

Now democracy is based on the principle of majority rule. That is not in doubt. The question is: which voting procedure should be used to identify the democratic majority opinion? Apart from binary voting, there are a number of multi-option procedures: these include

- (a) plurality voting;
- (b) the two-round system TRS;
- (c) the alternative vote AV;<sup>1</sup>
- (d) approval voting; (e) range voting;
- (f) the Borda count BC,
- (g) its original, the modified Borda count MBC; and
- (h) the Condorcet rule.<sup>2</sup>

While electoral systems vary enormously, decision-making does not, and the elected parliaments of most countries nearly always use binary voting. There are just a few exceptions. Denmark uses plurality voting, albeit on only three options. Norway tried TRS, but only once. Sweden has serial voting – a series of majority votes which can give the Condorcet winner – when discussing amendments. And still in Scandinavia, Finland has used TRS in a referendum. Interestingly enough, so too has the UK.<sup>3</sup> Indeed, it is in referendums that some countries have allowed for a degree of pluralism seldom if ever seen in their parliaments;<sup>4</sup> in 1992, for example, New Zealand held a five-option TRS referendum on its electoral system.

Of the voting procedures listed above, the MBC is non-majoritarian: it can identify the option with the highest average preference, and an average, of course, involves *every* member of parliament, not just a majority of them. If this were to be the basis of Dutch democracy,

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<sup>1</sup> Otherwise known as the single transferable vote STV; or, in the USA, as ranked choice voting RCV; or again, in Australasia, as preference voting PV.

<sup>2</sup> Apart from binary (yes/no) voting, the only other decision-making voting procedure mentioned in the Munich Social Science Review (MSSR), Volume 3, was approval voting (in Brouwer and Staal 2020).

<sup>3</sup> In 1948, the British Government proposed a binary referendum for Newfoundland. The folks in Halifax were soon on the streets to demand a third option; it was duly added... and on an 88% turnout, it won the second round by 52%.

<sup>4</sup> The Netherlands has not used the referendum tool very often. But uniquely, in 1991, the good people of Vlaardingen held a referendum on whether or not to have a referendum.

governance could be based on an all-party,<sup>5</sup> power-sharing government of national unity GNU.

Accordingly, this paper will consider the weaknesses of binary voting before then describing the MBC, its procedures and its advantages. It next discusses an outline of the matrix vote, a tabular voting procedure by which members of a parliament can choose, in their order of preference, not only those whom they wish to be in cabinet, but also the particular ministerial post in which they wish each of their nominees to serve. The paper concludes with the potential benefits of consensus voting.

## 2 Binary Voting

Countless incidents show that binary voting is inadequate. Sometimes, indeed, the outcome of such a decision-making procedure is determined by a totally unrelated incident. In 1900, in a debate on compulsory education, F.D. Graaf Schimmelpenninck fell off his horse and missed the vote, which thus was approved by 50:49. A more recent incident was in 1999 – *De nacht van Wiegel* – when the Government collapsed as a result of the said Mr. Wiegel, a member of the *Eerste Kamer* or Senate, voting against his own Party, *Volkspartij voor Vrijheid en Democratie* VVD. In both instances, the matter was resolved by a margin of just one vote. Nearly every democracy has witnessed similar events in which the course of history has been altered, completely, by the act of just one person – in some cases, an individual who was bribed, threatened or seduced.<sup>6</sup> In a word, binary voting is fickle. Let us therefore consider voting theory, firstly to examine the workings of a binary procedure (and multi-option voting will be discussed later on).

Consider the following hypothesis: a committee of three persons debating the topic of tax rates for the rich, currently assumed to be 40%. All three are agreed, that is far too low. Ms *i* suggests 70% and moves a motion to that effect; Mr *j* thinks 60% would be more appropriate and proposes an amendment; while opting for a more modest 50%, Ms *k* moves a second amendment. Let us also assume that, as shown in Table I, Ms *i* has a perfectly logical set of single-peaked preferences: 70-60-50-40; that Mr *j*'s preferences are also single-peaked, 60-50-40-70; while for reasons of gender solidarity perhaps, Ms *k*'s 3<sup>rd</sup> and 4<sup>th</sup> preferences are

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<sup>5</sup> The term 'all-party' implies all the main parties. Obviously, not all 19 parties can be represented in a Cabinet of 16!

<sup>6</sup> For a fuller list, see <http://www.deborda.org/won-by-one/>

inter-changed: 50-40-70-60. After all, as the old English saying goes, “there's nought as queer as folks.”

**Table I:** The Committee's Preferences

Preferences	Ms <i>i</i>	Mr <i>j</i>	Ms <i>k</i>
1 <sup>st</sup>	70	60	50
2 <sup>nd</sup>	60	50	40
3 <sup>rd</sup>	50	40	70
4 <sup>th</sup>	40	70	60

According to laid down procedures,<sup>7</sup> the committee first debates and then chooses its more preferred amendment: 60 or 50; and by a majority of 2:1, they choose 60. Next, they decide either to adopt this amendment or to stick with the original motion, another dichotomy, now of 60 or 70, and both Ms *i* and Ms *k* prefer 70. Finally, it's yet another binary choice between this substantive as it is called, 70%, and the status quo, 40%, and again by a 2:1 majority, they prefer 40. That is it: by a 2/3rds majority, this committee decides that they want the very thing they had agreed they don't want. As the table shows, however, all three voters prefer 50% to 40%. So, the outcome is wrong.

The conclusion is stark: binary voting is not only primitive and divisive, it is also, sometimes, inaccurate. Or, to quote Riker (1988: 65), “however democratic simple majority decision initially appears to be, it cannot in fact be so.” Furthermore, the very procedure is so manipulable. For the above voters with the above preferences, if the original motion had been for 60, with 50 and 70 as the two possible amendments, the outcome would have been 60%. Or again, if they had started with a different status quo, let's say of 50%, and if the motion had moved 40 with 70 and 60 as the two amendments, the outcome would have been 50%. In effect, binary voting can sometimes be little more than a lottery, and this is especially true whenever there is a binary vote paradox, as there is in Table I. 70 is more popular than 60, which we write as  $70 > 60$ , and in all:

$$70 > 60 > 50 > 40 > 70 > \dots$$

In such a scenario, no matter what the outcome, there is always a majority in favour of something else. In other words, binary voting can be

<sup>7</sup> Many of these rules are well over 2,000 years old, established when the only known voting procedure was binary voting.

a cause of conflict. It also means that those who decide on the order of voting have the power to manipulate the debate and, sometimes, to determine the outcome.<sup>8</sup>

### **3. The modified Borda count MBC**

Of the other methodologies mentioned,

- (a) a *plurality vote* might identify the option with only the largest minority; whereas
- (b) *TRS* definitely identifies a democratic majority opinion,
- (c) as does AV but, as I demonstrated in my contribution to MSSR Volume 3 (Emerson 2020), the AV majority opinion might not be the same as the TRS majority opinion.  
The next two methodologies are non-preferential:
- (d) *approval voting* is not best suited for the political forum, not least because it incentivises the participant to be, not consensual, but intransigent, while
- (e) range voting is even more prone to this weakness.  
The other methodologies mentioned above are
- (f) the BC,
- (g) MBC, and
- (h) the Condorcet rule.

The last three take all preferences cast by all voters into account, always. The Condorcet/Copeland winner is the option which wins the most pairings. At best, the MBC winner is the option with the highest average preference.<sup>9</sup> In other words, the MBC is non-majoritarian and thus worthy of further study. It works like this: In a parliament of say ten parties, there might be up to ten different ideas on any one problem (which, it is assumed, is non-urgent). Accordingly, one party may move a motion – option A; rather than just oppose, other parties, as if in a German constructive vote of confidence, may propose something different – options B, C etc. If the difference is just a small amendment to one minor

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<sup>8</sup> As was the case in Brexit. Boris Johnson ensured that ‘his deal’ was approved, only by pitting it against that which he knew was the most unpopular of all options – ‘no deal’.

<sup>9</sup> In many profiles, the Condorcet winner will be the same as the MBC social choice.

paragraph, or if it is a complete re-draft, either way, every party proposing an option must make it a complete package.<sup>10</sup> Every option ‘on the table’ may be summarised on a computer screen and listed on a dedicated website, with highlights showing whatever differences there might be.

In debate, options may be tweaked, amended, composited or even deleted, but only if the original movers agree to such changes. Accordingly, the number of options in question may vary. If in debate this number is reduced to a singleton, this final option may be regarded as the (verbal) consensus.

If not, the Speaker/*Voorzitter* may draw up a (short) list, usually of four to six options. When all parties agree that their particular option (still ‘on the table’) has been considered – that it has been included verbatim or as amended or in composite – the members of the *Tweede Kamer* may cast their preferences. If the winning option's average preference score passes a pre-determined threshold, it may be seen as the best possible compromise; if higher still, it may be regarded as the consensus.<sup>11</sup> If not, if nothing passes even the minimum threshold, then it must be assumed that there is no agreement and that the debate should be resumed, with a focus perhaps on those options which received the slightly higher scores.

## 2.1 The Mathematics of the MBC

The MBC should not be (but often is) confused with the BC. As I mentioned in MSSR Volume 3 (Emerson 2020), the original formula of Jean-Charles de Borda (though not expressed in this way) stipulated that in any vote on  $n$  options, the voter may cast  $m$  preferences, such that

$$n \geq m \geq 1$$

and that points shall be awarded to (1<sup>st</sup>, 2<sup>nd</sup> ... last) preferences cast, according to the rule

$$(m, m-1 \dots 1).$$

rule i

Accordingly,

- he who casts only one preference gets his favourite just 1 point,
- she who casts two preferences gets her favourite 2 points (and her 2<sup>nd</sup> preference 1 point),

and so on; so

- those who cast all  $n$  preferences get  $n$  points for their favourite ( $n-1$  for their 2<sup>nd</sup> choice,  $n-2$  for their 3<sup>rd</sup>, etc.).

<sup>10</sup> In consensus politics, there's no such thing as ‘a wrecking amendment’.

<sup>11</sup> In other words, a consensus can be achieved, either entirely verbally or in a debate which culminates in a preferential vote.

Unfortunately, even in Jean-Charles' lifetime, the above rule i was changed to

$$(n, n-1 \dots 1)$$

rule ii

or

$$(n-1, n-2 \dots 0)$$

rule iii

which, incentivises the voter to truncate his/her vote, as can happen in approval voting. The latter formulae, rules ii and iii, are unfortunately called a Borda count, BC... and poor old Jean-Charles is a'rolling in his grave.

With the MBC, however, the MPs are encouraged by the very mathematics of the count to cast many if not a full list of  $n$  preferences. If, then, any *Tweede Kamerlid* finds the policies of the *Partij voor de Vrijheid* PVV proposal, for example, unpalatable, they can of course submit a list of just  $(n-1)$  preferences.<sup>12</sup> In regard to the other options, however, they thus as it were acknowledge the validity of their parliamentary colleagues' aspirations. So, the MBC enables the parliamentarians to be much more inclusive than is possible in any majoritarian milieu.

It should perhaps be noted that if the voters' profile shown in Table I is analysed by MBC, the committee's social choice supports the 50% option on a score of 9, and the social ranking is 50-60-70-40%, with scores of 9-8-7-6; what's more, this collective will is single-peaked. In other words, with an MBC, they confirm their dislike of 40% and agree to increase the tax rate to 50%. "It seems clear that Borda's criterion is the soundest method of identifying the [option which] is most generally popular... or at least the most acceptable" (Dummett 1984: 71).

### 3. Power-sharing

Now because the Netherlands has a pretty good PR electoral system, elections tend not to lead to any one party having a majority of the seats. But because the Parliament still uses a pretty bad decision-making system, the above majority vote, there is then the problem of how to form a government, which many people continue to think has to be based on a majority coalition.

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<sup>12</sup> And the same applies to any policies from the other extremist parties like the *Forum voor Democratie* FvD and *Juiste Antwoord* 21 JA21

The present situation is as follows: the Dutch (and many another) democratic process consists of an open and transparent election followed by a closed and opaque procedure of increasing duration<sup>13</sup> as the various parties negotiate, albeit under the guidance of a *formateur*, and eventually succeed in concocting a majority coalition.<sup>14</sup> Sometimes, its majority is small, implying that the government is unstable – indeed, in 2017, it had a majority of only one; and sometimes its make-up is not – how shall we say? – wholesome. In 2002, the *Christen-Democratisch Appèl* CDA (on 43 seats) and the VVD (24) (People's Party of Freedom and Democracy) joined up with the extremist *Lijst Pim Fortuyn* LPF (26), whose leader had been assassinated just days before the election; these were turbulent times, and the arrangement lasted for only five months. In 2010, VVD (31) could have joined forces with the next largest party, the *Partij van de Arbeid* Labour Party, PvdA (30); but no, and instead it coalesced with the CDA (21) and the PVV (24) in an arrangement, *gedoogakkoord*, in which admittedly the PVV did not hold any ministerial seats.<sup>15</sup>

If, however, the democratic norm of binary voting were to be replaced by the MBC, there would be little further justification for a majority government (and even less for a minority administration). Instead, there could be that which many countries advocate(d) for conflict zones like Bosnia and Afghanistan: all-party power-sharing.

Now most of the jurisdictions which have managed to devise some form of inclusivity have used a formula – the Belfast Agreement relies on a d'Hondt form of 'cherry picking', the Taif Accord in Lebanon shares out the top positions according to the main confessional beliefs, and the

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<sup>13</sup> In 2010, the Dutch Parliament took 127 days to form a government; in 2015, only 52, but in 2017, it was 225 days... still well short of the 2010/11 and 2019/20 world records set by Belgium of 541 and 494 days. In all instances, forming a government involved a huge loss of time and political energy. More seriously, in 2010 and with lives at stake, Iraq took 249 days.

<sup>14</sup> Italy and Greece also enjoy PR, but they avoid this problem of government formation by awarding the winning party a large number of bonus seats... which means, of course, that what had been a proportional electoral system can no longer be so described.

<sup>15</sup> Other countries also enter into unwholesome coalitions. When Austria's Freedom Party entered into government in 2001, the EU actually imposed sanctions... for six months only. Both of the two main parties in Britain have occasionally sought the support of the tiny and equally unwholesome Democratic Unionist Party DUP, (and the fact that both of the largest British parties had a vested interest in having a small rump of easily wooable MPs was one of many factors which for far too long hindered any lasting solution to the NI Troubles). Israel has also seen the unwholesome Jewish Home act as the tiny extremist tail which wags an otherwise not quite so unwholesome dog.

Dayton Agreement for Bosnia stipulates a three-person presidency – but all three arrangements perpetuate the very sectarianism they were supposed to obviate. The magic *Zauberformel* used in Switzerland would do the same.<sup>16</sup> No country has yet used the obvious tactic of an election. This is because most electoral systems enable members to choose only ‘who’ should be in cabinet, but not ‘what’, in other words, ‘who’ should be the minister of ‘which’ portfolio.

Hence the matrix vote<sup>17</sup> (Emerson 2007: 61-85). Consider a very simple example of a parliament of ten MPs electing a government of six ministers, a Prime Minister and five others, Ministers A to E. Accordingly, every member of this parliament would receive a ballot paper, as shown in Table II.

**Table II:** A Matrix Vote Ballot

Preferences	The Cabinet					
	PM	Minister A	Minister B	Minister C	Minister D	Minister E
1 <sup>st</sup>						
2 <sup>nd</sup>						
3 <sup>rd</sup>						
4 <sup>th</sup>						
5 <sup>th</sup>						
6 <sup>th</sup>						

Every MP of every party could then participate in selecting the Government. If such were the case – (and this text now returns to the present tense) – each MP chooses, in order of preference, six other members of parliament, and inserts these names in the shaded part of the ballot. Then, in the unshaded matrix, each MP writes six P1s, (for reasons which will be explained later), to indicate who of these six they wish to

<sup>16</sup> The Swiss all-party seven-person Federal Council, whose members represent the top four or five parties in Parliament, is based on the magic *Zauberformel* ratio of 2:2:2:1 or now 2:2:1:1:1.

<sup>17</sup> The matrix vote was first put to the test in a cross-community conference in Belfast in 1986. Since then, it has been developed into its present format. A recent demonstration with electronic voting was held in 2016, under the auspices of *The Irish Times* in co-operation with the de Borda Institute and others. See <http://www.deborda.org/home/2016/4/25/2016-5-ireland-let-the-dail-elect-a-govt.html>

serve in which ministry: one P1 in each column, and one P1 in each row. An example of a completed ballot is shown in Table III.

**Table III:** A Completed Matrix Vote Ballot

Preferences		The Cabinet					
		PM	Minister A	Minister B	Minister C	Minister D	Minister E
1 <sup>st</sup>	Ms <i>g</i>	P1					
2 <sup>nd</sup>	Ms <i>l</i>			P1			
3 <sup>rd</sup>	Mr <i>p</i>						P1
4 <sup>th</sup>	Mr <i>d</i>					P1	
5 <sup>th</sup>	Mr <i>m</i>		P1				
6 <sup>th</sup>	Ms <i>t</i>				P1		

The analysis is done in two stages, but first, a clarification: a number in the matrix is called a sum, while any addition of sums is called a score. The first stage of the count is a PR analysis of the data shown in the shaded column. This could be done under the rules of any proportional and preferential system, but the author's recommendation is for the quota Borda system QBS (Emerson 2007: 39-60) which, because of its MBC element, encourages every MP to submit a full ballot; and because the matrix vote is based on a QBS proportional ballot, it thus encourages them to cross the party divide.<sup>18</sup>

The second stage of the matrix vote analysis is an MBC of the data in the matrix. Every 1<sup>st</sup> preference (of a full ballot) gets 6 points, every 2<sup>nd</sup> gets 5, and so on. And the six most popular members of parliament are then appointed, in descending order of all the sums, to the ministry for which they get the most points.

Let us consider the motivations of a party with, say 40% of the seats in this parliament, which can thus expect two or at most three of its members to be elected to cabinet. To maximise its potential, it will nominate two, at

<sup>18</sup> As in PR-STV, so too in QBS, parties are encouraged (by the mathematics of the count) to nominate only as many candidates as they think they can get elected. In a 30:30:30 constituency in Bosnia, for example, no one party would want to nominate more than two candidates, and no one sectarian group would want to nominate more than three. If then the member of parliament were to submit a full ballot, he/she had best cross at least the party divide if not indeed the ethno-religious chasm.

most three candidates, each for a specific ministerial post. At the same time, it must be emphasised that, to get the most points for its own candidates, it is to every member’s advantage to submit a full and therefore cross-party ballot – an essential pre-requisite, it is argued, of any power-sharing polity.

Needless to say, quite a few parties might wish to have one of their members become PM, and doubtless too there will be keen competition for some of the more leading portfolios, the *Ministerie van Financiën* for example. Hence the P1, because members may also cast a P2 and a P3 – the letter P stands for priority – so if their particular P1 candidate does not get appointed to be PM, the points that candidate received will be transferred to the column(s) of his/her P2s.

In the unlikely event of a tie,<sup>19</sup> the decision goes to the more popular MP (as measured in the QBS election); and if there's still a tie, it goes to the more contended ministry (the ministry which gets the higher MBC score, as measured in the bottom row of Table IV).

**Table IV:** A Matrix Vote Count

Preferences		The Cabinet					MBC P1 scores		
		PM	Minister A	Minister B	Minister C	Minister D		Minister E	
1 <sup>st</sup> =	Ms r	20			20		10	50	
1 <sup>st</sup> =	Mr s	10		20			10	10	50
1 <sup>st</sup> =	Ms h	30	20						50
4 <sup>th</sup> =	Mr u			10				10	20
4 <sup>th</sup> =	Mr m		(10)	20			(10)		20
6 <sup>th</sup> =	Ms l						10		10
6 <sup>th</sup> =	Ms q			10					10
MBC P1 scores		60	20	60	20	20	30		210

Let it be assumed that a parliament of ten MPs is electing a cabinet of six ministers, and that all ten cast full ballots of six preferences. So, the total number of points cast is  $10 \times (6+5+4+3+2+1) = 210$ . Let it also be assumed that the count gives the results shown in Table IV: this suggests that the first five members in the shaded column have definitely been

<sup>19</sup> With 150 *Tweede Kamerleden* casting 21 points each, the chances of any two sums being the same are minimal; the matrix vote, however, is robust.

elected to the Cabinet, while there's a tie for the 6<sup>th</sup> member – Ms *l* and Ms *q* both on a score of 10 – while three members of the ten-member parliament got no P1s at all.

As noted above, ministries are awarded in descending order. The top sum in the matrix is 30, (Ms *h*/PM), so sure enough, Ms *h* becomes PM. At which point, any P2s cast for Ms *r* and Mr *s* shall be transferred to their P2 columns but, for the sake of simplicity, it is here assumed there are none.

The next highest sum is 20, of which there are five, two shown in reverse and three in tint: one is for Ms *h* to be Minister A, but she has already been appointed as PM, so the (Ms *h*/A) 20 may be ignored; in like manner, the (Ms *r*/PM) 20 may also now be ignored. The other 20s – (Ms *r*/C, Mr *s*/B and Mr *m*/B, all in tint in Table IV) – show no contention for Ms *r* as Minister of C; there is a tie, however, for the B Ministry; but Mr *s* is more popular than Mr *m*, so Mr *s* wins. Whereupon Mr *m*'s 20 P1s are transferred according to their P2s, let us say 10 to each of A and D – shown in Table IV in brackets. – The situation, so far, is shown in Table V.

**Table V:** A Matrix Vote Count, in Progress

Preferences		The Cabinet			MBC P1 scores			
		PM	Minister A	Minister B	Minister C	Minister D	Minister E	
1 <sup>st</sup> =	Ms <i>r</i>				20			50
1 <sup>st</sup> =	Mr <i>s</i>			20				50
1 <sup>st</sup> =	Ms <i>h</i>	30						50
4 <sup>th</sup> =	Mr <i>u</i>						10	20
4 <sup>th</sup> =	Mr <i>m</i>		(10)			(10)		20
6 <sup>th</sup> =	Ms <i>l</i>					10		10
6 <sup>th</sup> =	Ms <i>q</i>			10				10
MBC P1 scores		60	20	60	20	20	30	210

There is now another tie, with four candidates – Messrs *u*, *m*, *l* and *q* – all competing for the last three appointments, the Ministries A, D and E, each on a person/post sum of 10 points. With scores of 20 (as shown in the right-hand column), Messrs *u* and *m* are the more popular candidates, so Mr *u* is appointed to the E ministry; and given that the A ministry is uncontested, whereas D has another aspirant, Mr *m* takes on the Ministry of A. This leaves Ms *l* and Ms *q*, both on a score of 10, but only Ms *l* has any points for D, so she fills the final post.

All things being equal – that is, if the election takes place without threats or bribes and the like – the outcome is bound to be a Cabinet in which, individually, every minister is well suited to his/her appointed ministry, while collectively, the Cabinet then represents the various parties in parliament, each (approximately) in their proportional due. The result of the above hypothetical vote is shown in Table VI, and please note, the order of ministries has been re-arranged in order, left to right, of their P1 scores, a measure of the degree of contention of each ministry.

**Table VI:** The Elected Cabinet

Preferences		The Cabinet						MBC P1 scores
		PM	Minister B	Minister E	Minister C	Minister D	Minister A	
1 <sup>st</sup> =	Ms <i>h</i>	30						50
1 <sup>st</sup> =	Ms <i>r</i>				20			50
1 <sup>st</sup> =	Mr <i>s</i>		20					50
4 <sup>th</sup> =	Mr <i>u</i>			10				20
4 <sup>th</sup> =	Mr <i>m</i>						10	20
6 <sup>th</sup>	Ms <i>l</i>					10		10
Others								10
MBC P1 scores		60	60	30	20	20	20	210

To conclude, the Netherlands' entire democratic electoral process would therefore consist of one open and transparent election, in which the people choose their parliamentarians; followed about a week later by another equally open and transparent election, in which the latter choose their government.

### 3.1 Will it Work?

It should first be recognised that binary majority rule does not work well, anywhere. In the USA, it often makes governance dysfunctional. While in conflict zones, not only in Northern Ireland but in the Balkans, the Caucasus, the Ukraine<sup>20</sup> and not least in the Middle East, it is often (not *the* perhaps but) *a* cause of that conflict.

<sup>20</sup> When Ukraine became independent in 1991, the EU (or EC) supported a polity based on majority rule. In 2014, however, when the protests in Maidan became horribly violent, the EU changed its mind in favour of power-sharing, and a delegation rushed over to Kiev... too late; it arrived on the very day Viktor

**Table VII: Potential Governments of National Unity**

Country	Last election	Party	Number of seats in parliament	Expected number of cabinet seats
Problematic				
Austria	2019	FPÖ, <i>Freiheitliche Partei Österreichs</i>	31/183	3/15
Germany	2017	AfD, <i>Alternative für Deutschland</i>	94/709	2/16
Ireland	2020	SF, <i>Sinn Féin</i>	37/159	3/15
Netherlands	2017	PVV, <i>Partij voor de Vrijheid</i>	20/150	2/16
UK	2020	DUP, Democratic Unionist Party	10/650	0/25
Purposeful				
Israel	2020	Arab List	15/120	7/37
Turkey	2018	HDP, <i>Halkların Demokratik Partisi</i>	67/600	2/19
Problematic				
Israel	2022	Religious Zionist	14/120	4/31
		Shas	11/120	3/31
		United Torah	7/120	2/31
		Otzma Yehudit	6/120	2/31
		Noam	1/120	-/31

That said, as shown in Table VII, GNUs could have quite a few consequences: in the first four countries, it could mean that extremist parties were ‘at the table’ but – as indicated in the final column – only in their proportional due. In the two ‘Purposeful’ rows, such a GNU could be the very basis of a long overdue more inclusive polity, a cause for hope for both countries’ Arab and Kurd minorities.

In the Netherlands, (as too in Germany and Ireland), many persons in other political parties have often said that they would not, indeed could not, sit in cabinet with those of the PVV (as too AfD in Berlin or Sinn Féin in Dublin). In a consensual polity, however, there is little to fear: no faction (PVV) of only two persons can dominate a Cabinet of 16, especially if the latter is working in consensus. What’s more, most elected politicians want to be re-elected. To do that, they must be effective. And to do that in a consensual milieu, they must moderate their extremism. At the same time, if governance is to be subject to just a majority coalition, there is always the danger of an extremist administration in which the dog

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Yanukovych ran into exile.

is wagged by at least one of many tails ... as is currently the case in Israel. I rest my case.

Meanwhile, in other countries, such a robust and proportional methodology could well facilitate that which in many instances is an otherwise intractable problem, as was the case for example in Afghanistan, where the very western concept of political party is a little more – let us say – flexible. Generally speaking, however, when needs must, parties of supposedly diametrically opposite views have often shown themselves to be able to work together, sometimes in grand coalitions, or occasionally, as in war time, in all-party coalitions. The Covid and Climate Change crises are no less existential (Emerson 2022: 86f).

Politics is indeed the art of the possible. Consensus voting – the MBC in decision-making, QBS in elections and the matrix vote in governance – is its science.

#### **4. Conclusion**

It is quite extraordinary, but many countries have an electoral system which allows the voter to cast only one preference. It is as if he who supports the CDA, for example, regards all the other parties, from PvdA to PVV, with equal disdain. This is obviously not the case. In other words, if she is allowed to cast only one preference, the voter cannot express her opinion accurately. The overall election result, the collation of all this inaccurate information, will therefore be imprecise as well – (and this is especially true in a single-preference system like the UK's first-past-the-post). A preferential procedure like (PR-STV or) QBS could help to overcome this problem (rather more readily, it is suggested, than a Tsebelis-Crosson multi-vote procedure).

What is even more extraordinary is the fact that so few question majority voting. As I wrote in MSSR (Emerson 2020), binary voting is Orwellian: 'this' good, 'that' bad. Yet it is ubiquitous. It is even enshrined in the North Korean Constitution. (Not that it is often used in Pyongyang.)<sup>21</sup> One can understand why politicians like majority voting: it invariably allows them to write the question on the referendum or

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<sup>21</sup> Socialist Constitution of DPRK, Article 97, para 2: "...decisions of the Supreme People's Assembly are adopted when more than half of the deputies attending signify approval by a show of hands." In like manner, Para 3 stipulates a two-thirds majority for any constitutional amendments. The North Korean parliament meets only once or twice a year! (Article 92).

parliamentary ballot, and that question is usually the answer. But why do members of the media and academia, along with the founding fathers of the US Constitution in 1776, as well as those involved in drafting the *Grundgesetz* in the 1949 Parliamentary Council in Bonn, and those in Dayton in 1995 writing the Bosnian Peace Accords, and those in Belfast drawing up the 1998 Good Friday Agreement, and those concerned with the 2001-3 Convention on the Future of Europe ... why do most of these good people just ignore multi-option voting procedures? They sometimes tweak majority voting, and hence consociational voting (in Belgium, Bosnia, Cyprus and Northern Ireland), along with qualified majority voting (in the EU) and constructive votes of confidence (in Germany). But preferential voting? The ideas of Ramón Llull, Nicholas Cusanus, Jean-Charles de Borda, Rev. Charles Dodgson (Lewis Carroll) and so on, apparently, count for little. So, problems are still reduced to dichotomies, or series of dichotomies. So, politics continues to be adversarial. So, minorities still argue with majorities. Often they fight. And the world struggles on, from one blunder to the next.

It is strongly suggested that the need for the Netherlands to adopt a more inclusive polity should be seen in this international context.

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