American individualism and its consequences for the world (including the credit crunch)

Stephen Mennell
University College Dublin

It is tempting to think that Americans say ‘individualism’ when they mean what the rest of us call ‘selfishness’,¹ and that it is all of a piece with using the word ‘patriotism’ for what the rest of us call ‘nationalism’, indeed with a whole string of other modern American euphemisms such as ‘contractor’ for mercenary, ‘collateral damage’ for killing innocent people, and ‘enhanced interrogation techniques’ for torture. But moral judgements are beside the point. It is less relevant to debate whether the pride in ‘individualism’ that forms a part of official American ideology embodies a moral misjudgement than to consider whether it involves a factual, sociological, misapprehension about the working of human society. And if it does involve such a misunderstanding, what are its consequences for a world in which America is – militarily, economically and culturally – so powerful?

It is not easy to disentangle the moralistic connotations from the factual content of the word ‘individualism’. Steven Lukes (1973a) performed that task as well as it can be done. Here I shall only observe that the entanglement of the ideological and the factual is a characteristic that ‘individualism’ shares with ‘civilisation’, a term that Norbert Elias (2000) tried to strip of its evaluative connotations and turn into a technical sociological concept, although those connotations still plague his work with enduring controversy among social scientists.² Indeed, as Elias always stressed, ‘socialisation’ and ‘individualisation’ are simply two sides of the same process by which human beings learn to steer their behaviour according to whatever social standards of ‘civilised’ conduct prevail in their group at a certain time.

Equally difficult is the question of whether ‘individualism’ is a distinctive feature specifically of American habitus (see Lukes, 1973a: 26–31). I shall argue that, to the extent that it is a distinctively American characteristic, it is so because the central experience central historic experience shaping the habitus of Americans is that of their country constantly becoming more powerful relative to its neighbours. This has had long-term and all-pervasive effects on the way American see themselves, on how they perceive the rest of the world, and how others see them. In particular, it is what had permitted their ‘individualism’.
First, then, is necessary to describe some of the history of the idea of ‘individualism’ as a distinctively American trait. But I do not wish to imply that it can be understood, let alone explained, simply through the history of ideas.

**American individualism: intellectual history**

The intellectual kernel of individualism appeared as a trait in American thinking well before the word itself was invented. To give one example, here is an excerpt from George Mason’s Virginia Declaration of Rights, adopted as a preamble to the state’s new constitution on 12 June 1776:

> All men are *by nature equally free and independent* and have certain inherent rights, of which, when they enter into a state of society, they cannot, by any compact, deprive or divest their posterity; namely, the enjoyment of life and liberty, with the means of acquiring and possessing property, and pursuing and obtaining happiness and safety.

Thomas Jefferson borrowed and adapted these ideas in the more famous Declaration of Independence that was adopted three weeks later, but Mason’s draft makes even clearer the debt of the Founding Fathers to the ‘social contract’ theories of European philosophers, notably John Locke.

The word ‘individualism’ itself seems to have been first used in 1820, in a pejorative sense, by the French conservative thinker Joseph de Maistre (Curry and Goodheart, 1991: 10–11), but was applied to America by Tocqueville, who used it to describe what had been growing for some time. America, said Tocqueville, was one country in the world where the precepts of Descartes were least studied and most followed. In their common assumptions Americans sought ‘to evade the bondage of system and habit, of family maxims, class opinions, and, in some degree, of national prejudices; to accept tradition only as a means of information, and … to seek the reason of things for oneself, and in oneself alone’ (1961: II, 1–2). In short, ‘each American appeals to the individual exercise of his own understanding alone’.

The term ‘individual’ has acquired a whole complex of evaluative connotations. Today, Elias points out, ‘the primary function of the term “individual” is to express the idea that every human being in the world is or should be an autonomous entity, and at the same
time that each human being is in certain respects different from all others’ (1991: 156). These evaluations, he contends, appear to have arisen as part of a civilising process; and if America has for so long been characterised by its dominant ‘individualism’, that is not because it is unique but because this may be one more instance of a trait where America came to be somewhat in advance of Europe. Its roots, however, antedate the European settlement of America, in the current of thinking in terms of what Norbert Elias calls homo clausus.

this strange dissociation of people as individuals from people as societies cannot be completely accounted for merely by tracing it back to semi-conscious values. Ultimately the roots of the dichotomy lie in a particular way of experiencing oneself, a way which has been characteristic of wider and wider circles of European society since the Renaissance, and which was perhaps occasionally characteristic of a few intellectual elites in earlier times. It leads people to believe that their actual ‘selves’ somehow exist ‘inside’ them; and that an invisible barrier separates their ‘inside’ from everything ‘outside’ – the so-called ‘outside world’. People who experience themselves in this way – as a kind of closed box, as homo clausus – find this immediately obvious. They cannot imagine that there are people who do not perceive themselves and the world in which they live in this way. (Elias, 1978: 119)

The sense of being an homo clausus, he argues, is nothing inherent, innate, or universal in the human condition. It was, rather, an emerging mode of self-experience during the period of the Renaissance and Reformation. From limited circles of intellectuals, for whom Descartes was unwittingly the spokesman, this mode of self-experience spread more widely through European society.

In its most intellectualised form, the homo clausus conception is central to the Western tradition of philosophical epistemology. It is a conception of the person as the ‘subject’ of knowledge: a single, adult, thinking mind inside a sealed container, from which each one looks out and struggles to fish for knowledge of the ‘objects’ (including other minds) outside in the ‘external world’. This can be found as far back as Plato’s image of the prisoners in a cave, watching the shadows cast upon the wall by the fire behind them. It came to the fore in early modern Europe in Descartes’ proposition cogito ergo sum, and then runs like a thread through Berkeley and Kant right up to twentieth-century phenomenology and existentialism (Elias, 1991: 196–201). Elias contended that this Cartesian philosophical
tradition was merely an academic manifestation of a much more fundamental and widespread change in the way that more and more people were coming to experience themselves. It was a process of individualisation associated with the intensifying social constraint towards self-constraint, starting among elites – as has been typical of civilising processes up to now – but gradually spreading to all ranks of society. ‘Individualisation’ can only be realistically conceptualised as a tilting of the We–I balance (1991: 155–237), for as Elias argues, there can be no ‘I-identity’ without a ‘we-identity’; to say ‘I’ makes sense only if we can also say ‘we’, ‘you’, ‘they’. The philosophers gave expression to a ‘We-less I’ (1991: 201) that is impossible; what people actually experience are shifts in the We–I balance: ‘Only the weighting of the I–We balance, the pattern of the I–We relation are variable’ (1991: 184).

The emergence of the self-disciplined, ‘individualistic’ Protestant capitalists described by Max Weber (1930, 1946) was just one part-process within the more general social process. Why was this happening in the European Renaissance? Elias’s sociological explanation is complex. In brief, he argues that the ‘civilising spurt’ that marked the period was driven to a considerable extent by the reconstitution of European upper class from elements of varying background – merchants and professional people as well as former warriors – which promoted competition, and also uncertainty about common conventions of behaviour. Fundamentally the process is driven by a long-term process of ‘lengthening chains of interdependence’ (of which the ‘division of labour’ in the conventional sense is just one part). He traces this through the courtly ‘art of observing oneself and others’ (Elias, 2006: 113–16), the curbing of affects, and social pressures towards greater foresight (Elias, 2000: 365–421)

But chains of interdependence were lengthening more rapidly, if anything, in Western Europe than in America, while America conspicuously did not have anything exactly resembling the absolutist courts of early modern Europe (Mennell, 2007: 81–105). So what, if anything, is distinctively American about individualism?

While the *philosophes* of the American Enlightenment shared much of their thinking with their European counterparts, the American current of individualism subsequently became more emphatic and more clearly linked to a rising nationalism. After the Civil War, the doctrine of individualism became more widely current, and the Beards depicted it as ‘a new doctrine of the perfect good’ which came to be opposed to the older idea of civilisation (1942: 332, 334). Tocqueville had contrasted individualism with selfishness: ‘Our fathers knew only selfishness’, which he defined as ‘a passionate and exaggerated love of self that
brings man to relate everything to himself alone and to prefer himself to everything’. For the Beards the distinction was less clear:

The spirit of this arbitrary act of … declaring one’s complete independence from all social relations, entered into the idea of individualism as it was developed, especially in relation to economic activities and vested rights. When it reached full formulation the idea embraced several very concrete affirmations, such as the following: Society is merely an aggregation of individuals struggling for existence competitively. The qualities or talents of the individual which prepare him for that struggle are to be attributed solely to personal merits and efforts; the individual is ‘self-made’. In unrestrained competition, victory goes to the strong, the ambitious, the ingenious, the industrious, the ‘fittest to survive’, and their rewards as victors are proportioned to the contributions of their labours to the total product, as justice requires; they get what they deserve, in short. … Poverty is due to the indolence, lack of initiative, improvidence, dearth of ambition, the inebriety, or the restlessness of the poor themselves. (1942: 333–4)

The ideology of this high form of individualism embodies a pessimism far removed from the Enlightenment faith in the ‘perfectibility of human Nature’; it rather represents a view of human nature that is essentially unchanging. Just as the process of ‘civilisation’ was forgotten, so too was the process of individualisation – individualism as a social characteristic was taken to be something self-evident and innate, which it is not. The stress on the individual soul in the Calvinist theology of the early New England settlers can be seen as a stage in the development of individualism, but those settlers in their tight communities were very different from the individualists of the late nineteenth century. High nineteenth-century individualism was linked to the dominance in the late Victorian period of laissez-faire economics and of Darwinism. The Beards, speaking from the standpoint of the American left in the first half of the twentieth century, saw the idea of individualism as ‘hostile to the social principle in the idea of civilisation’ and as ‘a disintegrating force in many directions’. The most prominent American champion of individualism and of Social Darwinism, the Yale sociologist William Graham Sumner, well expressed this sense of hostility to ‘civilisation’ as follows:
This civilisation has cost mankind many inconveniences and it has, in many respects, involved experiences which we do not like. It has subjected us to drill and discipline; the civilised man is disciplined in his feelings, modes of action, the use of his time, his personal relations, and in all his rights and duties. As civilisation goes on the necessity grows constantly more imperative that any man who proposes to pass his life in the midst of a civilised society must find a place in its organisation and conform to its conditions. At the same time the civilised man, instead of living instinctively, as his ancestors did only a few centuries ago, has become a rationalising animal.

There was no longer any liberty ‘in the sense of unrestrained self-will’ (Sumner, quoted by Beard and Beard, 1942: 344). This sentiment is reminiscent of Nietzsche’s almost contemporaneous exaltation in Germany of the warrior code (Elias, 1996: 113–19).

The special significance of individualism, however, is that it came to be seen as ‘the chief and distinguishing characteristic of American civilisation’ (Beard and Beard, 1942: 338). In the USA, there was never effectively a rival concept to ‘civilisation’ such as Kultur posed to Zivilisation in Germany, where Zivilisation came to be tarred with connotations of foreignness (Elias, 2000: 9–26; Lepenies, 2006). Individualism was part of American ‘civilisation’, but as its most distinctive feature it nevertheless served to heighten the contrast with Europe. In that sense, the development of the individualistic ideology in late nineteenth-century America paralleled ‘the recession of the social element and the advance of the national element in the antithesis between Kultur and Zivilisation’ described by Norbert Elias (2000: 26–30). That is all the more true because ‘individualism’ was championed by politically and economically powerful figures of the time, including two Presidents – Woodrow Wilson in his History of the American People (1918), and Theodore Roosevelt in such writings as The Strenuous Life (1923: XIII, 319–31) where, in an echo of Jefferson, he identifies urban life with the danger of creating ‘overcivilised man’. Rotundo (1993: 251–2) and Bederman (1995: 23–5) both noted how the fear of becoming ‘overcivilised’ applied especially to males, and how in consequence the term ‘civilisation’ acquired connotations of femininity and softness. There is a distant echo here of how in Germany ‘Zivilisation’ came to be identified with aristocratic affectation and superficiality; in Germany too, masculinity came to be associated with a socially prestigious ‘hard’ behavioural style derived from

Within any society, especially one as vast and diverse as the developing United States became, there are always many contradictory currents of thought. Some American voices were always raised against the ideology of individualism. In the extreme form in which individualism was articulated in the late nineteenth and early twentieth centuries, it is now confined to the far right of American politics. Yet it is also fair to say that this far right has been more strongly represented in America at the beginning of the twenty-first century than are its counterparts in most Western European countries. And, in milder form, individualism also flavours the outlook of a much broader spectrum of American opinion. One reason is that, given its power position in the world, the USA has undergone fewer changes than have occurred elsewhere. In the twentieth century, almost all European countries have experienced defeat (or near-defeat) in war at least once; as the Native Americans could testify, nothing is more upsetting to a way of life than defeat. In consequence, America has to a certain extent been able to continue to live in the 1890s, and to European eyes has come to appear in some respects curiously old-fashioned or even backward.3

American individualism: explanations

So much for the intellectual history of American individualism, but what explanations can we offer for its dominance there?

First, a strong tradition relates it to the frontier. From an early date, the experience of isolated farmers on the western frontier has been seen as highly significant. As early as 1782 (even before the War of Independence had been concluded), Crèvecoeur in his Letters from an American Farmer wrote:

Thus this man devoid of society learns more than ever to centre every idea within that of his own welfare. To him, all that appears good, just, equitable has a necessary relation to himself and his family. He has been so long alone that he almost forgot the rest of mankind, except it is [sic] when he carries his crops on the snow to some distant market. (1981: 260)

Crèvecoeur was speaking of the western frontier, but that was only in the Appalachians – his own farm was in upstate New York. Later, it moved steadily across the continent until it met the settlers advancing from the Pacific coast, and in its report on the 1890 census, the Bureau
of the Census declared that the density of settlement across the whole continent was sufficient for the frontier to be declared no longer to exist. Yet not until the 1920s did a majority of Americans live in towns, even if the definition of ‘towns’ is extended to include quite small communities of only a few thousand. Until the mid nineteenth century, the USA remained essentially an agrarian republic.

The idea of the western frontier as a decisive influence on American habitus was most famously formulated by Frederick Jackson Turner, in his classic 1893 paper on ‘The Significance of the Frontier in American History’. He argued that it produced ‘rugged individualism’:

[T]he frontier is productive of individualism. Complex society is precipitated by the wilderness into a kind of primitive organisation based on the family. The tendency is anti-social It produces antipathy to control. The tax-gatherer is viewed as a representative of oppression. …

[T]he democracy born of free land, strong in selfishness and individualism, intolerant of administrative experience and education, and pressing individual liberty beyond its proper bounds, has its dangers as well as its benefits. Individualism in America has allowed a laxity in regard to government affairs which has rendered possible the spoils system and all the manifest evils that follow from the lack of a highly civic spirit. (1947: 30–2)

Despite critical debate continuing over the past 105 years, there remains a considerable kernel of truth in Turner’s argument. The characteristic American profligacy with resources and rapaciousness towards the environment continues to this day, and surely owes something to the abundance that confronted European settlers almost from their first arrival.

Yet, overall, the general conclusion must be that the long-lasting appeal of the frontier, and its apparently greater significance for those who came later than for those who lived through it, may make sense if it is seen as one instance of a romanticism associated with the tightening of social constraints. Elias wrote at length (2006: 230–85) about ‘aristocratic romanticism’ in sixteenth to eighteenth-century France. Why did poetry evoking a past rural idyll, tales of wandering knights, and novels about nymphs and shepherds, appeal strongly to members of a court society? The feeling of estrangement from the land, of being torn from their native soil, and of longing for a vanished world resonated with their actual experience:
the growing and more effective power of the central royal government stripped all the nobility of their former territorial autonomy, and for the upper ranks their existence now centred on life at court, with its intense constraints. They had been deracinated and deprived of their former social functions. Another example is the German bourgeois romanticism of the nineteenth century, reaching its pinnacle in the Wagner’s music dramas. In *Lohengrin*, *Tannhäuser*, *Tristan*, and *Parsifal* there is again the glorification of medieval knighthood, and in *Die Meistersinger* of the free, autonomous medieval guilds. Again, this phase of romanticism arose precisely when the German bourgeoisie’s hopes of a greater share of power had been broken and the pressures of state integration in conjunction with those of industrialisation were increasing. It is, in other words, one of the central symptoms of romantic attitudes and ideals that their representatives see the present only as a decline from the past, and the future – as far as they see the future at all – only as the restoration of a better, purer, idealised past.

(Elias, 2006: 238)

If Elias’s interpretation of romanticism is valid, the social basis of the appeal of the myth of the frontier may better be sought in the vast migration into the fast-growing cities and in the imposition of industrial and bureaucratic discipline during the late nineteenth and twentieth centuries (Mennell, 2007: 137–8). The continuing appeal to Americans of ‘rugged individualism’ must therefore be seen as an escapist ideology rather than anything that is actually congruent with the realities of American society. Like all ideologies, though, it is real in its consequences.

A second, related but more general, explanation of American individualism is basically Weberian. It is not an accident that Talcott Parsons (1937) had such success in popularising the work of Max Weber, and especially *The Protestant Ethic*, among American sociologists and intellectuals in general. ‘Common values’ have become a hardy perennial in American sociology. And it is comforting and agreeable for Americans more generally to seem themselves as hard-working, self-denying individualists whose good fortune stems from their commitment to ‘values’ ultimately rooted in religious beliefs. This is an assumption that antedates Weber: according to Goudsblom (2004), it is rooted in the dominant intellectual tradition deriving from St Augustine, which singles out religious belief as a powerful force in
the strong shift in socially induced individual self-control observed from the Renaissance onwards. The alternative is what Goudsblom calls the Lucretian tradition. The first-century BC writer Lucretius, in *De rerum natura* (1951) attributed religious belief to people’s ignorance of principles underlying life on earth. Standing in the Lucretian tradition, Norbert Elias gave little credence to the independent civilizing influence of religious ideas, stressing instead the competitive struggle for control of power resources (a struggle in which, admittedly, religious organisation may play an active part) as the key component. In this view, Americans’ good fortune stems not from moral virtue or God’s favour, but from long-term processes involving *path dependency*. Fortunate accidents have permitted the USA and its people consistently to grow more powerful in relation to their neighbours, fairly continuously from early settlers’ encounters with Native Americans through to America’s present standing as a world superpower. And to be the increasingly more powerful party in a power ratio facilitates a self-perception as an individual *homo clausus*.

Moreover, ‘common values’ are an intellectually lazy way of seeming to solve the problem of collective action by in effect denying it is exists (Mennell, 1974: 119–20): everyone is apparently harmoniously pursuing the same goals, so why should they need to consider the consequences of their actions on others?

**American individualism: consequences**

American individualism has political and economic components, which in turn have profound social consequences.

First, it is clearly related to the classical political model of liberal democracy, in which equal and well-informed individuals form their political opinions on the issues of the day rationally and independently of others. Public opinion thus formed is seen as not susceptible to manipulation. Yet commentators have long recognised how incongruent that is with the observable reality of American society. The pressures on Americans towards conformism in opinion and behaviour have been a strong theme from Tocqueville’s account of ‘the tyranny of the majority’ through Riesman’s discussion of ‘other-directed man’ and beyond. Today, American citizens are very far from equal in wealth or influence, and in the age of Rupert Murdoch and Fox News, the possibility of manipulation by powerful interests is self-evident. Sheldon Wolin (2008) has gone so far as to speak of an ‘inverted totalitarianism’, a ‘managed democracy’ in which a politically uninterested and submissive public is ‘shepherded’ by economic and state elites, rather than being in any sense
‘sovereign’. Yet ‘individualism’ is still proclaimed as a component of the national ideology, and indeed as a form or false consciousness.

Second, and perhaps of greater immediate significance in the light of the so-called ‘credit crunch’ of 2008–9, ‘individualism’ is related to the economists’ model of the perfect market, which is itself the conjoined twin of the model of the free and independent rational public. A perfect market is one in which – among many other technical conditions – there are many buyers and sellers, none conspicuously more powerful than the others, so that there is no possibility of collusion and no single trader can exert much influence over price. Here, in the helplessness of the producer to affect the price at which he can sell, lies some affinity with the Calvinist doctrine of predestination. And it poses similar dilemmas.

The rules of the nineteenth-century marketplace apparently sanctioned unrestrained self-interest – unrestrained because of the widespread belief that the laws of supply and demand automatically transmute each individual’s self-interest into the greater good of the greater number. If that were indeed true, as Thomas Haskell has argued:

> no one need be concerned with the public interest. Once this lesson with its time bomb of anti-traditional implications was incorporated into common sense, the very possibility of moral obligation was put in doubt; the burden of proof henceforth rested on those who wished to deny that ‘everything is permitted’. (1985: 549)

This very idea has been more or less influential throughout American history, never more so than at the beginning of the twenty-first century. Haskell contends, however, that the burden of proof was mitigated by the market itself. Implicitly echoing Durkheim’s dictum that ‘not everything that is in the contract is contractual’, Haskell points out that the marketplace is not a Hobbesian war of all against all, and that ‘many holds are barred’. Success in business requires not just shrewdness and pugnacity, but also restraint, and market discipline taught people two things: first, to keep their promises; and second, to attend to more remote consequences of their actions (1985: 550–1).

About the first of these there need be little dispute: people constrained to keep their promises came to assume that countless others similarly constrained could be trusted to keep their promises.

It appears to me that the second prong of Haskell’s thesis is more problematic than
that concerning trust and promise keeping. Haskell’s contention that the market taught people to attend to more remote consequences of their actions echoes Elias’s stress on the significance of lengthening ‘chains of interdependence’. But, as Haskell himself pointed out, the belief that the laws of supply and demand automatically transmute the pursuit of self-interest into the common good might be taken to imply that no one need concern him or herself with questions of the public interest. In other words, while markets may have led to a concern for reputation, integrity and respectability in one’s dealings with the people with whom one dealt directly, faith in what Adam Smith famously called the ‘hidden hand’ of the market may equally have absolved one of any need to consider the wider repercussions of one’s activities. That very strand of thought has always been to a greater or lesser extent influential in American business and politics, and at times the hidden hand has seemed to be identified with the hand of God.

The question is blurred by the tendency of sociologists and historians from Max Weber onwards to refer to ‘the market’ as if markets were all of a piece. But markets, besides being mechanisms for the allocation of resources, are also structures of power – widely different structures, moreover, in which the distribution of power chances varies greatly. Since the 1920s and 1930s, economists have conceptualised different market power structures in a series of models or ideal-types: perfect competition, imperfect competition, oligopoly, and monopoly (which today’s ideologues of ‘the free market’ appear to have done their best to forget). Today, few businesspeople in big cities and major corporations are operating in perfect markets. The power ratios between buyers and sellers may be very unequal. Rather than being at the mercy of impersonal market forces over which they have no control, rival businesspeople know exactly against whom they are competing. People who run vast multinational corporations do have to peer down long chains of consequences; they have to plan complex strategies and seek to have fairly long-term foresight. (The time horizon of their foresight is, however, greatly limited by the pressure – especially from the threat of takeovers – to maximise ‘shareholder value’.) The actions and reactions of governments or powerful rivals do have to be taken into account, but weaker players – such as small suppliers (perhaps in other countries) – as well as wider consequences (which economists call externalities) such as pollution and environmental degradation can safely be ignored.

At the beginning of the twenty-first century, even the capacity of markets to enforce standards of basic honesty appeared to be called in question by a series of scandals involving major American corporations. In the first years of the new century, scandals engulfed
Andersen, Worldcom, Enron, Xerox, Fanny Mae and many smaller corporations. Senior executives were found to have pursued personal gain by means of false accounting, false statements to share markets, and false public relations to inflate stock prices. In such organisations, the values being absorbed appear to be deception and the ruthless pursuit of competitive survival. But that was as nothing compared with what came to light during the worldwide ‘credit crunch’ precipitated by ‘sub-prime mortgages’, the irresponsible lending practices of American banks, the antics of hedge funds, and the imaginative creation of ever more exotic financial derivatives. Life was found yet again to have imitated art, in this case Gordon Gecko, hero of Oliver Stone’s 1987 film *Wall Street*, famous for his eloquent homily on the theme of ‘Greed is good’. Of course, art also imitated life, for Gecko was meant to exemplify the attitudes that rose to dominance in the ‘Anglo-Saxon’ world from the age of Reagan and Thatcher. As a conservative American commentator has remarked, the Republicans in particular have become ‘the party of untrammelled freedom and maximum individual choice’ rather than, as they once were, ‘the party of community and civic order’ (Brooks, 2009).

It is not without significance that within the discipline of economics, which has effectively been American-dominated for at least the last three decades, the study of macroeconomics has declined relatively to the attention paid to microeconomics. They used to be roughly co-equal aspects of the discipline. Microeconomics is the study of the rational behaviour of *homo œconomicus*, the very archetype of *homo clausus*; and, while microeconomic models are not devoid of awareness unintended consequences of action, they stay at the level of consequences for other *hominès clausi* and companies rather than for whole economies and societies. The crash of 2008 looks likely to be followed by a revival not just of macroeconomics but also of political economy in the old sense. It is too early to be certain what will emerge from the wreckage, but it is not too soon to try to understand the character of the *laisser-faire* world order that has just collapsed. Crouch (2008) has distinguished between two post-war economic regimes, each of which lasted approximately 30 years. From 1945 to about 1975, under a dominant Keynesianism, states took overall responsibility for the economy. This depended on spending and the incurrence of debt by states to manage demand, provide economic stability and maintain a rising standard of living for people at large. It collapsed under the pressure of rising commodity prices, inflation and trade union bargaining power. What Crouch (2008) more controversially describes as a ‘privatised Keynesianism’ endured from around 1980 until the recent crash. The provocative term ‘privatised Keynesianism’ is used to indicate that responsibility for demand
management passed to the private sector, and it was spending and debt accumulation by the private sector – corporations and individuals – that seemed to provide economic stability and growth. Particularly in the ‘Anglo-Saxon’ economies – the United States and its European puppet state, the United Kingdom – governments scaled down regulation, welfare provision and subsidy. The result, as we have recently seen, was the creation of a financial and property value bubble.

The problems that the Keynesian system encountered in the 1970s, together with the faults of the USSR and other communist countries, convinced many that a strong state was in itself wrong, and that the private sector and civil society should be stronger and the state weaker. Today we can see that both a strong civil society and more effective states (and international organisations) capable of enforcing appropriate means of market regulation are essential to protect societies against depredations of the kind involved in corporate corruption as well as the consequences of what came to be known as ‘casino capitalism’.

Conclusion: market fundamentalism and diminishing foresight

In sum, the individualistic image of everyone having a free and unconstrained choice of goods, information and opinions is false. As Elias pithily observed, ‘when the indeterminacy, the “freedom”, of the individual is stressed, it is usually forgotten that there are always simultaneously many mutually dependent individuals, whose interdependence to a greater or lesser extent limits each one’s scope for action’ (1978: 167; my italics). For instance, an ill-founded scare in Britain during the last decade about possible side effects of the MMR vaccine (against the three childhood diseases of measles, mumps and rubella) led to a dramatic drop in the number of parents who had their children vaccinated. An increased proportion of non-immunised children in the population then permitted more serious outbreaks of measles than had been experienced since public programmes of inoculation had first been widely implemented against that disease, thus putting youngsters in the population at large at greater risk. Yet at no stage during this scandalously initiated scare was it suggested that individual parents not be free to make their own choice in the matter. This non-economic example is perhaps easier to grasp than the intricacies of derivative or sub-prime mortgages in California, but the principle is the same. American individualism has consequences for us all.

A key component of a civilising process, according to Elias, is the spreading social pressure on people habitually to exercise foresight. Corresponding to the integration of more
and more people into an ever more widespread worldwide network of interdependence is ‘the necessity for an attunement of human conduct over wider areas and over longer chains of action than ever before’, with commensurate standards of self-constraint (2000: 379). In Johan Goudsblom’s phrase (1989: 722), that ‘more people are forced more often to pay more attention to more and more other people’. In order to play their part at their own node in a nexus of interdependences, individual people have acquired the social skills to anticipate all sorts of dangers, from breaches of social codes that cause embarrassment, through the dangers of economic risk, all the way to dangers to life and limb. Here, Elias seems to be on firm ground. Every organisation in the modern world appears to be enslaved to a ‘strategic plan’, complete with ‘mission statements’ and ‘vision statements’ which seek to picture the organisation and its members in the future perfect tense, as (it is hoped) they will have become at some point in the future.

The effective exercise of foresight involves trying to anticipate the unanticipated, foresee the unforeseen – to deal with the side effects or unintended consequences of intended actions. It is not enough, however, merely to foresee them: one must also have the incentive and the power to do something about them. Or the power to ignore them (Mennell, 2007: 114–17, 307–10; Lukes, 1973); for, as Karl Deutsch (1962: 111) remarked, power is ‘the ability to talk instead of listen [and] the ability to afford not to learn’. In the modern world, the key concept is not the sociologists’ idea of unintended consequences, but rather the economists’ notion of externalities. Externalities are side effects, in the sense that they arise from activities that cause costs or benefits to people other than the person or group who initiates those activities. Externalities may or may not be foreseen. If foreseen, they may or may not be considered desirable by the decision maker. The critical point is that externalities can, by definition, be ignored by those whose activities cause them. The classic illustration is the extra costs of washing and cleaning caused to those who live near a factory with a belching smokestack. Plans and strategies may have side effects that impose costs on other people or a wider community – indeed the world in general – but they are not costs that have to be met by those who make the plans and carry them out. Too often it is possible to act on the principle of Tom Lehrer’s song about the famous rocket scientist:

Once the rockets are up,
who cares where they come down?
That’s not my department,
Thus far, in discussing the consequences of American individualism, I have referred mainly to the economic effects rippling out to the rest of the world from the *laisser-faire* financial regime that became dominant under American leadership and which reached a point of crisis in 2008. But the argument applies equally to many other areas of social life. As President Obama has recently acknowledged, the minimally unregulated availability of firearms within the USA has had consequences beyond its borders, in the destabilisation of Mexico for example. And above all there is the great problem of environmental change and global warming. Here, the denial of the problem of externalities is especially clear: the world’s oil companies do not stand to gain, in the short term, from the effective restriction of carbon dioxide emissions. The USA, with five per cent of the world’s population but producing 25 per cent of its emissions, plays the part on the world stage of the individual or company who denies any responsibility for the external costs it imposes on the rest of the world. On 29 March 2001, President George W. Bush stated this principle quite explicitly: ‘In terms of the CO\textsubscript{2} issue, I will explain as clearly as I can today and every other chance I get that I will not do anything that harms our economy. Because first things first are the people of America. That [*sic*] is my priority’ (quoted in *The Guardian*, 19 August, 2005). A new President has brought a change of attitude, but a more intelligent President does not at a stroke wipe away the energy lobby’s power in Washington;\textsuperscript{6} the figuration of power, nationally and internationally, shifts only sluggishly. Global warming is only one instance – albeit the greatest – of a problem that can be solved, if at all, only by collective action at the international level. But, given the USA’s current power position in the world, such collective action in the wider ‘public’ interest is inconceivable without the active participation and enthusiasm of the Americans. I would argue that the dominance of the American ideology of individualism plays its part in making that more difficult.

**Notes**

This paper draws upon and extends arguments advanced in Stephen Mennell, *The American Civilizing Process* (Cambridge: Polity, 2007). A shorter and somewhat different version of this paper was presented at the conference on ‘Self-Regulation or Self-Care: The Sociology of the Subject in the Twenty-First Century’, University of Hamburg, 5–7 July 2008.
American authors, of course, sometimes make the same point: see for instance James L. Collier’s *The Rise of Selfishness in America* (1991).

2 See for instance Liston and Mennell (2009), discussing the criticisms levelled at Elias’s theory of civilising processes by Jack Goody (among other anthropologists).

3 I am grateful to Johan Goudsblom (personal communication) for this reflection.

4 Examples of ‘path dependency’ often cited by economists (Puffert, 2005) include the 4ft 8½ ins standard railway gauge, the QWERTY keyboard, or the Windows operating system – all established early in their respective fields, but none of them the most perfect solution imaginable for all time. They solved problems at particular times, and then became so entrenched that they came to seem inevitable. Not to recognise America’s historic good fortune as a case of path dependency poses a double danger. For America itself, it enhances the risk of collective self-satisfaction and reduces the self-reflexive capacity for finding new solutions to new problems. For the rest of the world, the danger is that US models will be imported even where the nexus of forces that made them work in one era and one place is so different as to ensure their failure in another.

5 ‘Tout n’est pas contractuel dans le contrat’ (Durkheim, 1893: 189).

6 As I write, it does however look as though the auto industry’s power is becoming shakier than it has been since the Second World War.

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**Bibliography**


Other factors contributed to the crunch, including rash lending, securitisation and globalisation: when American subprime loans went bad, banks in Leipzig (which had bought the stuff) and in Newcastle upon Tyne (which hadn't—see article) were caught out. But whichever way you look at it, central banks kept interest rates too low for too long. Despite the howls from politicians, securitisation has been a boon for the world economy. That said, central banks and supervisors surely need more information not only about what banks have on their books, but also about what they may have to stump up for if liquidity dries up. One focus should be accounting: remarkably, pricing some instruments is so complicated that banks on both sides of an intricate trade have reported profits. You must include an explanation of the change along with the delta so we know it's genuine. Delta abuse includes sarcastic deltas, joke deltas, super-upvote deltas, etc. [More].

I disagree that the Industrial Revolution is still harmful for the third world. It WAS harmful, but now it's starting to benefit them with their own industrial revolutions. It really comes down to basic economics. I am using this Wikipedia article as a basis for this http://en.wikipedia.org/wiki/List_of_regions_by_past_GDP_(PPP)_per_capita, it is correctly cited but it provides no web-based access to the original data.