



culture

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CRISIS

**Forgetting the Obvious
A Bailout of a Different Sort**

CRISIS

THE CRISIS IN THE AMERICAN FINANCIAL MARKETS, AND ITS WORLDWIDE reverberations, is generating a vast commentary on what went wrong and why. Many of the problems are being linked to the practices of the big financial firms, from the explosion of leverage to toxic lending practices to excessive compensation. Another significant part of the failure was political in nature. Warning bells, we now know, were sounding in Washington over mortgage titans Fannie Mae and Freddie Mac, the regulation of derivatives, and other issues for years—unheeded. At a broader and deeper level, the financial crisis is a cultural crisis, raising the most basic questions of how we understand and live out our obligations to one another.

We normally think of a crisis only in negative terms. Originally, however, the word did not have this connotation. “Crisis” was first used in a medical context referring to the turning point in the progress of a disease, for better or worse, toward recovery or death. The *Oxford English Dictionary* offers this example from 1748: “When he found I had enjoyed a favourable crisis, he congratulated me.” Whether or not we have reached the “crisis” of our current economic problems, the outcome for our society may yet be favorable.

If so, more than sound fiscal policies will be necessary. This moment presents an opportunity to reconsider the normative foundations of economic life. We might, for instance, relearn old lessons about the social prerequisites that are necessary for markets to function for the public good (see “Forgetting the Obvious”). We might reappropriate our tradition of “thrift” to develop new ways of articulating the interdependencies that in fact tie us together (see “A Bailout of a Different Sort”). Discussion of matters such as these won’t ease the near-term pain. But on the wider horizon, recovery requires that we attend to them.

—JED

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Forgetting the Obvious

Relearning old lessons from *The Great Transformation*

David Franz

THE CURRENT FINANCIAL CRISIS has transformed stories of high hedge fund bonuses and low lending standards from vaguely disturbing, mid-paper curiosities to front-page omens of destruction. In such frustrating times, it is hardly surprising that the failures of the wealthy and powerful have occasioned sharp and often resentment-tinged criticism. Indeed, Congressional committee hearings on the crisis have been equal parts morality play and public confessional. Yet, whatever the other weaknesses of financial executives, regulators, and politicians, it is the now apparent weakness of their grasp on reality that is so striking. Some of the most intelligent, sophisticated, and ruthlessly competitive people in the country now seem less greedy and corrupt than shockingly naive. Investigative reports have documented how executives and politicians alike countenanced practices that were clearly unsustainable, dangerous, and irrational: money lent without proof of income, repayment modeled on the basis of data from the most dramatic run-up in property values and equity borrowing on record, all while the entire system grew increasingly dependent upon credit markets built on this unstable foundation. How are we to make sense of the fantastical beliefs of those who have been, ostensibly, the most realistic and hard-headed among us?

It is this question that makes Karl Polanyi (1886–1964) the philosopher of our moment. Polanyi's major work, *The Great Transformation*, published in 1944, assessed the collapse of what he called "nineteenth-century civilization." This civilization, he argued, was based upon belief in an all-encompassing market that always and everywhere harmonized the actions of self-interested individuals toward beneficial outcomes. The idea of such a market, Polanyi believed, "implied a stark utopia." This utopia was an economy without people, at least without people as we know them—generous and vulnerable as well as calculating and self-centered. It was an imaginary world without norms of reciprocity or goods held in common. It was a society based on a systemic forgetfulness of three obvious facts. First, markets are human creations. Second, humans are not only self-interested but also sociable and cooperative. Third, the economy is a (not entirely separable) part of society, and it relies upon noneconomic resources to function. In Polanyi's view, such a society, based on an antisocial picture of human beings, "could not exist for any length of time without annihilating the human and natural substance of society; it would have physically destroyed man and transformed his surroundings into a wilderness."

A market-based economic system, like any system created by people, is both fragile and dangerous, and it is never more fragile or dangerous than when we imagine it to be a solid and eternal fact of nature. It was this belief in a natural and all-encompassing market that Polanyi believed to be utopian and forever exposed as such by the Great Depression. Recent history suggests that "nineteenth-century civilization" has been more resilient than he expected.

The idea of a market society has a long history. The earliest political economists, casually speculating about the self-interested proclivities of "primitive man," projected the idea even farther into the past. Adam Smith, for example, suggested that it was man's "propensity to barter, truck, and exchange one thing for another" that gave rise to the division of labor and widespread market exchange. Such a claim has little basis in the historical record, yet as Polanyi noted, "no misreading of the past ever proved more prophetic of the future." If, prior to Adam Smith's time, "that propensity had hardly shown up on a considerable scale in the life of any observed community," Polanyi continued, "a hundred years later an industrial system was in full swing over the major part of the planet which, practically and theoretically, implied that the human race was swayed in all its economic activities, if not also in its political, intellectual, and spiritual pursuits, by that one particular propensity." This is not to say that bartering and markets did not exist. Polanyi noted that markets have existed for millennia as

Some of the most intelligent, sophisticated, and ruthlessly competitive people in the country now seem less greedy and corrupt than shockingly naive.

places of trade. However, like flea markets or farmers' markets today, they were understood to be human creations, requiring some care for their success. For all of human history, Polanyi argued, "man's economy...[has been] submerged in his social relationships." Markets were institutions alongside others. The metaphorical transformation of "the market" into something other than a particular place of trade was a novel development, and it coincided with the creation of the economy as a distinct sphere, subject to its own laws. Economic exchange was pulled

out of the context of the noneconomic dimensions of human sociability—things like integrity, honor, and fear—and theorized to be independent of them.

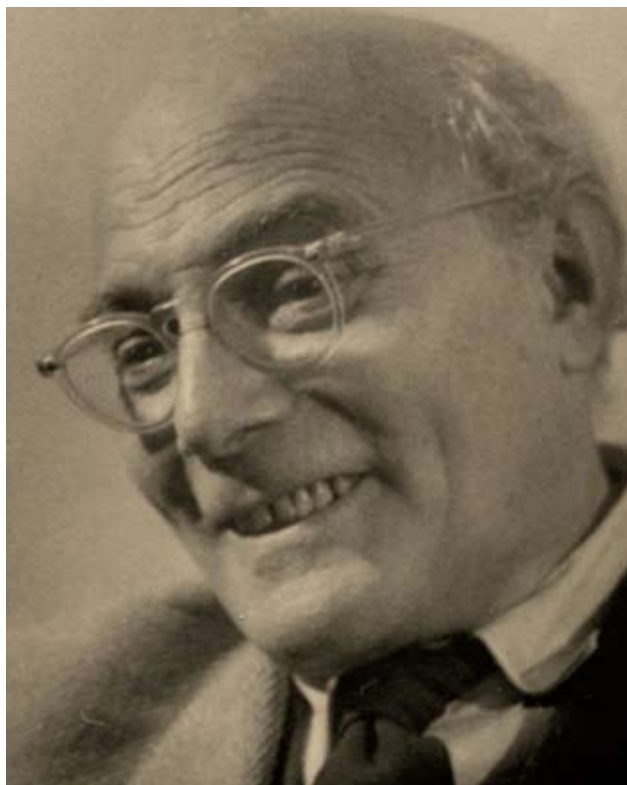
Willful avoidance of such messiness, according to Polanyi, was not sustainable. Elevating the market into the ontological firmament obscured important aspects of economic life, including the very conditions necessary for functioning markets: a state to set and enforce rules, trust between trading partners, and moral and legal limits on the uses of nature. Most importantly, this vision of the market obscured the crucial fact that many of the goods and associated costs moving through markets are shared and so can never be captured by exchanges of private property. This is especially true of land, labor, and money, which Polanyi called “fictitious commodities.”

The current crisis in the financial system provides an excellent example of hidden public goods. Hedge funds, for instance, were widely believed to be risking only their clients’ money.

This vision of the market obscured the crucial fact that many of the goods and associated costs moving through markets are shared and so can never be captured by exchanges of private property.

Because of this, they were excluded from banking regulations on the condition that they only accept money from those with enough net worth to be deemed without need of protection. However, as we have come to see, the hedge fund investors were not the only ones at risk. The actions of these funds and others put the entire system in danger. What has become obvious in the face of failure is that the financial system, like clean air and clean water, is, in part, a public good and not the private property of anyone.

What Polanyi shows us, and what inevitably surfaces in moments of crisis, is that those who seem to adopt a thoroughly cynical, “realist” approach to the economy, in the nineteenth century and our own, are in fact the most wild-eyed of dreamers. They imagine that we can live in a world that is ultimately uninhabitable and so blind themselves to the noneconomic bases of economic life. The power of markets for good, however, ought not to be lost here. The lessons Polanyi offers are not directed to a wholesale rejection of markets but to a better appreciation of their inadequacy as cosmology and their fragility as institutions. Markets remain what they have always been: places of exchange, which are useful as servants, abusive as masters, and subject to the same complexity as human institutions everywhere. No grand system flows from this thought. It merely returns the economy to the wonderful and tragic orders and disorders of human life. As we again rediscover the obvious at the higher levels of our economy, seeing through the false simplicity of hard-headed utopias, we would do well to learn from a guide who has seen it before. ■



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Karl Polanyi, 1953.

A Bailout of a Different Sort

Rediscovering thrift

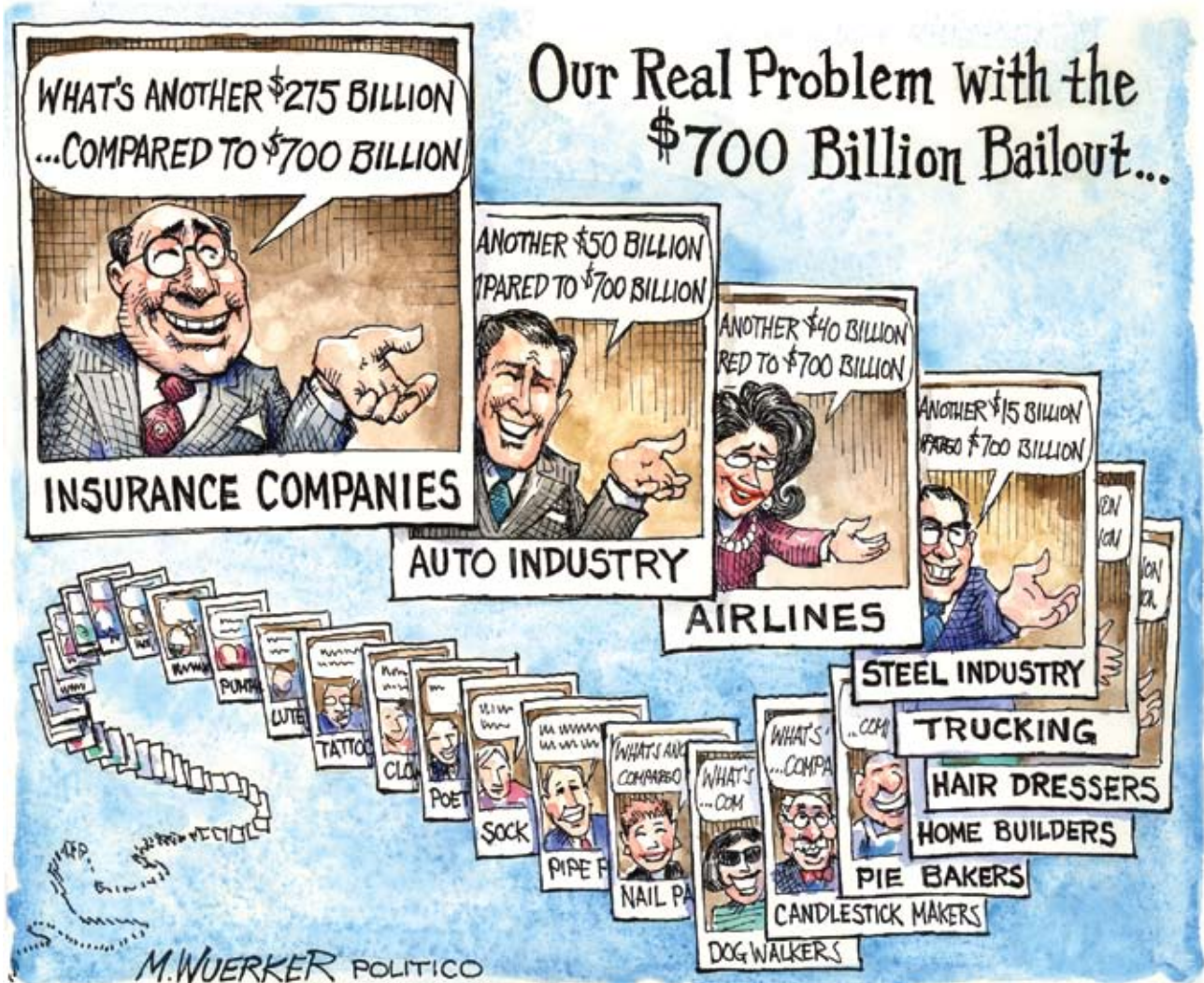
Joshua J. Yates



MANY FACTORS CONTRIBUTED to the 2008 financial crisis. As we are seeing more clearly, ideological dogmatism, systemic complexity, insufficient regulation, faulty data, risky business practices, and, ironically enough, the consequences of global thrift—some \$36 trillion worth of the world's savings in search of a strong return—all played critical roles, along with strong performances from greed and fraud. To this list of proximate causes, I want to add a broader background factor, namely, our lack of a common language regulating the public/private and normative dimensions of economic life. The dominant American social ethic has been based on an ideological wager that we can do without such a language. The crisis suggests we cannot. In this article, I want to consider a neglected tradition of thought and practice that offers some promise for revitalizing such a language and for reimagining the relationship between economy and society.

"It's the economy, stupid!" "No, stupid, it's greed!" These two expressions capture the poles of a continuum of common sense reasoning about economic life. The first pole conceives of the economy as a strictly technical and amoral arena governed by the laws of supply and demand and macroeconomic policy. At the other pole, the economy is a sphere of pure self-aggrandizement, where greedy and grasping persons (individuals and corporations) battle one another to extract maximum profit. In bull markets, we favor the first or technical pole. In hard times like the present, sentiment swings the other way. We moralize about rapacious CEOs, reckless Wall Street traders, incompetent or colluding government regulators, and materialistic and irresponsible consumers. This moralizing is understandable, but skewed. The vacillation between these familiar poles—the technical and the moralistic—is inadequate and is itself a symptom of a deeper impoverishment.

The problem, plainly put, is that we have no public consensus on the relationship between moral and material progress. We have highly developed theories and procedures regarding private interest, but radically fragmented ideas and practices when it comes to the public interest. Rarely are we offered any conceptually and morally salient framework for thinking about the greater interdependencies that tie private economic and public goods together. The massive federal bailout of private companies has shown us how real those interdependencies are, yet the lack of a framework for thinking about them hampered our ability both to prevent the crisis, despite numerous warnings that the day of reckoning was drawing nigh, and to



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respond constructively as it unfolded. In addition to financial bailouts and stimulus packages, we need to reinvigorate our moral imagination about the common good.

Fortunately, we are not without resources in this regard. We possess a rich and dynamic, if largely untapped, ethical heritage upon which to draw. One place to begin is through a reconsideration of thrift—a word that originally meant “the condition of thriving.”

THE VIRTUE OF THRIFT IN AMERICAN HISTORY

There have been a number of dominant social ethics in American history, each with a distinct formulation of thrift at their heart. The fabled, and admittedly over-determined,

Puritan ethic is only the most well known. At its best, this ethic inspired individuals to pursue the management of time and talents and to accumulate wealth in a manner both responsible and pious. Puritan thrift was not reducible to private, individual interest. Rather, it was as much a spiritual calling for whole communities as it was for the individuals who constituted them. Puritan thrift engendered a powerful combination of individual moral striving with mutual aid and social reform.

The Puritan ethic, in time, gave way to the emerging demands of commercial capitalism. In its place arose the Victorian ethic, which wove together various religious and ethical injunctions with civic republican ideals of self-government. Like its Puritan forerunner, the Victorian ethic at its best emphasized

self-discipline, hard work, sobriety, honesty, diligence, and industry, but also a duty to benevolence. With the emergence of this ethic, the definition of thrift fundamentally changed from the all-encompassing but thoroughly spiritualized condition of thriving, to one principally focused on worldly, material well-being and individual frugality.

In time, the Progressive ethic arose to reconcile the enormous social dislocations occasioned by the transition to industrial capitalism. Progressive thrift captured both highly trained forms of managerial discipline that were emerging on the factory floor and the powerful inducements for mass consumption epitomized by the installment plan. Counter-intuitive (even contradictory) in the view of preceding ethics, with their common preoccupation with work and saving, Progressive thrift was understood by many not as the end of thrift, but rather as its reformulation for a managerial and consumer age. Moreover, the private, individualistic features of Victorian thrift were no longer sufficient in the face of extreme cycles of economic boom and bust, not to mention the disturbances of world war. The Progressive ethic thus also included various forms of collective thrift, from government and corporate welfare to the civic obligations of rationing and buying war bonds.

More recently, a new and arguably more radical ethical sensibility has emerged under the banner of neoliberalism. It is epitomized by a distinct character type: the proper subjects of “free markets” are “free agents”—individuals oriented to material security, but also to self-actualizing through work, leisure, and social commitment. On the positive side, this ethic combines a vision of virtuous consumption with a work ethic that privileges authenticity, mobility, and autonomy as much as industrious time management and delayed gratification. It also connects long-standing concerns with gentility and self-cultivation to concerns for tolerance and equality. Yet the free agent ethic, like all ethics before it, has a distinctive downside: even in good economic times many Americans are unable to meet the demands of free agency. Such agency is empowering, even exhilarating, if you are one of the cosmopolitan professionals who can move easily from one job to another in the global economy, but distressing, often painful, if you are not.

Moreover, the free agent ethic is devoid of any robust conception of the commonweal, and its perceived materialism,

riskiness, inequity, and unsustainability has engendered a diverse array of alternative ethics. The most influential is the emerging green ethic of the environmental movement. Expressions of what we might call “eco-thrift” can, of course, differ to the point of contradiction. At one extreme is the mainstream, consumer-oriented, and largely corporate-led environmentalism of buying green-friendly products and recycling; at the other is the counter-cultural, anti-consumer, and anti-corporate environmentalism of “simple lifers” and deep ecologists. Taken as a whole, however, eco-thrift is about constraining market forces and free agents who are wasteful of limited natural resources and destructive of the ecologies that sustain our planet’s critical biodiversity. In a world of inescapable limits and a highly constrained and diminished abundance, the ethic of free agency is proving untenable.

THE PROMISE OF THRIFT WELL UNDERSTOOD

Our problems are enormous. No particular thrift ethic, past or present, is sufficient to address a ten-figure federal deficit, overcome our dependence on fossil fuels, reform social security and health care, or restore investor confidence. The promise of thrift for our economic thought and practice is not in any particular historical expression but in the “grammar,” if you will, common to all its historical forms. How so? Consider again the *Puritan ethic’s* concern with the common good and with

We possess a rich and dynamic, if largely untapped, ethical heritage upon which to draw. One place to begin is through a reconsideration of thrift—a word that originally meant “the condition of thriving.”

ends that transcend private, material (even worldly) well-being; the *Victorian ethic’s* emphasis on individual responsibility, delayed gratification, and benevolence; the *Progressive ethic’s* championing of mutual obligation and social justice, but also its trade-offs between time, consumption, and efficiency; the *green ethic’s* concern with stewardship of the environment and natural resources; and even the *free agent ethic’s* celebration of self-expression and autonomy. At their best, each of these features illuminates the noninstrumental ends of eco-

As in the face of past crises, Americans are mustering powerful forms of social critique and issuing calls for reform.... The promise of the grammar of thrift is that it offers a language capacious and cohesive enough for deliberating on the greater interdependencies that constitute the commonweal in good times and bad.

conomic life—responsibility, reciprocity, propriety, stewardship, authenticity, and citizenship. In this broad sense, an historic appraisal of thrift’s surprising grammar gives us insight not only into the evolving meaning of material well-being, but also into the changing understandings of the good life and the good society more generally. In this broad sense, thrift—that is, thrift well understood—illuminates the central moral question of all economic life: *what does it mean to thrive?*

There are, to be sure, a number of salutary efforts underway to rethink the normative dimensions of economic life. The environmental movement’s advocacy for sustainable devel-

opment is one, but there are many others, from best-selling financial self-help books preaching the gospel of debt-free living to the promotion of “downshifting” by advocates of simplicity to recent calls for a new progressivism and attempts to create new measures of prosperity and well-being other than the Gross Domestic Product (GDP) such as the Human Development Index or the Genuine Progress Indicator. As in the face of past crises, Americans are mustering powerful forms of social critique and issuing calls for reform. The problem, however, is with our systematic inability to make any particular call to reform publicly compelling. When the going is good, we immediately shift back to treating economic life as a realm of the purely technical. The promise of the grammar of thrift is that it offers a language capacious and cohesive enough for deliberating on the greater interdependencies that constitute the commonweal in good times and bad.

In the years ahead, frugality will once again become a virtue of necessity for many Americans—financially strapped, jobless, with fewer prospects for a better future. But this new era of forced sobriety and reflection presents Americans with the opportunity to reconsider what it means (and what it takes) to thrive. Of course, reexamining the “grammar” of thrift is only a beginning. Unless it is accompanied by an institutional framework that supports new ways of conceiving and practicing economy, talk of thrift will likely lapse into a platitude, or worse, another brand of moralism. Until the hard work of conceptual, ethical, and institutional reconstruction begins, the promise of thrift well understood will remain only a promissory note we hold unpaid against an otherwise severely mortgaged future. Still, the promise of thrift is real and offers conceptual and ethical resources for renewing a common language by which we can talk together in the face of our many dilemmas about the nature of a prosperous, just, sustainable, and humane economy. ■



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Fool's Gold

Don Flow, CEO of the Flow Companies, based in Winston-Salem, North Carolina, is the Chairman of the Board of the In Medias Res Educational Foundation. The Foundation supports the work of the Institute for Advanced Studies in Culture. The following is an excerpt from comments made by Flow on the origins of the financial crisis in October 2008.

Part of the problem was with the mathematical models. The language of Wall Street was embedded in very technical, abstract terms that are not part of the common vernacular of human experience. Though framed as if devoid of any cultural connotations, including ethical considerations, this language was grounded in an empirical worldview that assumes an epistemological clarity that is quantifiable, that is, "I can quantify what I know, and I can quantify the risk associated with what I know, and what I don't know is not important relative to what I do know." This assumption, and the financial models based on it, turned out to be nearly completely wrong for almost every party involved. And 90% of the people using the models didn't understand 10% of what was actually transpiring. They infused the models with a near metaphysical power and abandoned pre-theoretical, everyday life knowledge—common sense.

The models were seductive because they seemed to offer a new way to create wealth. They decoupled risk and return. Highly risky transactions were transformed into nearly no risk transactions (AAA rated) with returns that still reflected the high risk. It was financial alchemy, and the wealth turned out to be fool's gold.

Perhaps what is most interesting is that people accepted these models on faith. Rather than test the underlying assumptions, they trusted the people and the institutions associated with the transactions that flowed from the models. Financial institutions, they reasoned, have established themselves as the most permanent players in the market economy. They are the source and arbitrator of capital, to be trusted to make the best decisions: decisions in their

best interest, which in turn ensures that society's interests are protected. This highly rational model was shown to be systemically flawed. Organizations that compete in the market are no more fully rational than individuals are in their daily lives.

Because institutions were unable to grasp the full consequences of their actions, because they did not have sufficient insight to understand the systemic implications of every decision being made, because reality can only be grasped through the eyes of biased leaders, irrational decisions were made. These decisions grew more out of personal beliefs, deeply held values, and human and institutional ambition than they did out of any rational, scientific decision making. The models may have been grounded in the language of science, but the underlying assumptions were based on a faulty epistemology, and the decision making process was guided by normative values of institutional trust and the dream that unparalleled wealth could be created with minimal risk. As long as the transaction was legal, then it was appropriate and should be pursued. The markets rewarded those who pursued and reaped these returns and punished those who did not participate, until the misalignment of the abstract models with the concrete reality of real life (people who could not afford their payments did not make them) caused the entire system to collapse. ■

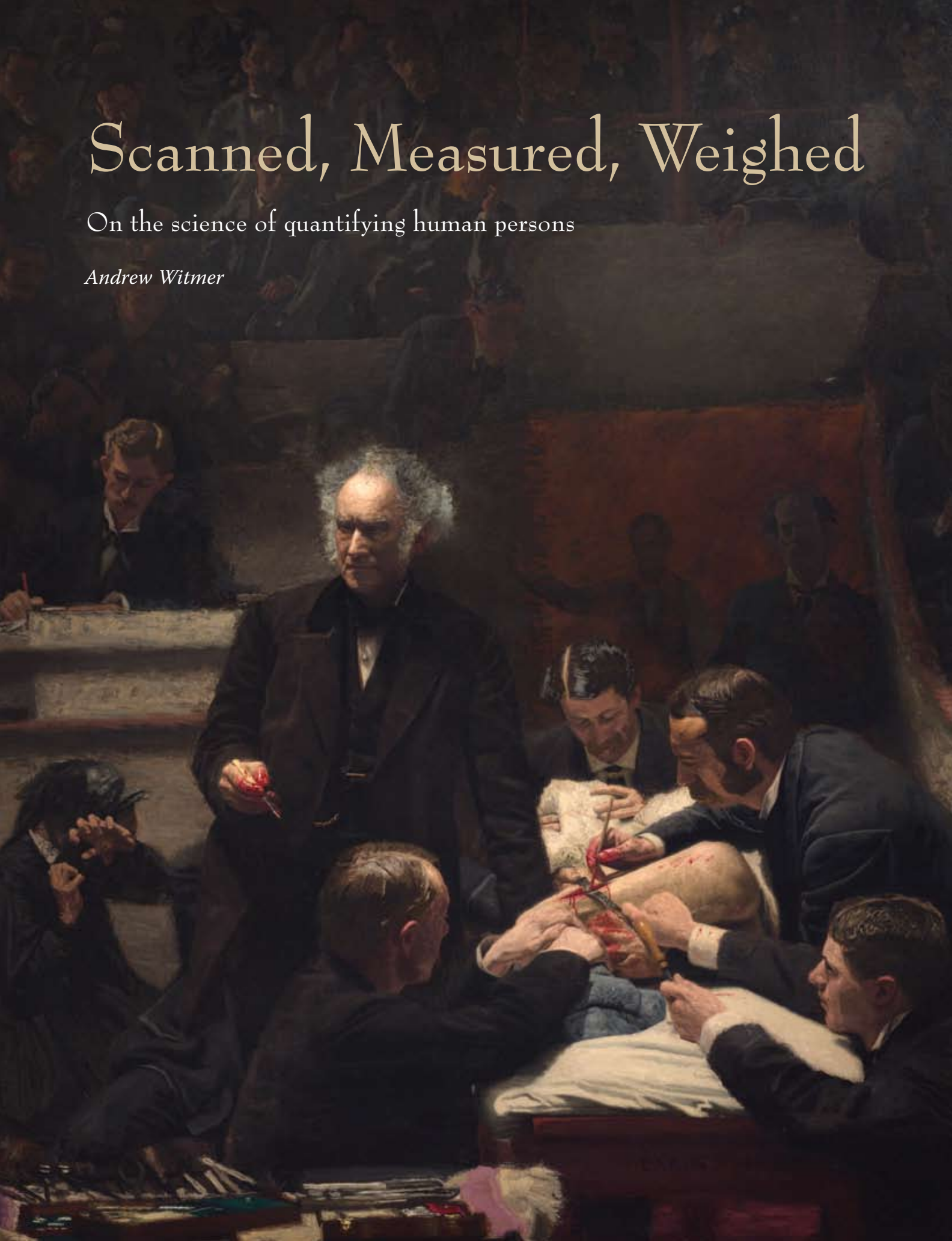


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Scanned, Measured, Weighed

On the science of quantifying human persons

Andrew Witmer



SINCE THE 1970S, one of the leading tools used by researchers who study brain function has been positron emission tomography (PET), an imaging technique that employs an array of pioneering theories, techniques, and technologies to produce striking visual representations of the human brain at work. Seen in this way, PET represents novelty and innovation. But taking a step back allows us to see PET and the eye-catching brain scans it produces as part of a long history of efforts to understand human persons by studying their bodies, a history that stretches back at least as far as the nineteenth century.

In his 1901 book *Races and Peoples*, Daniel Brinton, professor of archaeology and linguistics at the University of Pennsylvania, summed up decades of research by physical anthropologists, announcing: “All parts of the body have been minutely scanned, measured, and weighed, in order to erect a science of the comparative anatomy of the races.” New anatomical measurements and terms had multiplied at such a bewildering pace that Brinton chose to list only the most important for his readers.

Brinton may have exaggerated, but his comments pointed to one of the most important projects of the nineteenth century. Convinced that dispassionate, empirical study of the human body, particularly the head, could produce insight into everything from individual character and intelligence to racial difference, European and American scientists turned their arsenal of microscopes, calipers, and scales to the study of the body with newfound zeal. In an era obsessed with quantification, such work seemed to promise more reliable and objective knowledge of human persons than had previously been available.

Scientists were quick to advance claims to privileged forms of knowledge. Indeed, it was in part through claims regarding their mastery of measurement that anthropologists and other nineteenth-century scientists of the body began to professionalize their disciplines and assert greater cultural authority.

One of the best-known portrayals of this new form of expertise was Thomas Eakins’s painting *Portrait of Dr. Samuel D. Gross (The Gross Clinic)* (1875), which depicted a lecture by the well-known surgeon Samuel Gross.

Gross holds a scalpel and his fingers are stained with blood. His assistants poke and prod the body on the table beside him. In the background, a woman quails and covers her face, but Gross is commanding, masterful, and fearless.

Gross was just one of an army of empirically minded, scalpel-wielding heroes who promised to provide more certain knowledge of human persons by objectively measuring human bodies. In Philadelphia, physician Samuel G. Morton earned international acclaim through his studies of cranial capacity, collecting hundreds of human skulls and measuring their internal volume using white pepper seed and lead shot. In Paris, a professor of clinical surgery named Paul Broca searched for quantitative clues to the character and intelligence of races and peoples in the length of arm bones, the size of brain lobes, and the brain mass of individuals thought to be unusually dangerous or unusually intelligent (this was a century during which eminent scholars often donated their brains for scientific analysis after their deaths). In London, Francis Galton, Charles Darwin’s cousin, set up an anthropometric laboratory at the International Health Exhibition of 1884 and charged visitors for consultations based on a battery of tests measuring vision, hearing, strength, and reflexes. In Italy, the physician Cesare Lombroso claimed that criminals were evolutionary throwbacks whose mental and moral savagery could be detected in external traits such as dark skin, large jaws, and low foreheads. Lombroso also associated criminality with dark hair and argued that prostitutes had distinctively shaped feet that revealed their atavistic ties to the apes. In Washington, D.C., a Bureau of Education employee named Arthur MacDonal used instruments such as thermaesthesiometers, labiographs, and temporal algometers to measure the heads and bodies of local schoolchildren, and then attempted to correlate his data with students’ intelligence, ability, and behavior. (See Fig. 1.)

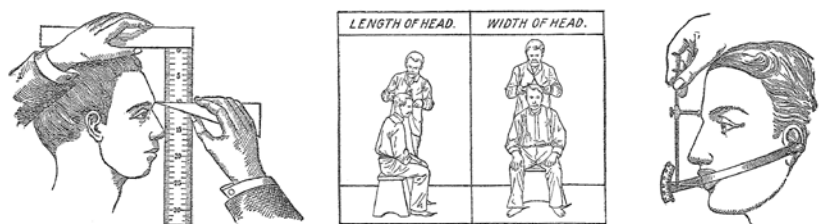


Figure 1 Illustrations from Arthur MacDonal, *Experimental Study of Children, Including Anthropometrical and Psycho-Physical Measurements of Washington School Children* (Washington, D.C.: Government Printing Office, 1899) 1188, 1189, 1192.

In the United States, countless Americans were introduced to this movement from external traits to internal character by reading about or dabbling in phrenology, a European science based on a theory of localized brain function and the belief that character could be deciphered through analysis of the cranium. While the nineteenth-century public was divided over the merits of phrenology, the underlying claim that measuring and analyzing the head could provide valuable insights into a person's character and capacities won wide acceptance. This idea surfaced in popular fiction ranging from *Dracula* (1897) to the Sherlock Holmes stories. In an 1893 Holmes adventure, the villainous Professor Moriarty, introduced as a "genius" and an "abstract thinker," is said to possess a forehead that "domes out in a great white curve," a clear nod to phrenological theory. When Moriarty confronts Holmes for the first time, he sneers, in a classic piece of phrenological trash-talk, that Holmes has "less frontal development than I should have expected."

The motivations and consequences of the studies conducted by scientists of the body were various, but most of the investigators shared at least three things: claims of scientific objectivity based on quantitative methodologies; a firm belief that the physical revealed, and perhaps determined, the mental and moral, and thus offered the best evidence of the character and capacities of individuals and groups; and a commitment to hierarchical classificatory schemes. The last is perhaps the most telling, for it was in many cases a desire to explain differences in class and race that prompted scientists to use their calipers on the skulls of the less fortunate members of their societies. As Daniel Brinton indicated in the quotation with which this essay began, a great deal of scientific study of the body was driven by the aim of developing a "comparative anatomy of the races."

Pulling on the thread of Brinton's words begins to unravel many of the nineteenth-century claims to dispassionate quantification and analysis, for the structure of his sentence suggests that anthropologists conducted their supposedly objective scanning, measuring, and weighing in order to buttress a concept of racial difference they had already accepted. All too often, scientific studies of the body became a way to ground social and political inequalities in biology and cloak them in the mantle of scientific objectivity.

Scientific theories of race are a particularly good example of this. Apostles of quantification such as Morton and Broca who

Scientific studies...became a way to ground social and political inequalities.

measured crania in hopes of finding physical proof of racial hierarchies usually found what they were looking for. When their results contradicted their expectations, even the most vocal champions of objectivity twisted themselves in knots reinterpreting their measurements. Stephen Jay Gould argued that such fudging was often performed unconsciously and noted in *The Mismeasure of Man* that scientists "began with conclusions, peered through their facts, and came back in a circle to the same conclusions."

Most quantifiers were also generalizers. The drive to break bodies into their parts and measure them was propelled by the belief that these measurements would reveal meaningful patterns, ultimately producing empirically grounded divisions of human beings into larger types linked with race, behavior, intelligence, and so on. Behind every measurement was a comparative table that gave it significance.

The story of nineteenth-century efforts to understand human beings by scanning, measuring, and weighing their component parts does not yield a neatly packaged moral. Many of those efforts, including the labors of Samuel Gross, resulted in great good. Others, and here one thinks of the village phrenologist excitedly fingering the bumps on his neighbor's head, were misguided but relatively harmless. But others were deeply destructive, reducing people to mere measurements or types rather than reckoning with them as individuals. Such projects promoted ways of seeing that allowed Americans to explain inequalities and injustices as the outworking of natural hierarchies. No matter how sophisticated the devices or careful the quantifiers, attempts to discern character or capacity by scanning, measuring, and weighing bodies usually revealed a great deal more about the person holding the calipers than the person being measured.

As PET and other new techniques and technologies offer intriguing glimpses into the composition and functioning of the human brain, it is worth remembering that even the most precise physical measurements are always replete with social assumptions and susceptible to a morally consequential array of social applications. ■

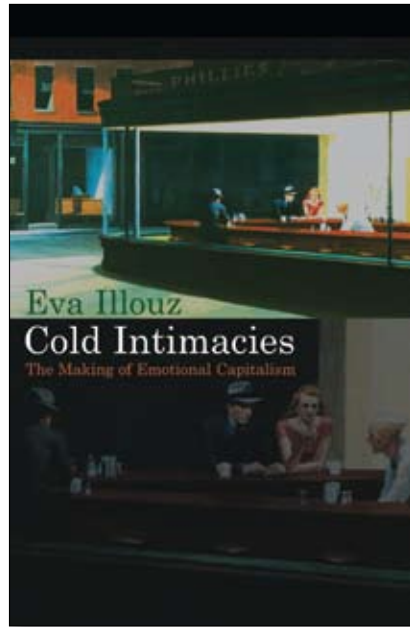
Book Review

Cold Intimacies: The Making of Emotional Capitalism

Eva Illouz

Malden, MA: Polity, 2007. 144 pp.

In the summer and fall of 1909, Sigmund Freud gave a series of lectures at Clark University directly introducing his thought to an American audience for the first time. The lectures were part of the twentieth anniversary celebration of the country's second graduate school and drew together some of the most prominent American intellectuals of the time. The lectures marked the beginning of a century of psychology's prominence in American culture, introducing soon to be ubiquitous ideas about dreams, slips of the tongue, and the subconscious to the wider public. Not everyone was convinced by Freud. On the contrary, Americans—bookish and not—have never had much of an ear for pessimism of any kind, and Freud was nothing if not pessimistic. He famously described his task as transforming “hysterical misery into ordinary unhappiness,” which is not exactly an inspiring goal and far short of anything like “self-actualization.” However, harmonized with a bit of native bootstrapping and revival promises of confessional self-renewal, Freud's efforts to tame a psyche caught up in the unruly forces of history and desire proved to have immense cultural resonance. Whole industries, from talk shows (*Oprah*) to self-help books (*The Seven Habits of Highly Effective People*) to recovery programs (Alcoholics Anonymous), now counsel us on how to know and redirect



the hidden forces that shape us. The language of therapy has become a thoroughly American tongue.

In *Cold Intimacies*, Eva Illouz argues that therapy also meshes well with the gears of contemporary capitalism. The book's three chapters were originally given as the Adorno Lectures at the Institute for Social Research in Frankfurt, and in breadth and ambition, its arguments are much like those of the great psycho-social theorist, Theodor Adorno, and his Frankfurt School colleagues. Illouz moves from reflections on management techniques to self-help books to Internet dating and seemingly everything in between. At just over 100 pages, hers is a big little book. Contrary to what is suggested by the word “making” in the subtitle, she is not primarily interested in origins. She does offer reasons for why the psyche has become so central—the demand for greater

sociability in large corporations and the flexibility of therapeutic narratives in selling products, among them—but her emphasis is not on timelines. Examples from the 1920s appear alongside those from the 1980s as instances of the same thing. *Cold Intimacies* is less a narrative than a dissection, offering a cross-section of a complex, century-old cultural form—“emotional capitalism”—that has integrated feeling into the economy and surrounded emotion with economic-style discipline and control.

Perhaps the central insight of the book lies in the juxtaposition within the concept of emotional capitalism itself. Emotions, personal and seemingly private, make the sustained attention to them in therapy appear a purely individualistic pursuit, pulling us out of the public, institutional fabric of social and economic life and into ourselves. But, Illouz argues, this public-private dichotomy has not held. Economic institutions have integrated the emotional life, and they have integrated it rather thoroughly. Illouz is not arguing that psychology has merely become available for use in business, but rather that capitalism and psychology have become inseparable. The discourse of sales and management necessarily moves through the psyche, and, even in private life, matters of the heart are set in a framework of emotional costs, benefits, and investments.

This combination of the emotional and the economic can be viewed in two ways. On one side, therapy offers the freedom to have and fashion a particular kind of self. Advertisers ask consumers to “be a better you,” and the personal success industry invites us to take con-

trol of our lives. Psychological categories are also used in workplaces to emphasize the importance of healthy communication patterns, sensitivity, and respect for diversity, broadening the range of corporate accountability. Feminist arguments for equality have also been made in a therapeutic mode to great effect. In short, the combination of psychology and capitalism is not simply a capitalist trick. Therapeutic language carries genuine moral goods.

However, Illouz also sees a darker side to all of this. The same techniques that bring the psyche into view as an object worthy of respect and make possible new forms of self-knowledge and self-control also open the self to manipulation. Emotive training sessions and leadership seminars serve to heighten sensitivity and respect for individuals, but they also bring emotional life into corporate service. Moreover, the techniques for remaking the self and improving intimate relationships also risk reducing these things to mere commodities, nothing more than self branding and love shopping. The strategic use of feeling can undermine the very authenticity that makes emotional expression important to us in the first place.

It may be the defining feature of emotional capitalism that it can be interpreted in these radically opposed ways. As Illouz notes in conclusion: “In the process I have described, it is virtually impossible to distinguish the rationalization and commodification of selfhood from the capacity of the self to shape and help itself and to engage in deliberation and communication with others.” She suggests that this ambiguity is itself



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part of the phenomenon. Modernity has largely been organized around a division between an amoral public sphere of strategic rationality and a private sphere of morality, emotion, and authenticity. The blurring of these spheres in emotional capitalism not only raises difficult moral dilemmas, but to the extent that authentic, expressive selfhood is a touchstone of moral evaluation, it also upsets our ability to resolve them.

Illouz does not despair of this, but nor does she offer much comfort in this dark, penetrating reflection on the foundations of ourselves and our time. The world Illouz sees is fraught with contradictory impulses and ambivalence, and her account of this world is touched with a tragic realism that Freud himself might have admired. ■

—David Franz

In the News



Ariel Skelley

Crawford Article Wins Award

In the Spring 2007 issue of *Culture*, we interviewed Research Fellow **Matthew Crawford** about his article “Shop Class as Soulcraft,” a provocative exploration of manual competence and American material culture. On November 18, 2008, at a special awards dinner at the University Club in New York, Crawford’s article won a \$25,000 Templeton Enterprise Award for the best article in the “field of humane economics and culture over the past two years.” The article can be found online at <http://www.thenewatlantis.com/archive/13/crawford.htm>. His book, *Shop Class as Soulcraft*, is due out in June from Penguin. ■

Sovereignty as Responsibility

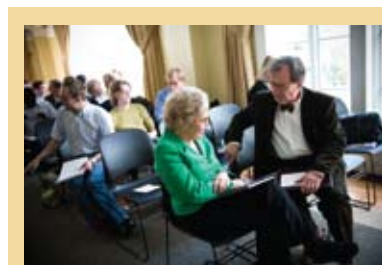
Jean Bethke Elshtain is the Laura Spelman Rockefeller Professor of Social and Political Ethics at the University of Chicago. In Sovereignty: God, State and Self (Basic Books, 2008), her most recent book, she examines how early modern ideas of God formed the basis for political theories of state sovereignty, and

how these theories have in turn shaped contemporary understandings of the sovereignty of the self. In October 2008, Professor Elshtain gave a lecture on the “Sovereign Self” at the Institute. The following is a brief excerpt.

The irony that prompts my reflections, at least in part, is this...the notion of a sovereign self undermines the human person. The paradox...lies in the fact that in divinizing human will and choice, we sometimes subtly and sometimes egregiously assault the delicate tendrils of relationship that alone lift up and display our humanity...

There’s another notion of sovereignty that I discuss in my book that’s been rather lost to us, but I think, again, can be recuperated, and has been to some extent in rather quiet ways over a couple of decades. That’s a notion of sovereignty as responsibility: that the state is sovereign to the extent that it treats its citizens decently and sustains a vibrant civil society. This responsibility is what marks a state as a mature member of the international community, not simply power as mastery and dominion and sovereignty, but power and sovereignty in this other sense. Now something analogous—the analogy isn’t precise—is also true for persons.

Persons are not born, as you know, as mature members of society; they grow to become such. Until they reach maturity, there are defensible reasons for treating them as those who require protection. As with the nation state, in some sense, then so with the person. Now the upshot is not that being a mature member of society means com-



Sarah Cramer

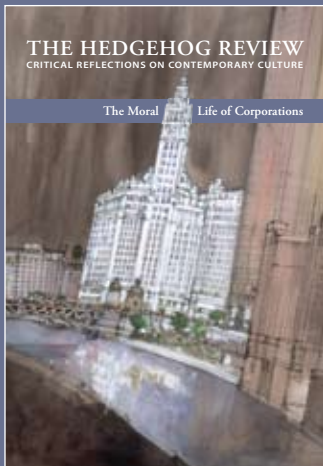


Sarah Cramer

Top Jean Bethke Elshtain speaks with Jean-Luc Marion as people arrive at Watson Manor to hear her lecture.
Bottom Jean Bethke Elshtain speaks on sovereignty (see excerpt).

plete independence. To the contrary, if we think of sovereignty as responsibility, being a mature member of society requires a willingness and an ability to build and sustain rich relationships with other people—to be, in a sense, responsive and responsible.

Given the historic achievements of self sovereignty, as well as its excesses—those that Camus identified, when human beings decide they are utterly autonomous, that is, God-like—we need other sorts of selves to serve as a limit to those kinds of projects. We begin with the relationship...the self as subject is principally and constitutively relational. The person before me sets a limit to my own projects. The responsible self acknowledges the one before her and lives in the dialogic space thus created. ■



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Where the Truth Lies

Andrew Balmer is a doctoral candidate at the Institute for Science and Society of the University of Nottingham, England. He recently spent a month in residence at the Institute for Advanced Studies in Culture, funded under a grant from Universitas 21, an international network of leading research universities. Balmer's project, titled "Where the Truth Lies," is a study of the concept of lying and of lie detection techniques, particularly those attempting to "read the mind" via neurological apparatus. The following is an excerpt from a presentation he made at the Institute in November 2008.

The history of lie detection is a long one, and perhaps it could be said that we have always, since we first started communicating, been trying to detect lies. Originally, scientific lie detection dealt with physiological measures of respiration, perspiration, and blood pressure—the polygraph test we have all seen in the movies. But in the past decade scientists have developed a neurological technique for detecting lies: functional magnetic resonance imaging (fMRI). And much talk has ensued: Is it ethical? How accurate is it? Will it invade our privacy? And the big question: Should it be used in court? Surprisingly, little attention has been paid to how this technology conceives of the “lie” as an object to be discovered.

The history of the “lie” can be traced back at least to Plato and is exquisitely analyzed by St. Augustine in the fourth century. Augustine's philosophy of lying emanates from a Christian theology that proscribes the lie in any form. There is, for Augustine, a natural connection between its proscription and definition, since he identifies within deception a movement away from the divine. The truth, he says, is holy, comes from God, and is the first thought to come to our minds. The lie, by contrast, is a doubling of thought and occurs secondarily...

Curiously, the use of fMRI as a lie detector agrees with this ordering. The truth is conceptualized as “pre-potent,” that is, it comes first. Of course, this is not the only aspect of its definition. The technology is concerned with synapses, blood flow, and oxygenation and requires magnets and methodology, software and statistics. Studies seek to show that particular areas of the brain are differentially active depending on whether the subject is telling the truth or a lie... But the point I want to make is that this whole process depends upon a particular conceptualization of language. Augustine certainly felt his definition to have implications—for him a lie was sinful in itself. What are the definitional implications in the case of fMRI?

Moreover, the way a lie is defined is dependent on its context. A lie is an interactive event, and there are discrepancies and similarities in how its meaning is produced across different social settings. In the courtroom, for instance, it will have a meaning based upon notions of intention, motivation, justice, and responsibility. These contextual differences matter, and so it by no means follows that fMRI results can in any particular case tell us much, if anything, about innocence and guilt. ■

Late Modernity

Joshua J. Yates

What is “late modernity” and just how “late” is it? These are notoriously difficult questions. To begin with, there is little agreement about what modernity means or when it began. And there is even less consensus on how near we might be to its conclusion.

Few dispute the profound institutional and intellectual changes that have occurred within “modern” societies. Transformations initiated by the advent of nuclear power, the computer and Internet revolutions, environmentalism, publicly assertive religion, the impact of globalizing financial markets, and so on have dramatically altered modern life, from family structure to the functioning of modern bureaucracies like the corporation and the nation-state. The question is whether such changes signify a world altogether new. Many social theorists argue that contemporary social and technological changes represent an extension and intensification of modernity rather than its supersession by “postmodernity.” They emphasize what some call the “late modern condition” and characterize it in terms of a combination of attributes, including heightened experiences of reflexivity and risk, the provisional nature of commitment, and moral fragmentation. Taken together these attributes contribute to

what might be usefully summarized as *the democratization of ambivalence* and express a latent crisis of confidence in modern institutions and social relationships. While some see widespread ambivalence as a sign of decline, for others it is but the price of progress.

The ambivalence arises from the general recognition of two seemingly contradictory facts. On the one hand, the industrial phase of modernity has been extraordinarily successful in solving a host of enduring human challenges from famine to tyranny. On the other hand, the very successes of modernity have generated their own complex and threatening problems. Consider, for instance, the acute vulnerabilities of a society whose way of life is utterly dependent upon fossil fuels. Modern achievement seems to be inescapably double-edged.

That modernity possesses deep contradictions has been a critical touchstone for intellectuals at least since Karl Marx. What is arguably distinct about the present moment, what makes modernity *late*, is how such concerns have become thoroughly ingrained not just in the minds of alienated intellectuals but in the consciousness of average citizens. To be sure, we still live “as if” progress was guaranteed, but we do so defensively, knowing that

we may be wrong. We rely on a coterie of authorities and experts for much of our day-to-day existence but recognize that they can be of no abiding help. Their prescriptions may be valid but only until further notice. Our personal relationships are similarly plastic and impermanent, a fact we can experience as both liberating and tragic. Further, we are daily confronted with how our individual and collective pursuit of greater well-being has contributed to environmental degradation and the diminished life chances of fellow humans in faraway places. Reality is Janus-faced. “The age of Hiroshima and Auschwitz,” writes philosopher Charles Taylor, “has also produced Amnesty International and Médecins sans Frontières.”

In response to this gnawing ambivalence and uncertainty, “sustainability” has emerged as a master concept of our time. Having largely overcome the problem of material scarcity—industrial modernity’s seminal achievement—enthusiasms about a future of unending economic growth are giving way in many quarters to more sober assessments. Late modernity is thus modernity chastened as much by its triumphs as by its failures. It remains to be seen whether such chastening signals maturity or simply old age. ■

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Recent Books

Religious Schooling in America: Private Education and Public Life

Steven L. Jones

Westport, CT: Praeger, 2008. 208 pp.



Advocates of religious schooling in America have long had to answer the charge that religious schools undermine national unity and cannot properly form students for citizenship. Tracing the development of religious schools—Catholic and Jewish, later conservative Protestant, and now Muslim—over their 125-year history, Steven L. Jones explores the rationale for religious schooling and its impact on national life and the problem of pluralism.

Steven L. Jones is Assistant Professor of Sociology at Grove City College and a former associate director of the Center on Religion and Democracy at the Institute.

Creating a Nation of Joiners: Democracy and Civil Society in Early National Massachusetts

Johann N. Neem

Cambridge: Harvard University Press, 2008. 270 pp.



The United States is a nation of joiners. Ever since Alexis de Tocqueville published his observations in *Democracy in America*, Americans have recognized the distinctiveness of their voluntary tradition. Tracing the origins of this tradition to its beginnings in Massachusetts, Johann N. Neem explores the multiple conflicts that produced an astounding release of civic energy as ordinary people organized to advocate temperance, protect the Sabbath, and abolish slavery.

Johann N. Neem is Associate Professor of History at Western Washington University and a former fellow of the Institute.

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