

GFH1000 In dialogue with humanity

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# **Under the “Iron Cage”: The Confinement and Transcendence of Rationality**

## **Introduction**

Max Weber stated that “the fate of our times is characterized by rationalization and intellectualization and, above all, by the disenchantment of the world (1946, p. 394)”. Disenchantment symbolizes the awakening of rationality, but also a new round of spiritual wandering. Weber likened modern society to an “iron cage (2013, p. 245)” of rationality, which is cold but lays the material basis for modern life.

The spread of rationalism in the economic society can be traced back to the political and economic context of Adam Smith and Karl Marx. In Smith’s *The Wealth of Nations*, the division of labor and free market shaped the rational mechanism of social production and distribution, accumulating national wealth and forging a solid foundation for the “iron cage”. However, the “iron cage” also leads to the alienation of labor and undermines human potential, spontaneity, and nature. By noticing the paradoxical phenomena and examining the miserable circumstances of workers, Marx exposed the maladies of capitalist economic mechanism. The penetration of

rationality into the economy eventually extended to political, cultural, and other social fields, triggering multidimensional capitalist critiques by later scholars. This essay focuses on the role of rationality in economic society. The analysis of Smith and Marx's perspectives provides a glimpse of the effects and limitations of rationality.

### **Smith: The shelter of “iron cage”**

Smith's doctrine is based on one of the most fundamental assumptions, the “rational economic man”, which is not explicitly pointed out but is embedded in Smith's articulation as a hidden thread.

Smith first attributed the improvement of productivity to the division of labor. He further indicated that the division of labor stems from “the propensity to truck, barter, and exchange one thing for another (Smith, 1904, cp. 193)”, which is more probable to be “the necessary consequence of faculties of reason and speech (p. 193)”. As an example, “it is not from benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest (p. 194).” Sentimental factors like charity or compassion fail to provide permanent significance for transactions, but can only meet temporary daily needs. Only when individuals resort to “self-interest”, rationality endows every transaction with universal legitimacy. Driven by “self-interest”, people find their way to establish a stable relationship for mutual benefits by exchanging, rendering differences useful. This not only encourages individuals to engage in specialized occupations, but also promotes common good in general. Rationality dictates that the division of labor is the most effective way to promote productivity, since the rational motivation to pursue individual interests is

also conducive to maximizing public welfare.

Similar conclusions apply to Smith's distribution theory. Free market is considered as the optimal means to distributing national wealth. Rationality in the market refers to the instinct of individuals to pursue maximum benefits with minimum costs. When the quantity of every commodity mismatch the effectual demand, both producers and consumers will adjust their production and consumption behaviors for their own benefits. Under the effect of free competition, prices will converge to natural prices, reaching the ideal state for allocation of resources (pp. 207-209). The invisible hand is essentially a rational hand, regulating the market at all times.

Rationality, rooted in human nature, draws forth the most effective economic mechanism in social practice. Smith discovered this law, which was soon widely used in highly socialized mass production. During modernization, unprecedented abundant products and working machines were created. The rational-based economic mechanism constitutes the foundation of "iron cage" that shelters the daily life of modern people. Under the guidance of rationality, economic activities achieved sustained growth of wealth output and guaranteed subsistence of human society. The productive power of "iron cage" ultimately contributes to the efficiency of production and the prosperity of civilization, so that "a workman, even of the lowest and poorest order, if he is frugal and industrious, may enjoy a greater share of the necessities and conveniences of life than it is possible for any savage to acquire (p. 186)."

### **Marx: The imprisonment of "iron cage"**

Although Smith's idealistic summary of economic law successfully predicted the

macro growth of national wealth, it led to the neglect of workers' individual welfare.

*Economic and Philosophic Manuscripts of 1844* is Marx's reflection, subversion and revision of Smith's overly optimistic attitude. It paves the philosophical way of Marx's future ruthless and systematical attack against capitalism. Marx acknowledged the superiority of capitalist economic mode, but revealed the consequence brought by the supremacy of rationality, namely the reduction of labor value and the destruction of human nature.

In the context of the relationship between capitalists and workers, the imbalance in the power structure between the two parties relegates workers to "a bestial existence (Marx, 1995, p. 218)". This seemingly anti-human, counter-intuitive "crazy conclusion" is precisely the product of a rational world, the result of rational choices on both sides. Even in an affluent society with increasing wealth, calculative capitalists constantly expand capital for profits, and workers have to overwork by sacrificing their time and freedom in order to survive the fierce competition, more and more dependent on "a particular, very one-sided and machine-like type of labor (p. 220)". The result is that, under private property, a worker sinks to "the level of a commodity (p. 222)", a "screw" in the industrial chain of division of labor, and a slave to capital, whose value of existence beyond a mere tool is completely deprived.

As for the workers themselves, on the one hand, rationality serves as a guiding force of their survival. On the other hand, it acts as a countervailing force against their vitality, compelling them to adapt to the environment, suppressing their life activity, and making them succumb to the rule of capital. The rational choice in the free market

is distorted into mental enslavement. First of all, the labor under capitalism is estranging, necessarily entailing the falling apart between the worker and his product, with their position being reversed. "The more the worker exerts himself in the work, the more powerful the alien, objective world becomes which he brings into being over against himself, the poorer he and his inner world become, and the less they belong to him (p. 223)." By objectification, products represent the invasion of capital into personal space occupied by individual. Secondly, forced labor as a means replaces the original end of production activity, which leads to the worker's self-sacrifice and mortification, the loss of spontaneous activity and his self (p. 255). The physical and mental torture makes this activity "shunned like the plague (p. 255)" when no compulsion exists. Then, the conscious, spiritual, and creative species-life is expelled from the sphere of daily practice. Alienation of species-being devalues humankind to the level of animals and machines (pp. 226-228). In the end, estrangement of man is realized and expressed in degraded relations with his fellows (pp.228-229).

In the capitalist world, rationality rationalizes "greed" as the pursuit of interests, and "the war of the avaricious (p. 222)" as free competition, which undoubtedly has the positive side, as Smith discussed, but inevitably leads to the proliferation of utilitarianism. When instrumental rationality overwhelms value rationality, the bias of such rationality starts to rebel against humanity. The activity of production replaces the activity of life itself. Calculating benefits and measuring gain and loss become the indispensable links to make decisions. Even if the economic model, as envisaged by Smith, runs healthily at the social level, it squeezes the space of self-development and

restrains the possibility of self-exploration at the individual level. The rational “iron cage”, with its cold alienating power, stifles human nature and inner freedom, obliterates the intrinsic meaning of life, and hinders the realization of higher values. Therefore, Marx’s criticism of capitalist mechanism and its operating logic is essentially a criticism of rationality.

## **Conclusion**

The rise of rationalism has made great achievements of modernity, but induced a profound spiritual crisis. Economic society is one of the most crucial parts in the process of rationalization. From the era of Smith to that of Marx, the embryonic form of modern “iron cage” basically took shape. With the aid of rationality, mankind has broken through the limitations of primitive and backward modes of production and distribution, and achieved “the first transcendence”, the transcendence of material base and social wealth. However, in response to the confines of rationality, “the second transcendence” is yet to be achieved, that is, the spiritual transcendence from instrumental rationality to value rationality, where man defends the value of existence and stimulates the potential of life. Marx’s radical reformist solution was immature. How to achieve the re-transcendence of rationality is a mission of the present and future, a relay of contemporary philosophers and economists. As a reminder of history, Liu’s statement (2021, p. 288) is perhaps the best annotation for this proposition, that is, “human beings are great because of rationality, and are mature because of knowing the limitations of rationality”.

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