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The Driving Force Of Capitalism Is Empathy, Not Greed



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Leadership Strategy

The psychology of success and wealth and the power of capitalism.



Gordon Gecko popularized the slogan "greed is good" in the movie Wallstreet (1987). ALAMY

Both proponents of capitalism and anti-capitalists frequently accuse capitalism of being a system driven by selfishness and greed. Capitalism's defenders sometimes say: "By nature, man is selfish, which is why socialism will never work. Capitalism better reflects the fundamental characteristics of human nature." Anti-capitalists

claim that capitalism promotes the worst characteristics in man, especially greed.

“Greed Is Good”: The Motto Of Modern Capitalism?

Even scientists who take a more nuanced view are guilty of repeatedly claiming that certain manifestations of capitalism need to be curbed in order to prevent the system itself from becoming a victim of rampant greed. In his book, *The Future of Capitalism*, the British economist Paul Collier makes a number of suggestions for reforming capitalism. He criticizes the “moral deficit” of “modern capitalism.” He also claims that the maxim of modern capitalism is “greed is good,” Gordon Gecko’s famous line from the film *Wall Street*, and that the system therefore urgently needs an ethical course correction. He glorifies the post-war heydays between 1945 and 1970, when the world benefited from capitalism’s positive effects on the one hand, but also managed to rein in capitalism’s worst excesses with high taxes and state regulations.

Which begs the question: Are greed and unbridled selfishness really the driving forces of modern capitalism? Human self-interest is one—not the only—driving force of all human action. But this has nothing to do with a particular economic system. Rather, it is an anthropological constant. In capitalism, however, this self-interest is curbed by the fact that only the entrepreneur who prioritizes other people’s needs can be successful.

Successful Entrepreneurs Are Empathetic

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There is overwhelming evidence to suggest that empathy rather than greed is the true driving force of capitalism. Empathy is the ability to recognize and understand another person’s feelings and motives. And this is the most important characteristic of successful entrepreneurs. Take Steve Jobs as an example. He came up with the iPhone and other products because he understood modern consumers’ needs and desires better than anyone else. The same applies to Mark Zuckerberg, today one of the world’s richest people. He created Facebook because he knew better than other entrepreneurs what people wanted. Like all successful entrepreneurs, it was consumers who made Steve Jobs and Mark Zuckerberg so rich.

For many years, the Albrecht brothers were the richest people in Germany. They earned their fortunes from the food discounter Aldi, which was founded on the principle of offering good quality products at very reasonable prices. This was the same recipe for success followed by Sam Walton, the founder of Walmart, who was consistently one of the richest people in the United States. Consumers' purchasing decisions confirm that Jobs, Zuckerberg, the Albrecht brothers and Sam Walton had correctly understood their customers' desires, needs and emotions.

The Market Punishes Self-Centered Entrepreneurs

Of course, under the capitalist system, there are also examples of companies that have acted selfishly and lost sight of the wants and needs of consumers. One example is Deutsche Bank, which has faced thousands of lawsuits. Such companies are punished under capitalism—not only by the law, but far more so by the market. Deutsche Bank lost its position as one of the world's leading banks because it put the interests of its investment bankers above those of its customers and shareholders. A company's most important asset is its image—and companies that behave like Deutsche Bank end up incurring massive damage to their image and reputation; their customers lose confidence and flock to their competitors.

In socialist systems, on the other hand, consumers are powerless and at the mercy of state-owned companies. If a state enterprise acts with no regard to the needs of consumers, they have no alternative under socialism, because there is no competition. Under capitalism, consumers can (and do) punish companies that behave selfishly and lose sight of the needs of their customers. Every day, customers vote on the company with their wallets—by buying its products or not.

What About Monopolies?

Monopolies under capitalism are a temporary phenomenon. Even companies that appear omnipotent will eventually be ousted by new competitors as soon as they overreach their power and lose sight of their customers' needs. Ever since capitalism has existed, anti-capitalists have criticized the system's inherent tendency to create monopolies. Lenin wrote over 100 years ago that imperialism and monopoly capitalism are the last stages of capitalism. But the monopolies he criticized at the

capitalism are the last stages of capitalism. But the monopolies he criticized at the time no longer exist. Even companies that appear omnipotent today, such as Google or Facebook, will not retain their power forever. Other companies and ambitious young entrepreneurs will seize the opportunity as soon as Google or Facebook start to act too selfishly. What is strange is that socialists who criticize capitalism for its tendency to form monopolies are in favor of state-owned companies. After all, the state is the most powerful monopolist of all, with the ability to brutally trample on the needs and wishes of its citizens through its means of coercion and because there are no alternatives for the customer.

In summary: The fact that people and companies pursue their own interests is the same in every society. This is not a specific feature of capitalism. Under capitalism though, only those entrepreneurs and companies who prioritize their customers' interests, rather than their own self-interest, will achieve success in the long term. Companies that fail to understand and respect what consumers want will lose market share and may even disappear entirely as they are driven out by other companies that better meet their customers' needs. Empathy, the ability to recognize the desires and needs of others, is the true basis of capitalism—not unbridled greed and selfishness.

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I was awarded my first doctorate in history in 1986 and my second, this time in sociology, in 2016. I started my career at the Central Institute for Social Sciences Rese... **Read More**