



Book The Genius of the Beast

A Radical Re-Vision of Capitalism

Howard Bloom

Prometheus Books, 2009

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Recommendation

Since the 2008 crash, capitalism has received a bad rap. Experts and pundits, some still licking their fiscal or psychic wounds, question its future. Renaissance man Howard Bloom says blame does not lie with the system, but with the way people perceive it and what they bring to it. Bloom, a businessman, scientist and philosopher, lays out, in dizzying, swooping detail, how all life, from the smallest bacteria to human beings, is genetically programmed to flourish under the free market system. He jumps from era to era to illustrate the whys and wherefores of human thinking and progress. He argues that capitalism, as imperfect as it is, enables the best and brightest to emerge. He advocates reviving moribund business by injecting it with emotion, desire and passion. Bloom’s book – at its zenith soaring and fascinating, and at its nadir meandering and infuriating – stalls only when he lingers over his time as an ’80s pop impresario. It leaps back to life when he races from microbes to chimps and from ancient Rome to Marco Polo to make his case for capitalism. While readers may debate some of Bloom’s conclusions – not to mention some of his examples – *BooksInShort* suggests his book as a breath of fresh air amid the usual staid economic texts.

Take-Aways

- Capitalism has done more to advance humanity than any political or religious system.
- Capitalism isn’t to blame when economies collapse; rather, the responsibility lies with the cycle of boom and bust that is genetically programmed into all living organisms.
- “Bionomics” explains human economic activity in terms of biological imperatives.
- Human biochemical changes lead to both euphoria and depression.
- Humanity is now riding the “escalator of complexity,” which progresses with each boom and bust cycle.
- Civilizations construct a “scaffold of habit,” a pattern of symbols in daily use. For instance, society accepts paper money as a symbolic substitute for goods.
- Capitalism, as seen in the West’s economies, governments, journalism and business, improved many lives with, for example, fire codes and safe water.
- Banks are seen as unfeeling monoliths, but they rely on emotion, namely trust.
- The need to trust is biological and centered in the brain.
- Today’s business world lacks passion, so “take your emotions to work with you.”

Summary

Feed the Beast

Most people associate capitalism with an unfeeling, automated, numbers-based society. The common phrases “crass materialism,” “commodification” and

“consumerism” connote the disdain with which most onlookers, even in capitalist societies, view the Western way of life. The 2008-2009 recession shook the capitalistic ethos to the core, and many question how the West will carry on, given the free markets’ downfall. They do not understand that capitalism is a “human” concept, ingrained in all living beings and intrinsic to their humanity. Capitalism is the “mechanism” or “metabolism,” for Western civilization; it is the “genius of the beast.”

“Capitalism offers more things to believe in than any system that has ever come before.”

“Industrialism, capitalism, pluralism, free speech” and “democracy” are at the core of what makes human beings tick, what makes them happy and what advances them. Capitalism currently lacks emotion, the very trait that distinguishes humans from other life forms. Capitalism must reapply emotion to help society move ahead and to bring individuals contentment. The desires, feelings and passions that drive people fuel the engine of capitalism.

“Capitalism is based on...having a wild-eyed notion, holding onto it despite self-doubts and mockery, infecting others with your vision, then persisting for as many years or decades as it takes to turn what seems like insanity into a new reality.”

Capitalism has accomplished more than any other creed in history. Through inventions that exemplify capitalism by how they help people progress, this system has fulfilled its promise to improve the quality and length of people’s lives. For example, before the 1769 capitalistic invention of the power loom, most people wore bug-infested clothing made from “animal hair fabrics.” These rough garments chafed and were not washable, rendering regular bathing pointless. But when the power loom made cotton affordable, everyone, rich and poor, could have cheap, comfortable, cleanable clothes. By about 1840, the availability of both cotton and soap “kicked in,” so people bathed more often, reducing illness and adding dramatically to average life spans.

The Biology of Boom and Bust

Ups and downs have been inherent in every life form since the beginning of time. The concepts of growth and decline are genetically stamped into people, animals and even microbes, and are necessary for the continuation of life. These cycles lead to “exploration, consolidation and repurposing” in a person and a society. Explorers venture into new territory (physically or mentally); subsequent generations consolidate and add to their knowledge, building on the past to create something new. Repurposing is nature’s way of guiding organisms to reinvent and re-create themselves. In Darwinian terms, when adversity strikes, those that don’t or can’t adapt usually won’t survive. Repurposing is part of the “secular genesis machine...the mechanism that brings radically new creations into being without the hand of a deity.” Indeed, since your body undergoes the death of 10 billion cells each day, you are essentially being renewed constantly.

“Economic crashes...are built into our biology. They are driven by a mass emotional engine.”

Students of economic cycles usually point to bankers, markets, politicians or policy as the heroes of prosperity or the culprits of decline, but in reality, the credit for upturns and the fault for downturns lies in humans’ genetic makeup. The “theory of bionomics” seeks to understand the evolution of human economic activity in terms of biological imperatives. For example, given a nutritious setting, slime mold sporangium grow by shooting out hundreds of thousands of spores which become amoebas. When the food supply dwindles, some amoebas emit a “chemical distress signal,” bringing the whole group close to collapse. It then uses some of its own members as fuel to shoot off the remaining spores of its genetic material to a new, food-rich environment, thus creating a fresh colony. In a similar way, economic downturns bring people and companies to near collapse, so they turn inward, stop spending and contract their economic lives. People who lose their jobs or firms that nearly fail may survive by morphing into new forms (i.e., as entrepreneurs or merged companies) or repurposing to take different jobs and build new entities, while the weakest may not survive. The value and challenge of a bust is to repurpose yourself as nature repurposes mold.

“To energize the industrious and analytic potential of our minds, we need to find and engage our feelings.”

Bees get the blues in bad times, too, but they boogie their way out of it. Boom and bust cycles follow bees every season, as they rush to collect sufficient nectar and pollen in a short time to make enough food stores for the year. When “forager bees” run out of flowers, their hive mates shun them, so they become lethargic and “depressed.” But when a particularly adventuresome forager bee finds a fresh flowerbed, she returns to the hive to perform an ecstatic, intricate dance that communicates the new flowers’ locale. Energized by her jive, the depressed bees buzz over to the blooms and return, nectar-laden and reinvigorated to continue their boom and bust cycle.

The Climb of Constant Improvement

In 1776 Western civilization finally regained the standard of living the Romans enjoyed in 410 C.E., before their empire began to disintegrate. Even though societies fluctuated economically for centuries, they have been climbing the “escalator of complexity” only since the late 18th century, meaning that at every downturn since then, people are nominally better off than they were during the previous bust, though generally they don’t feel any better.

“The Western system accomplished in 300 years what it would have taken evolution over 300 million to achieve.”

In 1795, an economic collapse caused mass starvation in France and England. Hungry mobs led French aristocrats to the guillotine. Chastened, the British government established welfare payments and soup kitchens. By the time the Panic of 1907 hit, the U.S. had built social safety nets. Americans no longer had to fear famine, though they still dreaded losing their savings in failing banks. By 2008, they didn’t have to worry about either bank failures or job loss, because the government guaranteed their bank deposits and paid unemployment insurance. But those who were broke and unemployed still felt as miserable as the starving French peasants in the late 1700s. Why? Biology resets the brain’s serotonin receptors, which soar when you do well and plummet when you fail. When you’re up, “your perceptions, your energy, your confidence, your immune system and even your posture are shifted to high.” But when you’re down, glucocorticoid stress hormones overrun your nervous system, destroying brain cells, weakening your immunity and reducing your ability to perceive solutions.” If you release streams of stress hormones over a long enough period, you can slide into “learned helplessness” abetted by another hormone, substance P, a “self-destruct chemical produced by your very own cells.”

“When CEOs, VPs, and you and I shun the emotional core of our labors, we plunge daggers into our eyes. It’s time to see with clarity, not blindness.”

The escalator of complexity reveals how a society builds a “scaffold of habit,” a collection of unquestioned symbols and rituals of everyday life, such as the

understanding that money has value as a stand-in for goods. At one point in a culture's early economic evolution, gold and silver become "first-order symbols" directly representing goods or services. Eventually, people accept paper money as a stand-in for gold, a "symbol of a symbol." Checks and bank accounts are "symbols of a symbol of a symbol," and so on. Credit cards, futures contracts and derivatives are higher on the "symbol stack." Each step up this ladder enables bigger, grander, more complex and more risky transactions. Credit default swaps nearly toppled the towering symbol stack in 2008. The good news was that the entire tower didn't collapse – debit cards still worked, bank deposits survived and no one starved. The value of the occasional crash is that it lets society investigate the perils of these symbols and establish conventions to limit the harm they can inflict.

“The Infrastructure of Fantasy”

The world's greatest achievements often begin with an idea, a thought, a fantastical notion rooted in often-mundane fact. In 1865, French stockbroker Jules Verne wrote *From Earth to the Moon*, a novel in which the characters build a fantasy rocket based on an actual, giant, U.S. Civil War cannon. Two boys who were enthralled by Verne's novel, Hermann Oberth in Germany and Konstantin Eduardovich Tsiolkovskii in Russia, grew up to write books about space exploration and rockets. A German lad named Wernher von Braun read their books and Verne's story. When he grew up, Adolf Hitler gave him the money and materials to make a V-2 rocket deadly enough to bomb London and "big enough to make it to the edge of space." As the Third Reich fell, von Braun turned himself over to the approaching Americans, who saw the military advantages of his rocket. In the U.S., von Braun worked with an artist and architect who shared his space travel dreams, Chesley Bonestell, the designer of the Chrysler Building. The two men published surreal visions of future space travel in immensely popular books that caught the eye of Walt Disney. He hired von Braun to host TV show segments about outer space, and drew inspiration from Bonestell's renderings for part of the design of Disneyland – which made even more kids captivated about space. In 1960, President John F. Kennedy put that fantasy on the road to reality. Each person in this chain, from Jules Verne to today's rocket scientists, contributed to the infrastructure of fantasy. Verne's fantasy led to a real achievement; that is how capitalism works.

Coffee, Tea and the Group IQ

Capitalism's fuel is human talent and ingenuity, and often the most ordinary, routine items ignite that fuel. With the "opening of sea lanes to the East," England first received Chinese tea, along with its novel cups, saucers and teapots. The new brew led to the daily ritual of teatime, a whole new way of marking time. People gathered to socialize, exchange ideas and drive up "the group IQ, the mass intellect we generate when, like bees, we pool what we know." In 1700, coffee arrived from Turkey to accelerate the Britons' caffeine high. Coffeehouses became nurseries of modern inventions, spawning "the magazine, the business newsletter, the newspaper, the company, the stock exchange and the insurance industry." American circus entrepreneur P.T. Barnum increased the general public's group IQ by providing novelty and wonder with his circus and theatrical acts, enabling people to encounter and consider matters they would never otherwise have experienced.

Capitalism Aligns with Humanity

Free enterprise best addresses the needs of the many, contrary to Marxism's tenet that capitalism promotes greed. "The Western system's wonder team – government, the protest industry, explorers and business" saved and improved the lives of millions by creating safe water supplies, sanitary sewage treatment, fire codes and indoor plumbing. Muckraking reporters exposed corruption in the oil and meatpacking businesses in the early 1900s. The muckrakers' stories eventually led to the righting of many inequities. Capitalism is the only set-up that encourages such a protest industry, an important check and balance to markets' excesses and defects.

“Nearly every faith...promises to raise the poor and the oppressed. But only capitalism delivers what these ideologies and religions profess. Capitalism lifts the poor and helps them live their dreams.”

Robber baron John D. Rockefeller improved the lives of generations of people worldwide with his crusade to standardize the quality and supply of kerosene oil. This allowed the poor, like the rich, to enjoy extra hours of illumination at night, adding an extra 58,400 hours of activity, or more than six productive years of time, to the average life span.

“Emotional Capitalism”

Banks, often portrayed as unfeeling monoliths, actually rely on emotion to stay in business, given that the word "credit" derives from the Latin word "*credere*," trust. Bank names often include the words "trust" and "assurance." Emotions, notably trust, made ancient overseas commerce possible. Merchants' banks gave their trading partners' banks letters of credit, promising to pay for goods shipped. Even now, to pursue commerce, you must believe your bank will safeguard your money, use it well and return it when asked. The need to trust is biological: The emotions around credence are centered in your brain.

“How can anyone go to work under the illusion that raw rationality will be the key to his success?”

What modern capitalism needs most is the one thing its fervent proponents have worked hard to deny it: emotion. Human striving is based on passion, desire, and the search for identity and attention. Capitalism works best when it answers those human needs. Your charge is to "take your emotions to work with you." Human beings are each responsible for furthering the planet's growth and society's edification; people are an important part of the secular genesis machine. Economics, like nature, create, grow, wither and die, only to create again, and people are the engines that make that happen.

About the Author

Howard Bloom is a businessman, scientist and philosopher. He is also the author of *The Lucifer Principle: A Scientific Expedition into the Forces of History* and *Global Brain: The Evolution of Mass Mind from the Big Bang to the 21st Century*.
