

What can capital achieve?

A number of philosophical considerations

From Andreas Urs Sommer

Everybody talks money. The money one has and the money one lacks. Some people talk capital – capital they would like to have but still do not possess. It seems that capital is too important to leave it a matter for economists and politicians. Reflecting upon money and shine a light on as many of its aspects as possible pays off. At this place and dead at the end of each month, Swiss philosopher Andreas Urs Sommer will give suggestions as to how we might reflect upon capital. On behalf of your capital, let yourself be taken into the mazes of thinking!

About the author

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Episode one: ability and potential

Ability used to be an innocent word: a verb nominalized – a verb that doesn't mean anything else than "being able (to)". He who is able, can. He who is not able, cannot. "I am not able to go swimming today for I am feeling all stiff and aching." Admittedly, that sounds a bit stiltedly; we would rather say "I can't go swimming today." Can is more inconspicuous than 'being able to'; it is easy to say and it doesn't entail the need to bother about one's internal or external state. He who prefers saying that he is able or not able to do something emphasizes that state, hence his ability, instead.

Already the ancient Greeks gave ability a great deal of thought. As far as philosophers were concerned it wasn't so much about the expectation of making a fortune by exporting olive oil or importing wine. One of them, Aristotle (384-322 B. C.), wanted to get to the bottom of ability, dynamis. His answer reads as follows: ability is the possibility to change oneself or a thing. When a thing has inherent ability it means that it can become, or be made to become, something different. These changes, however, are not arbitrarily. If someone or something has ability it doesn't mean that he or it can turn into all sorts of things. According to Aristotle, ability is the ability to become something specific, something inherent.

That may sound abstract and extravagant but actually it is rather simple to explain: a beech seed has a very special ability, i.e. of becoming a fully grown beech. What it doesn't have, on the other hand, is the ability of becoming an oak tree, a fir or a rhinoceros. In the view of the Greek philosopher, having ability doesn't refer to something arbitrary but to something well-defined, something concrete. Ability aims at growth, at realization. Realization, referred to as *energeia* by Aristotle, is superior to the mere ability.

Pagan Aristotle was to become THE mastermind to the Christian thinkers of medieval times. They simply called him 'The Philosopher' and attempted to Christianize him. His Greek terms, too, were given a new, Latin, livery: henceforth, realization was referred to as *actus*, act, whereas the ability, *dynamis*, was called *potentia*. It is this philosophical use of words that our every-day terms potency and potential derive from: both potency and potential contain the possibility, the ability, to be realized. However: do all this potential and potency leave enough freedom? Or do I, given I have 'potential', by all means have to realize the inherent? Is capital an obstacle to freedom?

We will see. Next time.

Episode two: ability and freedom, part I

Let us recall: Greek philosopher Aristotle had claimed that things comprise a certain ability, hence to become what is inherent in them. The beech seed has the ability to become a beech tree, a maple seed a maple tree. But, as we have wondered at the end of the previous episode, where does this leave the freedom? Do we – as human beings – merely put a set program into effect, our genetic and cultural code? Is it possible that unfreedom is wedded to ability?

It is perfectly clear that the beech seed doesn't have the ability of becoming a maple tree or a cat. Its only options are: succeeding or failing in turning into a tree. Yet, if the seed actually realizes its inherent capital isn't entirely up to him. True, it might be damaged, wormy or have a genetic defect. But even if it was as fit as a fiddle, it is only able to realize its ability, its potential, when he meets favorable environmental conditions: fertile ground, enough water, heat and light. When these environmental conditions are missing, the beech seed is left with its inherent ability: it will never grow germ layer, let alone become a fully grown beech tree.

When we speak of the beech seed's ability to become a beech tree, that ability apparently is a very limited one – hence the ability of either realizing the potentially inherent or nothing at all. Biologically speaking, the ability of a human zygote isn't any bigger: either it turns into a human being or into nothing at all. There is no way it might become a beech tree, a maple or a cat. Albeit the ability of this fertilized human egg seems to be much bigger than that of the beech seed in another respect: admittedly – and only given favorable external circumstances – it can only become a human being but nothing else. However, this human being will have a big say in its journey through life, of course depending on the historical, social, economic and political conditions it was born into. He takes part in the decision as to what to become and what to be. Surely this partaking is limited, depending on the mentioned circumstances: a little slave girl, born in ancient Greece at the times of Aristotle had a smaller chance to decide on its life than a girl that is born in present-day Greece. Having said that, a human being is still given considerably more options to choose from than a tree or a cat. Apparently, we humans not just put a set program into effect that leaves us no choice than to become road sweepers, bankers, bohemians or philosophers. So, we might as well lean back and relax, rejoicing our ability to become everything imaginable and simultaneously, enjoying our freedom to the fullest? Well, that seems a bit hard to imagine...

Episode three: ability and freedom, part II

Ability and freedom – that seemed to go together perfectly, at least as long human beings and human matters were concerned. Yes, for the beech seed there was only a minor range of freedom arising from the ability to become a fully grown beech tree, or perhaps there was none at all. The human being, on the other hand, even though his biological fate is to be a human being, is confronted with every number of options as to how he might shape his way of life. Admittedly, that range of options available has certain limits and varies according to specific external circumstances, but it is a great deal bigger in every human life than in the life of a beech tree.

So far, so good, one might be inclined to think. The bigger and greater the ability, the bigger and greater the freedom would be. But does that really hold true? Let us assume our ability, the inclusive concept of our options, had no limits. We could be anything we wanted to be: God, Emperor of Byzantium or Caliph Stork, a fir tree, Harry Potter or a prima ballerina. It would be incredibly difficult to make a choice at all. We could never rule out the possibility that another one from the unlimited number of options would be better than the one we have just chosen. Making a choice means a restriction to freedom because I cut myself off from countless other possibilities which might have better suited me. If there were no limits to my ability to become anything possible I would be hamstrung. I could not make a decision anymore.

Therefore, unlimited ability doesn't mean that I can achieve freedom. Quite the opposite: the abundance of options divests me of freedom. In other words: a prerequisite of freedom is restriction, the curtailment of options. Everything being possible for me doesn't increase my freedom. Freedom, as we know it and as far as humans and not gods are concerned, is always a freedom limited. The amount of ability, hence the abundance of options, doesn't necessarily increase freedom.

This is the third time in this episode that we speak about ability as the range of options available to us, hence of something general. How about the ability, hence the capital, in our savings book and our portfolio of shares, in our freehold flats and pension funds? Isn't it likewise about freedom and restriction of freedom, about the inclusive concept of options and the problems to cope with the abundance of options available? Would you like to hear about some case studies? With pleasure, next time...

Episode four: the rich and the poor

Freedom is on an uneasy footing with capital. That holds true if we understand capital in a general sense as embodiment of possibilities, as ability, as potential. But it also holds true if we say ability and mean fortune, possessing economic values. A closer examination is in order. Now then!

Let us begin with the seemingly quite simple dichotomy of rich and poor. On the spur of the moment, we would think the rich having so much more options than the poor one. After all, he has the ability, hence the capital, that allows him to do just as he pleases: if the rich one likes to jet to New York just for the weekend, he might very well do so; if he wants to spend his money on sumptuous festivities or on an art collection he is free to do so. It seems that the rich one can have anything money can buy – and that money gives him a range of freedom the poor one lacks. The poor one can only make an imaginary weekend trip to New York; it is hard to believe that he might spend his scarce financial means on a sumptuous party or an art collection. He seems to be trapped in his poverty; he lacks countless options open to the rich one. But the poor one lacks not just the range of freedom but likewise the range of security: sometimes he doesn't even know where to get the money from for next day's food and lodgings, not to mention how he might keep afloat in his old age or when he gets sick.

Once you take a closer look, however, it doesn't seem so obvious anymore that freedom and the abundance of options are that clearly allocated to the rich and the poor. Having more options to choose from doesn't facilitate making a choice. The sheer wealth of opportunities might be as frightening to the rich as the lack of security is to the poor. He who has more options runs the risk of choosing the wrong thing and doing the wrong thing. Plus, with the wealth come responsibilities. The social restraints, which the rich one is subjected to, can narrow the radius of freedom considerably. Which one of the rich ones really takes the liberty he has, socially speaking? Which one of the rich ones decides to ignore people of his kind, to not bother about what his peer group says but to turn a blind eye to every expectation of his social stratum and do only what he pleases and what he deems necessary? 'You have to behave according to your status,' the rich one might be inclined to reply. Is it possible that he looks with a bit of envy at the poor one who, owning so little an ability, hence capital, seems devoid of so many restraints? Perhaps the poor one is richer in more than one respect? Does he have the bigger ability?

Further considerations will surely be worthwhile...

Episode five: capital as an end and as a means

We asked if the poor one had the greater ability than the rich one. Certainly, the social restraints the poor one is subjected to, are different ones and in some respects are fewer in number than the ones the rich one faces. The poor one doesn't suffer from the unlimited range of options that leaves him hamstrung, unable to make a choice as to which option he would like to realize. The limited range of possibilities makes it easier for the poor one to choose: his first priority is food, his second one is shelter. Hence, he can treat those with scorn who are punch-drunk by the huge number of options and don't know what to do. Do you know these clochards that deliberately ignore all social restraints and know to add mirth to their contempt for the wealthy of this world? They feel free – and they consider freedom the most important thing of all. The easy-going freedom of the clochards, however, is a freedom that lacks options – the options that come with a more affluent existence.

The one with financial capital faces two problems. The first one is that the abundance of options deprives him of his decision-making ability. He simply doesn't know any more what to do. The second, and more serious, problem is that he becomes a slave to his capital. That is why he is often affected by the clochard's smiling scorn: capital can enslave. In that case, the one with financial capital lives, acts, thinks and feels as if to be expected of a 'person of his capital'. The capital has stopped enlarging his possibilities, making the world more accessible to him, but is about to become the main purpose in his life. From literature, theater plays and movies we know those figures all too well who guard and increase their capital, their money, their precious with such great a care that they become totally indifferent to other things, and more important still, other people.

To put it another way: the rich one is in danger of regarding his capital as an end in itself. It is a classic confusion of end and means: strictly speaking, capital ought to be a mere means, hence a means to extend the range of options or, to use a somewhat old-fashioned term, to improve one's life. If the capital becomes an end, though, we become dependent – it is a kind of dependence every addict suffers from. In the cold light of the day, people are not there for its capital but the capital is there for the people.

So, once again: why capital? We will solve the knot in the next, the final episode.

Episode six: the ability to change

It is difficult to work with rich and poor when understood as such rigid dichotomies. Wealth and poverty in financial or intellectual matters is always relative: when compared with the refugees in the Sudan, we are incredibly rich, finance-wise, even if we are on welfare – when compared with Bill Gates, on the other hand, we are incredibly poor.

As we have seen, economic wealth comes with the great danger of making it an end in itself and hence subordinate our life to it. It bears repeating: strictly speaking, capital should always be a means, never an end. That doesn't mean, though, that we have to make use of that means immediately. The thing with the financial capital is that it should be available not just for the moment but in future times as well: we acquire capital to use it at some point in the future, for future options. Hence, there is no need to take the means made available by the capital and spend it at once, but we are allowed to save it to be prepared for future possibilities, be it the purchase of a house, a world trip or the education of the children. By the way, there is likewise no need to make use of the means made available by the capital for the realization of one's own opportunities. It is also possible to make these means and hence possibilities available to one's children, grandchildren or a charitable institution. Then, you bequest your capital or give it away as present.

Let us return to the beginning. We remember: Aristotle said that ability meant the chance to become what is inherent. Applied to financial capital this means: ability, hence capital opens up opportunities, opportunities to evolve, to develop, but likewise to secure what has been achieved. When imagined as a diagram, the positive potency of possession takes two directions: firstly, property allows change. Owning capital means the chance to change something both in one's own life and in the life of other people. On the other hand, property means security, maintaining a state that has been achieved and found enjoyable: if you don't have any financial capital or revenues, so it is impossible for you to maintain what has been achieved and you will be in need rather quickly. Financial capital, therefore, has the wonderful quality to be used both to expand and to secure one's horizons – both for change and for maintaining, both for opening up and securing opportunities. Every human being is looking for ways to balance these two aspects individually. It is crucial that money serves man, not man serves money. If we like to have scope for possibilities, it is prudent and advisable to accumulate a small capital.