

Left nor a well-run, comprehensive regulatory system. What we do have are massive guarantees, creating considerable moral hazard, combined with regulators more intent on making cheap credit widely available than they are on achieving stability. I would submit that either a completely free market or completely nationalized system would perform better than our current compromised system (obviously I prefer a free market). The American financial system's long string of crises and bailouts is a direct result of the sort of compromise that *Frank* praises. It is also why many across the political spectrum rightly see Dodd-Frank as failing to end too-big-to-fail.

In his first year in Congress, Congressman Frank tells us he joined the Banking Committee because he cared about housing. The sorry story of Fannie Mae and Freddie Mac is that filling a committee tasked with overseeing our financial system with people who have little interest or knowledge in financial stability is a recipe for disaster. The book does, however, provide an interesting case study in how the jurisdictional structure of congressional committees influences the substance of legislation. The fact that so many policymakers who have been involved in banking regulation come from a pro-housing subsidy perspective may well explain a number of flaws in our financial system. Pulling housing out of the banking committees could significantly improve the quality of our financial regulatory system.

Barney Frank, like the rest of us, has many failings. He admirably admits to several. His political career serves as a useful reminder of where pragmatism and compromise can succeed, but also where they can fail with dangerous consequence. For these reasons alone, *Frank* offers a valuable, if flawed, read.

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### **The Tragedy of European Civilization: Towards an Intellectual History of the Twentieth Century**

Harry Redner

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The image of the sinking Titanic's band playing a requiem to the ship-builders' hubris presaged that of concentration camp inmates playing classical music as their fellow Jews were being herded toward the infamous ovens. In both cases, the tragedy unfolding around

them was beyond the musicians' power to stop; so too, both catastrophes might have been prevented—in the first case by better technology and more safeguards, and in the latter by taking seriously the lethal anti-Semitism of a virulently militaristic, anti-rationalist ideology that would soon engulf not only Europe but also the world. But while the vagaries of Nature with its storms and icebergs can never be expected to disappear altogether, the Holocaust marked a historical watershed: it would come to symbolize the tragedy of the civilization we may call European or, indeed, Western.

What makes it a tragedy in the classical sense is that the flaw was—is—internal, self-inflicted. As intellectual historian Harry Redner demonstrates in his seminal book *The Tragedy of European Civilization*, the unlikely though not always unwitting executioners of the West were philosophers, psychologists, and other wordsmiths who not only predicted but also contributed to the demise of the very ideas that had nurtured them. Like Oedipus who had slayed his own father, these brilliant minds had blinded themselves, using the dagger of language against itself. Rational individualism, which lay at the core of their—our—civilization, had been sabotaged from within: a metaphorical murder-suicide that defies explanation, or at least justification. These Western quasi-jihadists didn't even expect virgins in heaven; they had opted for a living hell.

A Galician-born Holocaust survivor who emigrated to Australia in 1946, where he became a professor of intellectual history, Redner's topic is the European conversation around the turn of the last century regarding man's nature, his place in society, the role of the state, and the value of freedom. Such books are rare in this country, for American academia has not been especially hospitable to this discipline, preferring empirically oriented political science, sociology, and psychology (with emphasis on neurobiology) to social thought. Yet Continental philosophers' mesmerizingly ambiguous verbiage has infiltrated beyond the ocean and is now ubiquitous on our college campuses as well, its carriers mostly French. Indeed, French Theory, or "Theory for short," writes Redner, currently "exerts a strong influence . . . on all the special 'studies' courses that came to proliferate during the 1970s, such as cultural studies, gender studies, legal studies, post-colonial studies, and many more."

What few realize is that the not-so-invisible hand behind these benign-sounding disciplines belongs to the redoubtable, deranged genius of Friedrich Nietzsche, operating through the glove of his no

less erratic, certainly inconsistent, yet appallingly seductive disciple, Michel Foucault. Thus, Redner's book is not of mere antiquarian or esoteric interest, for the tragedy of which he speaks continues to affect us all to this day, in ways both manifest and subtle. Understanding its origins may not be sufficient to reverse it, but it could postpone or at least alleviate the severity of the devastation.

The key message of this remarkably lucid, if occasionally esoteric, study is the revelation that Nietzsche—and several other thinkers including Karl Marx, Oswald Spengler, Sigmund Freud, Martin Heidegger, and Ludwig Wittgenstein—did not merely play the violin as the ship of Reason sank into an ocean of hatred and barbarism, they urged it on, whether from self-hatred—subliminal or otherwise—misguided idealism, profound disenchantment with logic, or a mixture of all three. In any event, Redner describes the cause of the European tragedy as “self-generated. No barbarian hordes battered at its gates. No lack of resources drove starving masses to storm its citadels. No loss of faith or despair overwhelmed its people. On the contrary, too great hopes, utopian illusions, enthused many of them.” He concludes that its “ultimate cause was the willingness by so many to surrender their fundamental civilizational values and seek some other kind of salvation.” The cost turned out to be “the destruction of everything that civilization stood for.” It was a price they were not only willing to pay but also apparently unable to resist.

The country that initiated the avalanche of declinist thought is of course Germany, whose role Redner believes to have been prophetically anticipated by the Viennese satirist Karl Kraus in his World War I drama, *The Last Days of Mankind*. In this remarkable play, Kraus recognized that a tragedy was taking place in Europe in which not King Lear but the Fool was the central character. Though he died in 1936, before he could witness the Holocaust, Kraus clearly had in mind Hitler as the Fool, while King Lear may well have been civilization itself.

Another writer who instinctively grasped the coming deluge was the great German novelist Thomas Mann, whose monumental novel *Doctor Faustus*, written throughout the duration of the Second World War, implicitly captured Germany's despicable decision to sell its soul to the devil. What sealed the fate of Europe was that Germany catapulted on the world scene in the 1870s, when it was far from ready for the big-power responsibilities that history then

demanded. Its road to nationhood, moreover, had been “paved by an exacerbated nationalism of a virulent kind that was highly militaristic and so could easily turn violent.” Worse still, the military strategist Carl von Clausewitz endorsed war as a legitimate means to realizing national aspirations. Though Germany was in reality a nation divided, nationalism fueled its arrogance. Culturally rich yet politically “immature and power driven” as well as, even more dangerously, “morally complacent and self-righteous,” it felt entitled to rule Europe, tempted by illusions of grandeur couched in apocalyptic terms. In the midst of all this, fatally, rose anti-Semitism as a political ideology.

Anti-Semitism patently represented the triumph of group identity over individual responsibility. For demonizing someone on account of that person’s race, ethnicity, class, or anything other than individual action is to reject what is most basic to the Judeo-Christian tradition, namely, personal moral choice. Anti-Semitism was a symptom of a much larger malaise; it was “but one of the many rifts in the cultural life of Europe that made rational dialogue,” even among intellectuals, all but impossible. Madness would soon prevail. Ultimately, what broke up the integrity of European civilization were the twin ideological currents of Marxism and Nietzscheanism, fueled by a shared loathing for the very bourgeois culture that had nurtured them—a culture both Nietzsche and Marx considered doomed. And while they held different visions of the future—Marx predicting the triumph of the proletariat, Nietzsche that of the Master Race—they conspired, all too successfully, in substituting Power for Reason in politics.

Call it dialectical materialism as does Marx or the Will as does Nietzsche, in the end the triumph of power implies the end of morality. Marx defined political power as a reflection of economic contradictions—serving the wealthy to enslave the poor. Political power thus requires that contradictions be eliminated and, with them, the state and, indeed, history itself. For Marx, therefore, the Lockean notion of justifying the existence of the state by the rational consent of the governed has no meaning at all. So too Nietzsche reduced everything to power: “[T]ruth is power, knowledge is power, and reason is power.” But as Redner points out, “[O]ne can only oppose power with power in which the greater power prevails.” Survival of the most ruthless is Darwinian anti-morality on steroids. When the state of nature and the state of war

are synonymous, forget social contracts. Like Marx, Nietzsche had no room in his universe for consent, since there is no rationality. And if Reason is dead, it doesn't matter whether God is dead or alive: for even He could do nothing to save us from ourselves.

Only a little younger than Nietzsche but coming from another perspective altogether, the sociologist Max Weber defined the state as an advanced form of authority that relies largely on rational-legal legitimation. This, as Redner points out, is a "form of legitimacy [that] has its roots in ideas and practices that are far removed from militarism and violence. It derives from the systematic rationalization of law and constitutionalism, from representative and democratic institutions, and from doctrines of sovereignty and consent. For Marx, all this is mere ideology"; for Nietzsche, it's a disingenuous mask for what is at bottom a device by the weak to hold down the strong. Weber's influence, alas, proved negligible. But his view of the state as a form of oppressive authority, however legitimate, seem to have made an impression on a Viennese Jewish psychologist by the name of Sigmund Freud.

Freud, who died at the very start of the Second World War, saw the state and, more generally, civilization, as constituting a mechanism of repression designed to tame the wild, unconscious forces of raw instinct. But while acknowledging that civilization is the lesser of two evils, certainly preferable to unleashing potentially lethal libidinal forces, he pessimistically admitted that only a very few exceptional people are able to "sublimate" that repression into art or science. This amounted to all but condoning barbarism—while simultaneously predicting (as well as, argues Redner, contributing to) the tragedy of European civilization—by deeming its expression natural and even life-affirming, if dangerous. Morality, of course, didn't have much to do with it—having already been defined out of existence.

But it was Oswald Spengler's dubious honor to have brought all the various epistemological strands together and to articulate the *Zeitgeist* that brought about the regime that, in turn, eventually enacted the infamous tragedy. By proclaiming the inevitable demise of non-German, sclerotic, European "culture" (*Kultur*), Spengler effectively justified the First World War. And by heralding the dawn of a technologically superior *Zivilization* that would hail technology as against anemic art and useless philosophy, Spengler glorified a posthistorical paradise of scientific modernity. Like Marx, Spengler considered this development inevitable; for, as Redner points out,

“[He] too prescribes what to do by reference to what must be; they both share the fallacies of historicism,” which consist of arguing normatively (that is, morally) from what has been declared factually necessary. The ambiguity between “will” and “should” hidden within a “must” is thus conveniently glossed over. Passing first from *is* to *will*, which are both empirical, and then from there seamlessly to *ought*, language stealthily transgresses right over the categorical border from description to ethics, dispensing with the passport of logic.

The triumph of technology, for Spengler, goes hand in hand with the triumph of socialism—a “mighty politico-economic order” based on technology, which Redner observes is “Faustian Man’s proudest achievement.” Not that Spengler himself thinks of socialism as a deal with the devil—quite the opposite. Writes Redner: “Totalitarianism and technology on a racial basis is Spengler’s prescription for the *Zivilization* that is coming. A kind of *Caesar ex Machina* will descend on the state of History. The last remnants of *Kultur* are to be brutally trodden under foot: ‘of great painting or great music there can no longer be, for Western people, any question.’” That Caesar would emerge both figuratively and literally from the machine may seem abhorrent to us, but apparently not to Spengler. Sure enough: in time totalitarianism and technology did indeed bring great painting and great music closer to an end, though, comments Redner, “in this endeavor capitalism and communism helped as well.”

For communism to do so was certainly to be expected, it being little more than socialism, even if not with a Nazi but a Leninist face. But what of capitalism? Though Redner does not say so explicitly, the answer is found in Spengler’s conception of “metaphysical hatred,” which arises between groups that inhabit different “civilizational chronologies.” On the one hand, claims Spengler, are “the intellectuals . . . incapable of understanding the depth of this metaphysical hatred”—who are even stupid enough to seek to combat anti-Semitism, if you can imagine. To them are opposed “the powers of blood,” who “seize the management of the world.” The so-called intellectuals having allied themselves to the “money-powers,” they may be collectively considered to represent capitalism, as opposed to the life-affirming socialism “that transcends all class interests”—indeed, all private interests. If in the process intellectuals vanish, so be it. Observes Redner, Spengler thus “presumably also consigns his own book to oblivion—the intellectual ever ready to sacrifice himself on the altar of a mindless future of race and blood.”

Spengler died before Hitler's invasion of Poland, so it would be Martin Heidegger's turn to pick up where Spengler left off. Though Heidegger did not share Spengler's adulation of technology, they both rejected classical Western tradition with equal ferocity, and both hailed the imminent arrival of a new dawn of "Being" that they thought the Nazis would deliver, though Heidegger lived to be disappointed. They thus rejected liberalism in all its forms: truth, beauty, and goodness would all be redefined. Heidegger retained Spengler's "metaphysical hatred," defined as the irreconcilable, irrational opposition of classes/races/civilizations/religions—in a word, nihilism, the kernel of tragedy.

Which brings us to the present and the demise of rational discourse in the public arena. The intellectual, or at least academic, heirs of the German philosophers from the turn of the last century are omnipresent on American, and more so on European, campuses, assiduously spreading the noxious miasma of "isms" shrouded in unintelligible jargon that does precious little to educate, though quite a bit to obfuscate, and worse. In truth, the Manichean thinking that pits one group against another, that justifies violence in the name of some mysterious march of history, on whose "right side" we should seek to position ourselves lest we be thought *passé*, sabotages our civilization with self-destructive ferocity. For along with Reason dies responsibility, the private realm, the individual, creativity, and indeed everything that we value. Hatred, metaphysical or otherwise, will spell not only the end of the misguided, solipsistic, self-destructive intellectuals who espouse it, but also the death of civilization and of humanity as we know it.

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### **Private Governance: Creating Order in Economic and Social Life**

Edward P. Stringham

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There already exists a large and consistent literature about the virtues of private governance, a literature to which Edward Stringham himself has already contributed. His latest book, *Private Governance: Creating Order in Economic and Social Life*, partially