

PART THREE

INTERNALIST EXPLANATIONS: ECONOMIC ISSUES

Chapter 5

Markets and Majorities, Morals and Madness: An Essay on Religion and Institutional Choice

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I. INTRODUCTION

As I understand it, the central thrust of this conference is to wrestle with the following question: is the observed (or allegedly observable) predilection for an anti-market political position within the religious establishment attributable to ‘internalist’ or ‘externalist’ causes? That is, can one justify that anti-market position on purely theological grounds (internalist)—or is its predominance attributable in some manner to causes unrelated to any theological position (externalist).

My particular assigned task in dealing with this question is to provide an account of the “merely economic” case for the market. I was explicitly asked *not* to attempt a *theological* defense of the market—a task that seems to me to be intrinsically much more interesting and much more in need of being done.

But this presents me with a major difficulty. While it is true that any ethical evaluation of the market (theologically grounded or otherwise) requires some analysis of how the market works, it is equally true that no account of how the market works can, on its own,¹ constitute “a case” either for or against the market. Of what, then, does the “purely economic” case for the market consist?

There is, to be sure, a “defense” of the market offered in most undergraduate textbooks, but it depends on certain quasi-utilitarian

foundations the precise theological authority of which can hardly be accepted without question. Perhaps it would be sufficient to rehearse that familiar “defense,” and let it rest secure in the knowledge that utilitarianism is not, after all, a totally outrageous ethical position and that some overlap with many theologically sound positions may be expected. Or perhaps I ought to seize the opportunity to do what I think ought to be done—to provide my own theological defense of the market, notwithstanding my instructions to the contrary. This latter task is, however, so large that I could, in any event, only offer a small piece of it here. Besides, this would leave me with an entirely implicit position on the central question of the conference, whereas I would like to speak to that question directly.

Internalist, externalist explanations

Accordingly, and, in obedience to Martin Luther’s admonition to “sin, and sin boldly,” I intend to focus on the central question, and to deal with my assigned brief somewhat *en passant*. Specifically, I want to offer an explanation for why the religious establishment (and indeed ‘moral authorities’ of all persuasions) might have a preference for decisions being taken in political rather than market contexts—an explanation that is “economic” in the sense that it makes appeal to the *language* of relative prices. This explanation depends on a difference between political and market processes that is, I believe, also crucially relevant to any proper evaluation of the market as an institution. As it happens, much that I will say will not be about the market *at all* but about majoritarian electoral politics. I make no apology for this; but, because it is an important aspect of my method, I do want to stress, before I do what I do, why I am doing it in the way that I am. To do so, I want to lodge my discussion in a general theological context (section II), which I hope will indicate my views on the status of my own remarks, and of the subject-matter of this conference (and perhaps incidentally all my own professional subject-matter). I also wish to emphasize one crucial aspect of the method of enquiry I shall use here (which will occupy section III).

From there, I shall proceed to lay out my central proposition (section IV) and then go on to examine what flows from it, both in terms of explaining what we observe (section V) and in terms of evaluating the market as an institution (section VI). I shall offer some brief concluding remarks in section VII.

II. THE THEOLOGICAL FOUNDATIONS

The Christian lives in a perpetual tension between the claims of *this* world and the claims of the next. He sees himself to be surrounded by a hopelessly imperfect natural order—of which he himself is an inextricable part—and yet he stakes his life on the conviction that the redemption of that world is already secured and that this redemption is something in which he already participates.

This tension naturally colours his attitude to the present reality. That reality is partial, incomplete, unconsummated, a “shadow of things to come”; and the Christian must always in dealing with the current *partial* reality, carry the marks of his citizenship in the *celestial* city. Yet this reality is the only stuff he has; it is necessarily the context in which he must seek out his salvation; and, yet more compellingly, it is the substance in terms of which his salvation is actually secured. (“Since by man came death, by man came also the resurrection of the dead”).

Within this tension, there is considerable scope for the individual to locate his particular attitude to the world he finds himself in. Some Christians will naturally take a strongly “incarnationist” position: “if God saw fit to commit Himself totally to the human predicament, how can the conscientious Christian refuse to do likewise?” Others will naturally be more overtly “spiritual,” setting their hearts and minds on that place where “true joy is to be found.”

However, although much variety can be expected (and, one might add, rejoiced in) there seems to be certain “immutable” theological principles (“relatively absolute absolutes”) that set limits on a recognizably genuine Christian position.

For our purposes, one of the major such limits is set by the proposition that there is no salvation to be found in politics. No political system, however apparently good, can make an *ultimate* claim on the Christian’s loyalty. There is *no* uniquely “right” system that can be given cosmic sanction in the sense that it is the single manifestation of God’s kingdom on earth: “My kingdom is *not* of this world.” Political orders may be better or worse, more or less just, more or less peaceable, more or less human—but none is the source of our hope. “Some put their trust in horses, and some in chariots; but we will remember the name of the Lord, our God.”

Politics imperfect

Relatedly, *all* political arrangements, like all aspects of the affairs of men, are imperfect. Men will still sin, still exploit others, still covet—even under the best of human institutions. (No one who is a practising churchman will deny the relevance of this among the body of the faithful, for example.) Nor is the Christian called to a heroic view of man. The strength of the promise that calls us into what we are *to be*, depends on our seeing ourselves as we currently are. We are under no obligation, or so it seems to me, to try to design human institutions that take no account of human reality—which means, in particular, the reality of human moral frailty. Indeed, the Christian is in some ways much better equipped to come to terms with the wickedness of men than are others (say humanists): the Christian expects nothing else. In other words, the Christian is denied the pietistic escapism of the utopian—he must deal with the world *as it is*, as best he may.

It follows from this that no decisive case *against* a human institution can be made solely on the grounds that it is imperfect. Specifically, no criticism of the market order (or any other), however telling, is sufficient in itself to enable us to conclude that that order may not be the best available (whatever ‘best’ may be construed to mean). We would have to argue, in addition, that there exists some alternative institutional arrangement that is *not* susceptible (or less so) to the criticism made, and is in addition not unacceptable on some other grounds.

To put the point in language more congenial to the economist, the domain of practical ethics is the set of *feasible* alternatives and no ultimately satisfactory ethical judgement can be made without an examination of the entire set.

Perfection denied government

It seems to me important to be very clear about all this, because popular discussion of social issues is often extremely sloppy on precisely this point and the sloppiness has implications for the sort of political position that seems to emerge. In particular, it is commonly remarked, when something is observed to be “wrong” in human affairs, that “the government” ought to do something to improve things. And such a remark is entirely understandable. As a disembodied moral injunc-

tion, it is in fact, quite unexceptionable — if something is wrong, someone ought indeed do something to correct it, and since the government is typically the institution which *could* act appropriately if the relevant power were assigned, then to say that “the government” should do something becomes just another way of saying that something is wrong.

But somehow there seems to have slipped into the remark an altogether gratuitous assumption that, if the “government” *were* to be assigned the power to correct things, it would act in the morally desired direction. No such assumption seems warranted. At the same time, those who query the virtues of government intervention are often enough seen to be querying the desirability of morally appropriate action, when all they may be doing is querying the presumption that governments will *in fact* act morally.

Accordingly, the general case for the market is as much the case against its alternatives as it is an extolling of the market’s peculiar virtues. And in this paper, I shall have as much to say about those alternatives as about the market itself. To this point, the thrust of my remarks has been that the Christian proponent of the market can embrace the object of his advocacy with at best “*modified* rapture,” and all that I say here should be interpreted with this in mind.

In this connection, I am reminded of a well-known remark by Maurice Chevalier, who was once asked how he was enjoying old age. “It’s not so bad,” he remarked “when you contemplate the alternative!”

My defense of the market system is rather along the same lines.

III. THE METHOD

If proper evaluation of the market depends on setting it against its alternatives, what *are* the alternatives? Or better put, if the market is one of the variety of things of a kind, what is the “kind” in question and what others of this kind might there be?

It is important to answer this question explicitly if we are not to talk endlessly at cross-purposes. So let me try to set out briefly what I am taking “the market” to be, before I become involved in the evaluation exercise.

In the social sciences, as I conceive them, the subject matter for analysis is the *interaction* of individual persons within the framework of a social order. Observed patterns of outcomes are observed as the

result of separate actions taken by many independently operating agents. Outcomes are not *chosen* or *constructed*; they simply *emerge*. What outcomes happen to emerge from a particular set of individual actions, and how the independent actors are influenced by the actions of all the others in deciding how they themselves will act, are dependent upon the particular social *order* within which they all operate. The market is one such social order. It represents a set of “rules of the game” which defines how and in what ways individuals may interact; and given the set of rules, there will be a specific relation between the actions of the individuals and the emergent outcomes.

To take a simple analogy consider the notion of an ecological “system.” Within such a system, particular species interact in particular ways, each species pursuing the objective of its own survival let us say, yet all species mutually co-operating to the survival of one another. This “co-operation” is not necessarily an intended thing: it may simply be a characteristic of the equilibrium outcome. But there is a network of relations between the various species, and this network constitutes the defining character of the system.

Invisible hand

Unlike the ecological system which is simply “observed,” the human “system” (the particular framework of social order) can itself be the subject of choice. We can, in principle, *decide* the rules by which our social game is to be played. It is therefore necessary to evaluate alternative sets of rules with an eye to their properties; and it is more or less in such terms that economists since Adam Smith have examined the market order and found it to have properties that seemed to them to be highly attractive—at least over a very wide range of activities. Individual agents operating independently within the market order were seen to be led, as if by the famous “invisible hand,” to operate in one another’s interests so that the spectacular gains available from co-operation in human affairs could be maximized.

The prime alternative to the market order, with its reliance on the role of prices to co-ordinate the actions of individual actors, seems to be some form of political decision-making—involving explicitly collective and simultaneous decision on the part of all (or some subset of all) the relevant persons. For example, if the decision as to how many oranges should be consumed in the U.S. in 1982 is not simply to

emerge as the result of a whole set of decentralized decisions taken by individuals responding to the relative price of oranges to other things, then it must be taken collectively under some other process whereby the differing views of all enfranchised individuals are amalgamated into some “social decision.” Some such outcome must finally emerge: it is merely a question of how the decisions of all the individuals whose actions contribute to that outcome are to be co-ordinated.

Majority rule

The most common alternative to the decentralized market as a decision-making mechanism is majority rule. And by and large, when church dignitaries and others criticize the market, it can I think be presumed that they believe that certain decisions, hitherto emergent from the decentralized market, ought to be taken collectively under majority rule.² We ought then to ask what the properties of majority rule as a decision-making device are, and how the ‘social order’ of majoritarian politics compares with the social order of the free market. It seems to me that this is the sort of question that we must wrestle with, equipped with our theological perceptions and our spiritual sensibilities, if we are to make a proper, conscientious attempt to provide a Christian evaluation of the market.

Now, certain things about the operation of majority rule are clear. One—an important one undoubtedly—is that majority rule can, except under extraordinary restrictive assumptions about individuals’ preferences, get us into situations that nobody wants. A simple example illustrates this point. Suppose there are three voters, and that the value each places on a particular outcome can be expressed in some numerical form (dollars possibly, though only an ordinal ranking is required). Consider the policies listed in Table 1. Clearly, policy B defeats policy A: voters 1 and 2 both prefer B. Likewise, C defeats B (voters 1 and 3 prefer C) and D defeats C (voters 2 and 3 prefer D). Yet *everyone* would rather have A.

This example obviously generalizes to large numbers of voters and large numbers of policies. The general result is that for *any* starting point in policy space there exists a finite sequence of moves to any other point in policy space such that each move in the sequence satisfies majority rule: one can, in principle, end up *anywhere!* This result means not only that any outcome is possible under majority rule. It

TABLE 1

Policy	Value to			Total Value
	Voter 1	Voter 2	Voter 3	
A	1000	1000	1000	3000
B	1200	1200	0	2400
C	1400	0	200	1600
D	0	200	400	600
		etcetera		

also means that by strategic manipulation of the agenda, an agenda-setter can secure any outcome he chooses, provided he knows the preferences of individual voters well enough.

But although such things are important, they are not what I wish to focus on here. I wish to draw attention to a different property of majority rule, one that is generally less remarked upon but bears importantly on the central question of this conference (and may help to explain the eccentricity of my title).

IV. MAJORITY RULE AND VOTER PREFERENCES

When I was an undergraduate at university, the philosophy department used to run a course entitled “Ethics and Politics.” Even at that early stage, the juxtaposition bothered me. Why was politics an ethical matter? Were there no purely personal ethics? Why not a course on “Morals and Markets?” As I saw it, the study of alternative political systems was a matter for the social scientist, and the role that ethics could play, or should attempt to play, in that was minimal. However, being a shy young economist, totally daunted by those who I saw to be the real intellectuals, I simply held my peace.

Now that I have myself become a “professional thinker” (and hence a philosopher by the Kantian definition), I see that I was wrong. There *is* a sense, and an important one,³ in which ethics enters politics in a way quite different from the way it enters as a consideration in markets: ethical considerations *are*, I now believe, much more significant in political contexts than in market contexts—but for what *are externalist* reasons which I shall hope here to set out.

These reasons can be collapsed in a single simple proposition – which is that it is “cheaper” to behave morally in political than in market contexts.⁴

By “moral behaviour” in this setting, I shall mean behaviour in accordance with what the actor believes he “ought” to do. Such action is, I assert, often distinct from the way in which the actor “desires” to act, as evidenced by the way he actually behaves. To take a very simple example, a person may recognize that he ought to give some of his wealth to the poor, but he desires to spend it on himself (and will often do so). The behaviour we observe, then, is the result of a tension between desires and morals, and it makes some sense to say that the *cost* to the individual agent of acting morally is the *desired* action forgone.⁵ The agent is then conceived as having two objects in acting: to satisfy his *desires*; and to obey his moral *convictions*. These two objects are taken to conflict over some range.

Two settings

I seek here to draw a distinction between the *terms* of that conflict in two different settings. In the first, the individual is choosing between alternative bundles of goods in the marketplace. I shall term these possible bundles A and B. In the second, he is choosing which of two policy packages to vote for in a simple election under majority rule: the policy packages may be associated with different parties or candidates, or be voted on directly. But let us take it that the bundles of goods that the two policy packages imply for the individual are A and B, just as in the market case. This assumption helps us to focus on the difference in the *nature of choice* in the marketplace and the voting booth, rather than any difference in the domain of choice.⁶

When the individual chooses A over B in the marketplace, the “opportunity cost” of choosing A is the B forgone. The action of the individual in choosing A is said by economists to “reveal a *preference*” for A over B. The preference for A is not merely hypothetical: the agent is not merely *saying* he prefers A to B, he is rather *acting* to indicate his preference. He may, of course, believe that he *ought* to take B rather than A, and the guilt he feels when he chooses A (in spite of this moral belief) is a cost that he will properly reckon with when he actually exercises his choice. But, by assumption, any such guilt is not sufficient to induce him to change his action – his desire for A is just too strong.

The ballot box

Now consider the identical choice presented to him at the ballot box under a majority election with a large number of voters. In terms of the individual's values, we have hypothesized:

- (i) that he desires A rather than B, and if faced with a direct choice between the two would choose A;
- (ii) that he recognizes that he "ought" to choose B rather than A, and suffers some measure of guilt if he does not obey his moral convictions.

In his choice of how to vote at the ballot-box, it is clear that the individual does *not* exercise a choice between A and B, but rather between a vote cast for A and a vote cast for B; and it is clear that the object and a vote cast for it are *not at all the same thing*. Specifically, a vote for A is equivalent to choosing A over B if and only if the individual's vote is decisive—that is, if and only if there is a tie among all the other voters. In large number elections, this probability is remarkably small. To cite an instance, in a presidential election where the expected majority is around one vote in a thousand, the probability of a tie is less than one in 10^{20} (i.e., negligibly small). In this sense, whether the individual votes for A or B exercises negligible influence on whether he actually *gets* A. In other words, the opportunity cost of voting for B is *not* the A forgone (except in a hopelessly remote case) but rather a *vote for A* forgone. Given the deontological claim that the individual should act morally, he will rationally vote for B, experience no sense of guilt for having done the wrong thing (rather a moral glow from having done the *right* thing) all the time knowing that this has negligible effect on the outcome, and hence on the object of his desires. Accordingly, his moral beliefs are rather more relevant than in the market context.

Aid to the poor

Perhaps a simple example might help here. Suppose that a moral norm that the individual acknowledges is that he ought to give to the poor. Faced as a "market choice," the cost to him of a dollar given to the poor is one dollar of own consumption forgone. It is a high price, and feeling a little sheepish, he spends his dollar on himself (or his own

wife or children). At the ballot box, however, the same individual may well vote for a party that promises to give money to the poor, recognizing that his vote exercises negligible influence on the actual outcome but wanting to act in the proper way. A dollar given away costs a dollar: a vote cast for a party that will tax me a dollar to give it away costs me next to nothing in expected dollars of own consumption forgone!⁷ Accordingly, we might predict, in the light of our example, that many individuals who would not directly make transfers to the poor (or would do so in an entirely “token” fashion) might vote for a party that will redistribute to the poor, even though the cost to them if the party is elected is very considerable.

To restate the central point in the terms I originally indicated—the cost of acting morally is lower at the ballot box than in the marketplace.

V. THE POSITIVE IMPLICATIONS

If the central proposition here is accepted as valid, what flows from it?

The first is that, whereas competition in the market will be oriented towards satisfying individuals’ desires (or what economists might refer to as individuals’ “interests”), competition in the political process (in majoritarian elections specifically) will be oriented much more towards satisfying individuals’ moral convictions. Consider for example the nature of the “talk” (the rhetoric, the advertising etc.) that goes on in the two contexts. Market advertising—whether it purports genuinely to provide information about alternative products or simply to persuade—is directed towards indicating that the product in question will best satisfy individuals’ wants or desires. Political advertising is typically oriented towards persuading voters that voting for the candidate in question is the “right” thing to do.

An institution, such as the established churches, which believes itself to be the repository of “moral truth,” will therefore predictably address its attentions to that decision making arena in which moral arguments are likely to carry more weight. The church will therefore direct its preaching to players in political rather than market games. If the Church holds a vision of what ought to be, it will naturally seek to secure that vision by political means—not because political *implementation* is necessarily required, but because moral authority has rather more clout in the political setting.

Drug prohibition

A simple example may illustrate. Suppose the church holds the view that by and large a particular society would be a better society without extensive use of a particular drug (alcohol or marijuana are suitable examples). It could in principle attempt to achieve the objective of reduced use *either* by attempting to persuade individuals not to use the drug in question in their private capacities as consumers *or* by attempting to persuade those same individuals to vote in majoritarian elections for the regulation or prohibition of that drug. Of course, the alternatives are not *logically* contradictory—on the contrary. But they become competitive in the sense that the church has to choose how to direct its resources. And, more relevant here, they become competitive once the church has to grapple with the question: should a particular issue (alcohol prohibition, gun control or whatever) be a matter for political decision-making or not.

My claim here is that the church—and indeed any institution that exercises, or sees itself as exercising *moral* authority (or more generally of having a comparative advantage in moral matters as opposed to interests)—has a natural predilection towards reliance on the political arena. And this is because there is greater scope for the play of moral considerations in that setting. Or more precisely, if somewhat crassly, because there is greater demand for what seems to be one of the church's main products.

In other words, the church is likely to favour the assignment of matters of concern about the world to the domain of political decision-making because in this arena it has greater power. And this can be the result of a natural desire to increase its capacity for doing good rather than any desire to have power and influence for its own sake.

VI. THE NORMATIVE IMPLICATIONS

This provides us with what I have presented as an *externalist* explanation for the establishment church's predilection towards the political decision-making process (and hence a predilection against the market as a decision-making process). But does it not constitute an *internalist* explanation as well? Once we have recognized that the cost to the individual of expressing a moral preference is lower in the political process than in the market does it not follow that we have a persuasive moral and theological case for the political as opposed to market

regime? After all, the use of markets could be described as making it more difficult for agents to express their moral convictions in action — an inducement to sin, if you will — and on such grounds the ethical superiority of political processes as a decision-making device may seem to be established.

This attraction of the political mechanism is, however, only superficial. It is in particular important to recognize that the reduction in the cost to the individual of expressing a moral ‘preference’ arises because of a *detachment of actions from consequences*. In that sense, a vote is an inherently inconsequential act. If the cost of voting “morally” is low, this is so only because the cost of voting *irresponsibly* is also low.

One could, I think, construe this as a moral argument. Acknowledging that “actions speak louder than words,” we could class voting as a form of *speech* rather than *action* in that dichotomy, and we could talk of moral voting as a form of public hypocrisy — as “cheap” morality, with all the negative connotations that “cheapness” entails. But such a construction is not too persuasive, and I for my part find it unconvincing.

My anxiety is rather a prudential one. It is that when people can act inconsequentially, they can also act irresponsibly. It is that, all too easily, a kind of “madness” can infect political action. It is that, in a sort of symbolic fervour, an electorate can cheerfully vote for outcomes that no single voter wants or would choose if he were confronted with a simple choice between alternatives.

Again, an example may help. And to make the point starkly, let me phrase the example in the same terms as the one involving giving to the poor, set out in section IV. Consider an individual who, for some reason, dislikes a particular class of citizens (the blacks, Jews, Catholics, non-Catholics, Christians, whatever — “the task of filling up the blanks, I’d rather leave to you,” to quote Ko-Ko). To inflict damage on these individuals as a personal act is, however, a costly business. To punch the object of one’s dislike (any member of the class in question) in the nose is to invite retaliation. Even to be rude, presuming that rudeness inflicts some harm on the person one is rude to, invites similar harm inflicted on oneself. And to inflict harm through the marketplace — for example, not to employ a Catholic when she is far and away the best candidate for the job, or not to use the cheapest and/or most convenient shop because it is run by Greeks — is to forgo profit or to reduce one’s own effective income: individuals seem typically reluctant to do either, at least in well-established market orders.

Cut-rate bigotry

Specifically let us suppose that the individual in question would *not* pay one dollar to inflict a dollar's worth of harm on the object of his dislike, even though his dislike is genuine. Consider now his decision as to which political party to vote for. One of the parties has as a platform a specific program of causing harm to those he dislikes. Then the individual can act symbolically to express his dislike, by voting for the relevant party, knowing that his vote does not influence the outcome and hence that the expected cost of his voting in this way (including the resources used up in inflicting the harm) is negligible. It is as if, in voting this way, the individual is sticking pins into a voodoo doll. He obtains the satisfaction from acting in this way, but is not responsible for the consequence of doing so.

In another context, I have argued that there is a close analogy between the decision as to how to vote and the decision as to which team to support in a sporting contest; and, concomitantly, almost no analogy at all between the decision as to how to vote and the decision as to which house or which car to buy. Whatever it is that motivates the curious passions of the avid spectator, it is not clear that one would want to consign the fate of society to those passions. So that whereas what emerges from majoritarian political process may be, on occasion, more moral than what emerges from the market, and though the rhetoric that surrounds the political process will be characteristically more "moral" in content, what emerges from that process in the way of social decision is more likely to have a quality of "madness" about it. It may only *incidentally* bear any relation to the preferences of those who act to generate the social decision.

As I see it, this is a crucially relevant attribute of majoritarian political processes to be reckoned with in any proper evaluation of how social decisions should be made.

VII. CONCLUDING REMARKS

I have not, here, provided a catalogue of the sorts of "arguments" for the market order usually offered by modern economists. Nor have I attempted a proper theological apologia for the market. The explanation for such failure is a simple one: one can only write what is in one at the time.

But I believe I have, at least, offered an explanation for why the established Church may have an anti-market bias, and I have also attempted to argue that that explanation in itself contains the seed of an argument as to why the market order is to be preferred.

Even those who find my reasoning here unpersuasive or too partial to be satisfactory grounds for any such presumption, will I hope accept the general premises on which my approach is founded – namely, that any criticisms of *any* institutional order must be set in the context of a comparison of all the alternative institutional orders, and that the workings of those institutional orders be congruent with our theologically based convictions about our own nature.

Without such premises, I do not see how an intelligent discussion may proceed.

NOTES

1. To invoke a well-known claim of David Hume's.
2. They may possibly have in mind the Pope for king or the World Council of Churches for world parliament or some other political arrangement unspecified. This represents the sort of difficulty I alluded to earlier – that is, a failure to specify the preferred alternative – under which such discussion often labours. Perhaps it is too much to ask that the “prophetic voice” speaks to such sordid details.
3. Though it is not, I am sure, the ‘sense’ that my Australian National University philosophy colleagues would have articulated – or at least, not in the terms that I shall.
4. The language in which I have couched this proposition may seem objectionable to some. It is, I think, meaningful and appropriately precise language for the economist, and that is why I find it useful to express myself this way. The meaning should become clear to the non-economist as the argument progresses.
5. I concede readily that this is not a particularly sophisticated rendering of moral psychology; but it is simple, I hope comprehensible, and more or less congruent with some aspects of the biblical account.

6. Although often there will, of course, be differences of the latter type as well, these are not relevant to the central point here.
7. Other explanations, based on the alleged 'public goods' nature of gifts to the poor are possible, and may be plausible. They are totally distinct from the point made here and in my view much less important.

Comment

David I. Meiselman

A summary of the Brennan position

I agree that my Virginia Tech colleague, Geoffrey Brennan, has a point in demonstrating that private voting and political behaviour may not be consistent, or, may not *appear* to be consistent, with private market behaviour or with apparent private interests. For example, we all know of individuals who never make charitable contributions to the poor and who consistently vote for candidates and political parties and policies to redistribute income to the poor, even when it appears to redistribute income away from themselves. Also, there is the phenomenon, recognized even before Schumpeter, in which we observe support for anti-market, anti-capitalist measures by large numbers of individuals who benefit greatly from free markets, private property and limited government. The apparent paradox is, of course, especially troublesome to many economists who like to believe the utility maximizing axioms that people are rational, or at least consistent, that individuals generally know best what is in their best interests and that people act to further their own interests.

Brennan tries to resolve the apparent paradox. He seems to believe that there is generally a sizable difference between *actions* as revealed by private market decisions and voting decisions. As he says, “It is cheaper to behave morally in political than in market contexts.”

It is less costly to act morally in making political choices because opportunity costs differ. In private markets, individuals come closer to bearing the full costs and reaping the full returns of their private acts. By contrast, in political choice, no individual is the decisive voter. Therefore, people can more readily vote their consciences or their morals, their loves or their hates, rather than their pocketbooks or their private interests. Moreover, people may vote for programs precisely because they do not believe the programs they vote for will be enacted or implemented. In other words, the act of voting is a force of empty talk or a costless gesture, like inviting to lunch a person who will never come to town.

Along these lines, I recall a conversation I had with my father some years ago in which I asked my father about his recollections about the adoption at the end of World War I of the eighteenth amendment to the U.S. Constitution which instituted the “noble experiment” of the prohibition of alcoholic beverages in the United States. My father said people in our home state of Massachusetts voted in favour of prohibition even though they were against the measure. Many people, and he included himself, wanted to do something to express concern about using grain to make beer and whiskey instead of feeding the hungry in the starving war-torn world. I recall my father saying that hardly anybody believed that the saloons would or could be closed. People who voted for prohibition wanted to make a statement; they didn’t want to give up alcohol. They were surprised and dismayed that what they had voted for actually came to pass.

Although I agree with Brennan that it is easier for myopia to persist in voter behaviour than in market behaviour, partly because there is no efficient mechanism for driving people into bankruptcy who systematically make inefficient political choices, there are several points where I have some questions and reservations about Brennan’s analysis. Some of these questions mainly touch on the empirical relevance of his analysis and the implications of his main analytical point. In a positive or predictive sense, what can Brennan’s hypothesis explain? Brennan seems to agree that individuals believe they are not likely to be the decisive voter. He and Gordon Tullock believe that because their own votes matter so little, or not at all, they themselves do not

vote or take their own voting seriously. However, it seems to me that voting must be more than an empty gesture or the salve of one's conscience. Otherwise, how explain why so many people vote, even granted that no single person's vote matters.

Some queries of the Brennan thesis

Moreover, it seems to me that people vote more than on a once for all basis. Is there no learning by voting when policies don't work, or work badly? In other words, political voting, or majority rule, does not separate what Brennan calls "desires" from so-called "moral acts," except as there is some kind of myopia, ignorance or schizophrenia at work. Although I agree with Brennan that political decision-making may, perhaps does, change the cost of choice, I do wish that Brennan had gone further in several directions. First, I wish Brennan had given more rigour and empirical content to those very general and somewhat vague propositions. Second, I wish Brennan had gone on to compare his own hypothesis with alternative hypotheses which seek to explain political choice of alternative sets of economic arrangements. I would also include an examination of alternative hypotheses regarding the apparent bias of religious institutions against free markets, private property and capitalism. For example, given what seems to me to be a decline in religious sentiment and religious authority in the Western world in the past century, if church teachings and activities are important sources of an anti-capitalist ethic and anti-capitalist voting behaviour, how do we explain why there has not been a parallel decline of the anti-capitalist ethic instead of the opposite?

In other words, on superficial reading, I do not see much connection between either the rise or the fall of capitalism in the past several centuries and the working of the Brennan thesis.

Finally, Brennan and others at this conference seem to view religious teachings, or The Church, as both monolithic and as altruistic and beneficent, which is to say, that religious institutions seek only the good or the true for the benefit of others. Political voting and political institutions are means to achieve the good and the true.

I have my own doubts about that. Religious teachings and religious belief often exhibit more certainty and are often intolerant of differences or deviations from revealed or achieved truth. Indeed it seems to me that one reason religious institutions may emphasize political choice is precisely to gain political power, both to use the coercive

power of the government for higher, nobler ends, and perhaps also to gain power for its own sake, to gain wealth, and so forth—like other institutions. Indeed the very decline of authority and power by religious institutions in the past century may be the reason the same institutions have increasingly sought political power to substitute for their diminished spiritual authority. Certainly, the logic of Public Choice would lead us to believe that, like politicians and so-called public servants in the civil service, men of the cloth are also maximizers.

Yesterday, Brennan raised the question, aptly I believe, about the ethics of the use of political power. I wish he had considered the political power and coercion motive in evaluating and enriching his interesting thesis, or in considering it as an alternative hypothesis.

Comment

Kenneth E. Boulding

What are we about?

As all the papers reveal, the impact of the religious experience of the human race on its political and economic behaviour, institutions, and ideologies is extremely complex, and yet very important in the ongoing evolutionary pattern of human history. I sense an underlying theme which is: Why does the market and indeed the exchange relationship, when it has so many virtues, ethical as well as economic, have such a bad press among the moralists and religious thinkers? This is a problem which has been around for a long time. We see it, for instance, in ethical concerns over payment of interest and the burden of debt—clearly, a market phenomenon. Such concerns are evident both in the

Old Testament, and more particularly in Islam, where the prohibition of interest is very rigid. We find that same concern among Medieval scholastics and the Jesuit casuists. We find also a very ancient worry about the tendency of the distribution of property to concentrate in a few hands, going right back to the Hebrew prophets.

The modern worry, however, does not appear before Karl Marx. Perhaps, then, the real topic is this: Why has Marxism, which clearly has so many defects, both as a religion and as a social science, been such an extraordinarily successful competitor both of the old established world religions and of capitalism, which it could be argued is, like science, a cultural mutation out of Christian-European culture? It can hardly be denied that both capitalism, in the modern sense, and science, originated in the extraordinary triangle with its apexes in Ireland, Poland, and Italy. Perhaps the first social thinker to wrestle with this problem was my old teacher, Joseph Schumpeter, in his book on *Capitalism, Socialism, and Democracy*. In that work, Schumpeter argued for both the virtues and the vulnerability of capitalism. The vulnerability arises because capitalism rests on what I would call an integrative structure of Christian culture which preceded capitalism, and yet which capitalism itself could not generate. Banks may be enormously useful and productive, but very few people love them. Governments are destructive and morally outrageous, yet they command remarkable amounts of human loyalty and affection. If, as I have argued, it is the integrative system, involving such things as loyalty, legitimacy, love, identity, and so on, which really dominates the other two major systems (which I have called the exchange system and threat system), then the future of capitalism, and with it perhaps the future of democracy, looks rather bleak.

The incarnationist foundations of science and capitalism

Geoffrey Brennan, in whose paper I detect a certain spicy odor of Lutheranism, calls attention to two very important points: One is the tension within Christian culture between this world and the next. Adopting a phrase from my biographer, Cynthia Kerman, we could certainly call this a “creative tension,” and it goes right back to the origins of Christianity. The historical record, imperfect as it no doubt is, presents overwhelming evidence at least for the existence of an extraordinary community in the Early Church. There was a group of people transformed by the belief that another world in another dimension

had indeed penetrated this one—a penetration that was evidenced in some very extraordinary events experienced by some very ordinary people—fishermen, tax collectors, tent makers, and so on.

If we look at the New Testament as a kind of oyster shell secreted by the living organism of the Early Church, we can deduce a good deal about that community. The evidence is very strong that this was a body of people united by the belief that someone had risen from the dead, and that a new order of being had broken into the world of ordinary life. We can think of the Resurrection perhaps as a kind of Michelson-Morley experiment, an unplanned experiment perhaps, which revealed to those who experienced it, whether in the flesh or by communication, the overwhelming evidence of a transcendent order. The history of the Christian church is the history of the acceptance of that evidence. Christianity is not a “spiritual” religion. It is not just images in the human mind. It is Saint Thomas reaching out his fingers, touching the flesh. I, and many others indeed, have argued that it was no accident that the scientific subculture came as a mutation out of Christianity, not out of Hinduism or Confucianism, though it might have come out of Islam had it not been for some very bad luck. As my wife once said very profoundly, “The difference between Buddhism and Christianity is that Buddha was a prince and Jesus was a carpenter.” Science could only have come out of a culture founded by a carpenter or a like artisan.

The case for the Christian origins of capitalism is seldom made, but I think it is almost as strong. Capitalism could not come out of a spiritual culture, or even a gentlemanly culture, like Confucianism. It could only come out of a culture for which the material world is not only real and important, but is the way in which the transcendent world is made manifest. Strangely enough, both science and capitalism came out of an incarnationist culture. Perhaps this is not so strange after all. This seems to me the implication of what Geoffrey Brennan is saying in the first part of his paper, and I am in entire agreement with it.

Brennan on voting

In the second part of the paper we reach daily life with quite a bump. His “modified rapture” (I detect a fellow Gilbert and Sullivan fan) about the market is certainly something which I share. It is not only Christian doctrine but good common sense to point out that it proves

nothing to show that something is bad; you always have to show that something else is better. The case for the market is certainly the moral and economic inadequacy of its alternatives. Brennan shows very clearly that voting is a much less attractive occupation for the individual than buying and selling. Exchange, as economists have always said, is a positive-sum game in which both parties benefit. When we buy something we know what we are getting, more or less. When we vote we do not know what we are getting. The impact of a vote is so small that it is a wonder that anybody does it. This is the reason, he argues, that *ethics is more significant in politics than in markets*, simply because morality in politics is cheap. It is easy to advocate voting a certain way when you know that it makes no difference whether you do. Voting, therefore, costs the individual voter nothing morally, whereas when he buys something he may get a lemon. Hence, I think, perhaps a little cynically, he attributes the church's interest in politics to the fact that this is very cheap morality. It is easier to vote for a nasty party than to do a nasty thing.

All this, however, strikes me as being less than a half-truth about politics, although being a frustrated anarchist myself I do have a sneaking sympathy with this view. However, I have never quite been able to make the grade as an anarchist because I can never get rid of the idea that there are public goods and public bads which cannot be dealt with by the market. For this reason, there has to be something like a legitimated threat system; otherwise we run into tragedies of the commons, as Garrett Hardin has pointed out so eloquently. It seems to me, therefore, that Brennan has made a serious mistake in identifying voting with politics, or in regarding voting as an alternative to the market. Even though the individual voter has very little impact on the system through his vote, an individual can have a considerable impact through other forms of political activity, like running for office, being a member of a party, knocking on doors, and all the other things that constitute political activity.

Indeed, the principle that the individual voter does not affect the outcome could equally be applied to the market, where the individual buyer or even seller does not affect the social outcome. If he does, there is something wrong with the market in terms of monopoly or monopsony. The market is a means of coordinating a very large number of individual valuations. Indeed, as Mancur Olson pointed out, it has the great virtue of economizing agreement; and agreement is something that we very much need to economize because it is very

costly. The political structure is certainly much more of a threat system (you do something I want, or I will do something you do not want) than the market, but it also has quite strong elements of exchange in it in terms of log-rolling, political trade-offs. There is also the very important principle that in a two-party democracy, especially, each party has to slide towards the middle in order to be elected. The individual vote is at least as important in this process as is the individual purchase in the market. Nevertheless, it is true that voting has to be what might almost be described as a quasi-religious act – that is, an act of ritual – and, indeed, the atmosphere at the polls is remarkably like that of a church. People come out of the voting booth with the same rather smug expression on their faces that they have coming out of a church, as if they feel themselves to have done their moral duty. (Still, I confess I detect a slightly similar expression on the face of house spouses coming out of a supermarket, of having done their duty to society and to the family by earning money and spending it.)

It is quite true, as Brennan suggests, that voting is a form of speech. But one should not underestimate the power of speech, for speech is a very important instrument of human learning. Human learning is what changes the content of human minds and what changes the “noosphere,” to use Teilhard de Chardin’s concept. Human learning, in this way, changes both the economy and the polity. Being a social ecologist, I am not sure that anything rules the world ecosystem, but if anything does it is probably gossip. We gossip about markets just as we do about politics – that car is no good, that store gives you good service, and so on; likewise, I do not trust this candidate, I think we ought to advocate this policy, and so on. The parallels are very close.

The importance of system pathologies

It is not my task in this comment to discuss all the papers, but perhaps like Brennan I can sin boldly in this regard. I do find the whole symposium very deficient in one very important regard. None of the papers really discusses the potential pathologies of systems of different kinds, yet this seems to me the fundamental problem at the heart of ethics and ideology. Just as salvation in some sense is at the core of the human religious experience, pathology involves both the dynamics of systems and the evaluation of these dynamic movements in terms of some kind of human values. There are two problems here which several of the papers, and particularly that by Roger Shinn, brought out:

One is the problem of the accuracy of our perception of the nature of system change, particularly the impact of our own decisions on this. This is the problem of “facts” or realism. If our images of the future are unrealistic, then no matter how exalted our valuations, we are almost certain to make bad decisions. It is true that all decisions are made about imaginary worlds, for a decision is a choice among different images of the future. But there almost certainly is a real world and some images are closer to it than others.

Even with realistic images of the world, however, we can make bad decisions if there is something wrong with our valuations. This is a trickier problem, but we cannot put it aside. There is a constant evolutionary process at work in society which changes the structure of human valuations, just as it changes the structure of our images of the world. I am enough of an optimist to believe that error is a little less stable than truth, in that error is at an evolutionary disadvantage in human history—error can be found out and truth cannot. In the same sense there is an evolutionary critique of our valuations. This certainly takes place in subcultures, where individuals either conform to the values of subcultures or get out of them, or are thrown out. I have a lively faith, however, that this is also true of the large processes of human history. And that while, like the Jews of the Old Testament, I hesitate to give this process a name, something certainly “moves in a mysterious way its wonders to perform.”

However, back to pathology. One of the great problems of society is that individual human valuations are different. A person who has just won an election no doubt thinks the world has gone from bad to better, while the one who has lost the election thinks it has gone from bad to worse. We do, however, coordinate these different valuations, as I have suggested elsewhere, by three major processes. I describe them as the three P’s: prices, policemen (or politics), and preachments. Coordination does not mean agreement, but there are valuations about which there is very wide agreement. These are what I call “cliffs.” Any system of valuation implies what I have called a “goodness function,” which is really very similar to the economist’s welfare or utility function; goodness being simply what goes up when we evaluate a change as for the better and down when we evaluate a change as for the worse. Economists rather tend to think of the goodness function as having a peak. This is why they worry about optimization.

My own view is that the goodness function is a mesa. This indeed is suggested by the concept of the Paretian optimum, which is defined

as a tableland rather than the top of the mountain. The mesa, however, is surrounded by cliffs. There is a large area over which it does not matter very much what we do; then there are some points at which it matters very much. This is the concept of catastrophe, over which there is fairly wide agreement, although it does present some difficulties. Thus, in medicine, pathology is a movement of a system towards the cliff of death, and it is a great object of the medical profession to reverse that movement. Health, again, is a great plateau. In many different places it really does not matter very much where we are on it. But it is surrounded by cliffs and we move towards these as our temperature fails to be regulated, or if the innumerable homeostatic mechanisms of the body get out of order, and so on. That is, homeostasis is a device to turn us around when we are moving toward the cliff. There is a problem here that, when looked at in terms of ecology and evolution, death is a good. So is aging, the process from which there is no return and which will carry us all over the cliff. Without death, however, there could be no evolution. Evolution is mainly a property of ecosystems, not of organisms. It would certainly console some of those here to reflect that an ecosystem is free private enterprise beyond the dreams of my friend, Milton Friedman. And it is an absurd metaphor of biologists to call the forest a community when it does not even have a mayor. On the other hand, the organism is a planned economy and does have a mayor – in fact, a dictator – in the shape of the genes.

Destruction and evolution

These considerations are of great importance in evaluating social systems. I suspect that it is a universal principle that every system is capable of pathological movements, particularly towards its own destruction. Movements towards destruction might be described as the “ultimate pathology.” I suspect, though I am not sure, that the more complex a system is, the more it contains within itself the potential and the probability for its own destruction. A gold nugget will stay around forever until the temperature of its external environment rises above its melting point, which will happen pretty soon if it is found by a human being. With DNA, however, the fruit of the Tree of Knowledge entered this planet and, according to Mishan, by knowledge came to sin, and, according to Saint Paul, by sin came death. For the gene is a plan. Even the amoeba is a planned economy. And part of

the plan is aging and death, for without aging and death biological evolution could not have taken place. With Adam and Eve—whatever their names were—evolution went into a new gear. The apple of the Tree of Knowledge was a gene that mutated into a plan to form the human brain with its extraordinary capacity for images of the world and for the knowledge of good and evil—that is, for evaluation. It was that mutation that destroyed Eden and there is no way back to it, not even through a “*mishanary!*” We can only go on to Zion or to an Apocalypse in nuclear war and the setting back of evolution, perhaps by a billion years.

In the light of the present situation and the enormous threat which the institution of national defense presents to this whole planet, the ideological debate between communism and capitalism takes on the air of a student bull session. I myself am a considerable believer in the virtues of the market. However, I do think that my friend, Milton Friedman, has a distinctly unrealistic view of the nature of the social and economic system, in that he believes in the existence of a spiritual entity called money instead of a vast ecosystem of financial instruments. I would also probably shift the line between public and private goods to include a rather larger area of public goods than he does. On the other hand, I think Wogaman’s faith in socialism is naive and a complete failure to understand the enormous diseconomies of scale of collective action. The popularity of socialism, especially among Christian church people and intellectuals, can be traced mainly, I think, to a false analogy with the family, and a failure to understand what I have called the “principle of moral perspective”—that is, that the near tend to be dear. An attempt to run a whole society on familistic principles can only result in terror and in the use of threat. The substitute for the market is not love, but fear. So I think socialism is a fraud that cannot generate societies in which individual beings can flourish. Furthermore it seems to me clear that our experience with socialism should shatter all faith in it.

The institutional foundations of the market

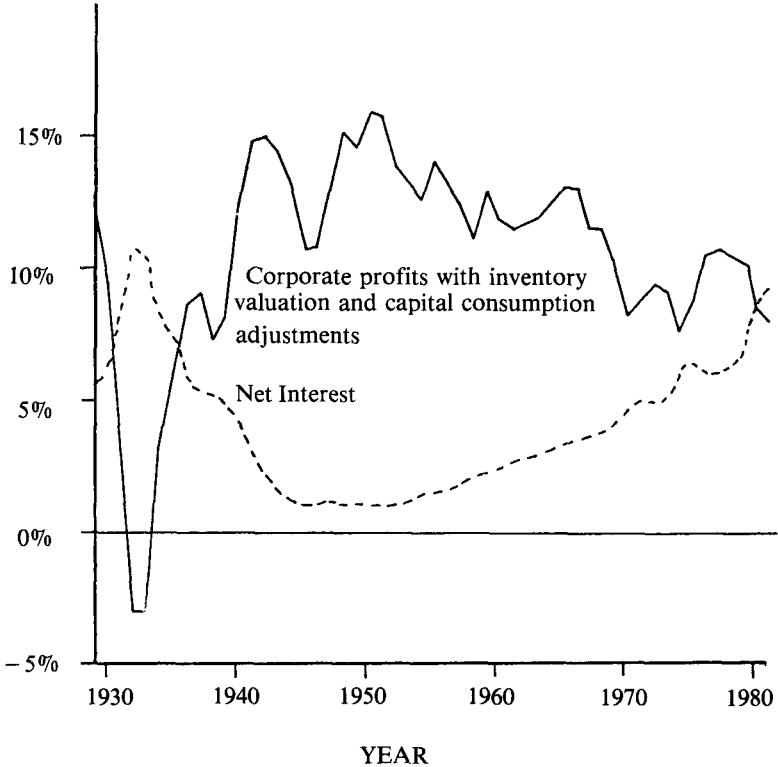
Nevertheless, although I think, yes, Virginia, there is an invisible hand, it has to be created by political and property institutions. The market itself does not create these institutions, but assumes them. Capitalism, also, therefore, is capable of very deep pathologies, as, for instance, in the Great Depression, when it almost went over a cliff.

It could do so again. Exchange *assumes* property rights in the things exchanged; otherwise exchange cannot take place. Property is a creation of politics, not of the market itself. I like very much the quotation from Archbishop William Temple in Roger Shinn's paper: "The art of government in fact is the art of so ordering life that self-interest prompts what justice demands." I have myself described government, indeed, as "social agriculture." Just as the farmer distorts the "natural"—that is, inhuman—ecosystem in favour of human valuations, so government distorts the social ecosystem to diminish the weeds—criminality, folly, and ignorance—and to plant the seeds that lead to the fulfillment of human potential for good.

I believe myself that the Achilles' heel of capitalism is the financial system, which permits interest under some circumstances to exceed profits. This, to my mind, is the primary cause of "unemployment," by which I mean the failure of the private labour market. Anyone in the private labour market who hires somebody sacrifices the interest on the wage paid in the hope of profit on the product of the work. The "social gospel" made a tragic mistake in attacking profit rather than the classic attack on usury. Profit is the reward of the productive use of capital and property, whereas interest is the reward for the abandonment of this productive use and redirection of funds to those who could use them better. As such interest is not wholly illegitimate, but its cost should be as low as possible to be consistent with the operation of the system. This is something that economists as well as social gospels have forgotten. Figure 1, showing the proportion of national income going to profit and interest over the last fifty years, illustrates this dramatically in the Great Depression. Anybody who hired anybody in 1932–33 was either a philanthropist or a fool. The diagram, incidentally, also indicates how close we are to the cliff now, and how totally inadequate our economic policy is.

Another responsibility which the political system cannot escape is that of the definition of property. This is a problem of great complexity and involves many difficult ethical questions about the legitimacy of the threat system on which the defense of property rests. The problem of the realism of our images of the system itself is a very difficult one. All social systems are "ecosystems." This means, as I have said elsewhere, that they are "echo systems," in which any single act echoes and re-echoes all over the system, so that its ultimate results are extremely hard to assess. I have even postulated a "law of political irony"—that everything that we do to help people hurts them and

CORPORATE PROFITS AND NET INTEREST AS A
PERCENTAGE OF NATIONAL INCOME
U.S.A., 1929-1981



SOURCES: *Economic Report of the President, 1969*
Economic Report of the President, 1982

everything that we do to hurt people helps them. While there are some exceptions to this law, there are also some very notable examples of it. It is at least reasonable to suppose, though we cannot be sure of this, that within a given legal framework in a given political order, the distribution of property and of power (of which property is only one form) may move towards some sort of equilibrium distribution. But we have to be careful even here because the statistical distribution hides the life patterns and distributions among different individuals of different generations. For example, we can imagine a society in which

all the young people are poor and all the old people are rich. Since all young people live to be old, lifetime incomes would be quite equal; but the Gini index of inequality at any moment would be simply horrifying.

One does worry about what has been called the “Matthew principle”—to him that hath shall be given—which suggests that beyond a certain point equality is unstable. The critical question is: How do we create a legal framework that produces or moves towards an equilibrium distribution that is tolerable in terms of our perceptions of justice? Justice is an almost impossible concept. Even injustice, which may be more definable, is still highly multidimensional. We must face, for instance, the fact of uncertainty in the system—the ubiquity of lotteries. How is such uncertainty to be evaluated? I guess that there is a strong demand for random inequality which cannot wholly be brushed aside. What “lottery of life” are people willing to accept?

All these questions, however, have quite minor significance as compared with the overwhelming problem which is put to us by the breakdown of national defense and the enormous threat which the institution of national defense presents to us. It is astonishing to me that only one paper, that of Mishan, even mentioned this, and I would hope that we could devote considerable time to it in the actual discussions.

Discussion

Edited by: Kenneth G. Elzinga

Kenneth Boulding: I do think the market has a very high moral value, mainly because it economizes agreement, as my friend Mancur Olson says; and agreement is a very scarce commodity indeed, and nearly always leads to some kind of trouble. I have often quoted the old nursery rhyme about, “She liked coffee and I liked tea, and that was the reason we couldn’t agree.” And yet, if you have a market, you don’t have to agree. In fact I have tea for breakfast, and my wife has coffee, and there is no problem at all. And there is a moral value in this which is overlooked by the critics of the market. On the other hand, as I have been saying, one of my fundamental principles is that everything has its pathologies.

And you always have to worry about this, that certainly the market has its pathologies, like anything else, and it has its instabilities, and we certainly saw this in the Great Depression, which you can hardly blame on Mr. Hoover’s socialist government.

But still, that wasn’t the whole story by any means; any system can get into unfamiliar regions, as we did in the Great Depression. And if you look at Figure 1, you see that in 1932 and 1933, interest was 11 per cent of the national income, and profit was 3 per cent. And in those years, anybody who hired anybody was either a philanthropist or a fool. And the really surprising thing is that unemployment was only 25 per cent. Why wasn’t it 75 per cent? Why didn’t the whole thing collapse? There is a potentiality here of a market system getting into what I call the Three Mile Island syndrome, where you get into regions of the system that are so unfamiliar that you don’t know what to do. You don’t know what buttons to press. In such cases the “invisible hand” slaps you in the face. And I believe in the “invisible hand,” you know, “Yes Virginia, there is an ‘invisible hand.’” But it doesn’t always shake yours with its. Sometimes it hits you, and it can.

The “invisible hand” has to be tamed and trained. That’s the point, really. That is, it depends on the institutions of the society, its capacity for what you might call social cybernetics. If you are heading to a cliff, how do you turn back? That’s the great question. It is quite easy for societies to go over cliffs—as we very nearly did, economically, in the Great Depression.

And you have the same thing in the socialist countries: socialism is no answer to this problem whatever. I think that socialism is a total fraud. It promises things it just cannot achieve. Centrally planned economies are almost certain to fall into tyranny. Nevertheless people survive.

I must say, the most extraordinary religious experience I ever had in my life was going to the Baptist church in Moscow. I have never seen, or experienced anything like the intensity, the joy of these people. And when they go out of the church, a wave of joy goes down the street. I thought Russia was going to be Baptist by the year 2000, after all these dreary communists! (laughter)

After all Marx was a great Victorian, wasn’t he? And all the socialist countries impressed me with their Victorian charm. They are just left behind by the twentieth century, in a way. How long can this last? I don’t know. How long can the Soviet Union last? I don’t know.

But of course you’ve got the ethical skeleton in the closet of the market because the market depends on the existence of property. Property goes back somewhat into the threat system, doesn’t it? I like to tell a story about my good Methodist, blacksmith grandfather who used to tell a story about how a friend of his got into an argument with a local squire, as to why he had all these broad acres while he didn’t have anything. And the squire drew himself up and said, “Well, my ancestors fought for it.” So my grandfather’s friend said, “O.K., I’ll fight you for it now.” (laughter)

But that’s what the Indians are saying, isn’t it? Underlying the system of exchange, with all its value, and validity, and ethical business, is this skeleton in the closet of property which may well have originated in theft.

I produced two limericks about the buffalo and the cow, by the way, which you might as well have.

The buffalo, nobody’s property
Went o’er the plains Clippity, Cloppity

In thunderous herds where now only birds
Fly and rabbits go Hippity Hoppity. (laughter)

The cow, now, is kept on the farm
And flourished and came to no harm,
For its owners to thrive
Had to keep it alive
So property worked like a charm. (laughter and applause)

Well that's it. There is a magic in property. There really is. We even see this in the socialist countries, where if it wasn't for the private plots of land the whole thing would fall apart.

I think, just to get back to the paper, that it underestimates the complexity of politics. Politics isn't just voting. And voting is a religious act. There are no other words to describe it, otherwise you wouldn't do it. I always think when I go to the polls, everybody looks as though they have just come out of church (laughter)—smug look, you know, that they are doing their civic duty. Because everybody knows it isn't going to make any difference who you vote for.

But you do it; and maybe it doesn't make any difference whether you go to church, either, but you do, you know. Then you've not got a total political system, when you look at Ralph Nader and *The Fraser Institute*, and all these things, which have influence. And of course influence is a very large part of the political system. This has its ethical problems, too, for if power corrupts, influence corrupts more absolutely. Because after all, power has responsibility, influence has none. I've been a totally irresponsible person. I never had to pay for any of it. I never had to pay for any of the mistakes that my influence may have created. So this worries me about the virtuous, because the virtuous tend to have influence; and I have a sneaking sympathy with the people who are idiots enough to want power. (laughter)

David Meiselman: Thank you. At the outset, let me say that I agree that my colleague, Geoffrey Brennan, has a point in demonstrating that private voting and political behaviour may not be consistent, or may not appear to be consistent, with private market behaviour, or apparent private interests. For example, we all know of individuals who never make charitable contributions to the poor, but who consistently vote for candidates, political parties, and policies to redistribute income, even when it appears to redistribute income away from themselves. Then there is the phenomenon, recognized even before

Schumpeter, regarding support for anti-market, anti-capitalist measures by those individuals who have benefited from markets, private property and limited government. The apparent paradox is, of course, especially troublesome to many economists who would like to believe that people are rational, or at least consistent; that individuals generally know best, what is in their own interests, and that people act to further their interests.

Brennan tries to resolve the apparent paradox. He seems to believe that there is generally a sizeable difference between actions, as revealed by private market decisions, and voting decisions. As he says, "It is cheaper to behave morally in political than in market contexts."

This is so primarily because opportunity costs differ. In private markets, individuals come closer to bearing the costs and the consequences of their private acts. Whereas in voting, no individual is the decisive voter. Therefore, individuals can vote their consciences, their morals, or their hates, rather than their pocketbooks on their private interests.

Moreover, people may vote for programs, precisely because they don't believe the programs will be enacted. They want to make a statement.

I am reminded of a discussion I had with my father many years ago, when I was curious about what went on in the United States, or at least in his own immediate experience, when the 18th amendment requiring prohibition was passed. And he said at the time, that even he was in favour of it. And he said that people didn't know what they were doing. But more than that, nobody really believed it would ever come into effect.

Now there are several points where I have some questions and reservations about the Brennan analysis. These questions mainly touch on the empirical and positive relevance of his analysis, and the implication of his main analytical point. In a positive or a predictive sense, what can Brennan's hypothesis explain?

Now Geoff seems to believe that individuals believe, as he and our colleague Gordon Tullock seem to believe, that their votes matter so little, or not at all, that they don't vote or take it all that seriously. But it seems to me that voting has to be more than an empty gesture, or the salve for one's conscience.

I know that I, individually, am not the crucial voter. But I do vote. In addition to that, millions of other people vote. And if, in fact, people don't take their vote that seriously, how can we explain why so

many people vote, even granted that no single person's vote matters?

Moreover, we vote more than on a once-for-all basis. If I vote for policies that hurt my interests, is there no learning here? In other words, political voting (majority rule) does not clearly separate what Brennan calls desires from so-called moral acts, except as there is some kind of myopia, ignorance, or schizophrenia at work.

Now, again, I agree with Brennan that political decisions perhaps do change the costs of choice. However, I wish that Geoff had gone further, first to give more rigour and empirical content to this general proposition, and second to compare his hypothesis with some alternative hypothesis, which seeks to explain political choice regarding alternative sets of economic arrangements; or alternate hypotheses regarding the apparent bias of religious institutions, against free markets and against capitalism.

For example, given what seemed to me to be a decline in religious sentiment and in religious authority in the Western world in the past century, if church teachings and activities are important sources of an anti-capitalist ethic, and anti-capitalist voting behaviour, how can we explain why there is not a parallel decline in the anti-capitalist ethic, but precisely the opposite.

In other words, in a superficial reading, I don't see much connection between either the rise or the fall of capitalism in the past several centuries, and the working of the Brennan thesis. Along the same lines, I don't see any clear relationship in any cross-section comparisons of capitalism and the Brennan thesis, either.

Finally, Brennan, and others at this conference, seem to view religious teaching, or the church, as both monolithic in its altruism and beneficence, which is to say, that the church seeks only the good, or the true, for others. Acting as the devil's advocate, I have my doubts about that. Indeed, it seems to me, that one reason for emphasizing political choice is primarily to gain political power—both to use the coercive power of government for a higher good, perhaps also, to gain power for its own sake, to gain wealth, and so forth, just as other institutions and interest groups do. Now yesterday, Geoff raised the question, aptly I think, about the ethics of the use of political power; and I think it would be interesting to apply that to the use of political power by religious institutions, as well.

Geoffrey Brennan: I certainly don't claim (and I try to make this clear in my paper) that the operation of individuals in majoritarian electoral

contexts is all that one would want to say about majority rule. I do think it's something that's important, and I think it's an idea worth thinking through. What astounded me, in Ken Boulding's remarks, was the very free acknowledgement that basically voting is a religious activity.

Now if one accepts the idea that what people do in majoritarian elections is behave in some sense symbolically or representationally or religiously—that this is something like a liturgical activity—then that is indeed something very close to what I want to say. And it is thinking through the implications of this that I am concerned about. I think that's a very important exercise. It seems to me to be a fundamentally important exercise in the current context, because when Professor Boulding, or indeed anybody else, talks about the taming of the invisible hand, then the obvious question to ask is, "Well, who is to do the taming?" What institutional structure do we presuppose in which this taming is possible?

The answer most of us would give is that it's going to be tamed by political processes. But in political processes what happens is that precisely the same individuals who act in market contexts, precisely the same sorts of people with precisely the same sorts of interests and moral sensibilities that act in market contexts, act in political settings as well.

And the question is in what way will what emerges be different? There are a large number of possible answers to be given to that question. But I think it's worth focusing on the difference that the institution makes. I mean, if we lift these individuals out of the market setting and put them into the political process, what will be different in what emerges?

Now, I think Ken Boulding is right when he talks about public goods and public bads. I hold myself back from total anarchy on more or less essentially the same grounds. But I think there is a profound non sequitur here. Just because the market doesn't work perfectly, as with public goods, does not mean that the political process must work better.

There is an analytic issue to be addressed here. What is the nature of the equilibrium that emerges from the political process? Consider the centrality of voting in our understanding of democratic institutions. It does seem to me very difficult to argue that the idea of electoral constraints, in some sense analogous to the constraints that operate through the market, influencing the behaviour of individuals in the

pursuit of their self-interest, isn't fundamental to an understanding of the way in which democratic processes work. And if we were to abolish electoral competition and the majority rule, I don't know what we would call what we had, but I doubt whether we would be inclined to call it "democracy."

So it does seem to me that, in some sense, majoritarian elections are central; and what emerges from majoritarian elections is a very important ingredient in understanding the whole operation of the political process.

And then, having disposed of majoritarian elections, we come to the following proposition – that in a two-party democracy, especially, each party has to slide towards the middle in order to be elected. There is a substantial body of evidence to indicate that that's true only under extraordinarily special circumstances. But in general the principle is false – false in an important way, and a way which I, in a very imprecise manner, try to indicate in my paper.

But suppose the circumstances in a two-party democracy that are necessary to ensure a tendency to move towards the middle, are in fact obtained. Is this centrist sort of outcome in any sense a true representation of the interests of the electorate, even broadly conceived?

Let us suppose that you are in front of a Coke machine. If you push the left button, you get Mountain Dew (as they call it where I come from), and on the right you get Coke. It is reasonable to say that in that context that the thing that weighs in my decision is essentially which of the two I prefer. And, in some sense, when I press the Mountain Dew button, I can say, "Well the action that I've undertaken reveals something about my preferences, about my interests."

Now, I want to contrast that with the following situation, in which I come to the machine, and I can press one or the other button as before, but in the back of the machine is an enormous revolving wheel. And it's only one case in a million, let's say, that the button that I press will determine what emerges in the bottom of the machine. In all other cases, it will simply emerge from the machine itself. The machine has a will of its own.

Now my mother has always told me that I should stick to the left. O.K., if I go to the machine in the ordinary market context, of course I weigh that in my calculus. Mom always told me to sort of stick to the left, so I have a predilection to push this left-hand button, but actually I prefer Coke; and that's a preference that I weigh, and so I exercise my preference for Coke.

But in the case where the machine has a will of its own, the analogue I am arguing of the majoritarian elections, then the sorts of things that Mom says go to make my choice between these two buttons a very incidental choice because what I really care about is what I get at the end, presumptively.

What emerges from the political process is, in a sense, only incidentally related to the preferences of individuals, as those of us who study market processes are inclined to attribute essentially one-to-one relationship between action and purpose, behaviour and mental state. That central connection, it seems to me, is severed, or at least is given a great hack, in the political process.

Now it's that fact, which seems to me to be a very important attribute of majoritarian politics that I am trying to trace through. If we acknowledge that what's at stake here is a sort of representation or liturgical or ceremonial activity, then maybe this does have something to do with the predilection for ecclesiastical institutions, perhaps more than most, to think in terms of political processes to achieve desired outcomes.

There are two aspects of this that are very important for our inquiry. One is the normative exercise of the evaluation of what emerges from majoritarian politics in the light of recognizing this. And the second is whether this has anything to do at all with the church's attitudes toward political solutions. I think both questions are interesting and worth talking about.

Murdith McLean: I think I must be missing something in Geoff Brennan's paper because there is one gap that I cannot quite fill. I take it that one of the things he's trying to do is to give an account of such anti-market views as exist in the church. And I guess we haven't yet established exactly what the extent of those are. But assuming that this is true, he is just attempting to give an externalist (although he contends at some point that it becomes internalist) account of what that anti-market prejudice is.

But of the account that he gives, in terms of the lower cost to people of political action, surely the most that it could explain is why the church, in its attempt to make an impact on social issues, might ignore the marketplace, or might not waste a lot of its time getting people to put their energies into the market. What it wouldn't account for is the extent to which some church people, anyway, actually disapprove of the market. They don't just ignore it; they disapprove of it. So I

wouldn't have thought that what you've given us there, even if it's so, would give us an account of that anti-market view, that disapproval; but perhaps I misunderstood you there.

What I think I want to contest, also, is the truth of the premises of the argument. I think you might have given us an account of the view people ought to take of their voting—its uselessness, its randomness, its miniscule contribution to any outcome. But I really dispute whether that's an accurate picture of what most people do, in fact, think about their voting.

I can think of grandmothers in my family who would be led to the gallows before they would vote other than Conservative, or Social Credit, or whatever it was. And out of all proportions to what, I suppose, any unbiased onlooker could think that his or her vote is going to have to do with an outcome.

Walter Berns: My comment is a political comment. It seems to me that what Geoff Brennan is talking about are the “diseases of majoritarian democracy.” But, of course, the Constitution of the United States most emphatically is not intended to be, and is not, a “majoritarian document.” All those institutional devices that one has in the Constitution are an attempt to oppose obstacles to these “diseases.” Then indeed (and I'll conclude on this note), in the most famous of the Federalist Papers, “Number Ten,” James Madison concludes by saying (with reference to all that he said in that most famous of the Papers), “What we have here, in these various institutional devices, constitutes a ‘Republican remedy for the diseases most incident to Republican government.’” So, you have not sustained your argument (it seems to me) with respect to American politics, because American politics is not, as you describe, “political choice.”

Kenneth Elzinga: I have a concern that there is another flaw in Geoff Brennan's paper. His “public choice” model argues ingeniously, I think, (although it may be empirically inaccurate) that the church has a preference to exercise moral authority through the government. Now if by the “church” he means denominational professionals who work in denominational offices in New York, or Philadelphia, perhaps I would agree with his proposition. But if by the “church” he means (at least speaking within the Protestant church) pastors and clergymen with local congregations, then that just doesn't fit, at least in my judgement.

I don't know how to test this rigorously. But at least in my own experience, having listened to hundreds and hundreds of sermons, I can recall only *one* where a Protestant clergyman has urged or exhorted me to vote in a particular way, or to support a particular governmental program.

Over and over again, I'm exhorted to behave in a certain way with regard to chaste relationships, if I am single, or with regard to unadulterous relationships, if I am married. I am encouraged to, if I drink, to drink in a prudent fashion. I am encouraged to be a good steward over my income, and instructed on how I am to use it voluntarily with regard to tithes and offerings. Only once have I recalled the church speaking to me politically, in the common parlance of that word.

Now, maybe Geoff isn't the person to raise this with, but perhaps people close to denominational headquarters, like Roger Shinn or Jim Wall, could speak as to whether there is this bifurcation between denominational professionals and the clergy.

But I was reminded of what Dick Baepler said earlier when we speak of the church. People, like the professional theologians here, are perhaps only the tip of the iceberg. There is this enormous body of individuals who can lay claim to being called the church, as well, who work in the trenches, so to speak, as priests and pastors. And I am not certain that Geoff's model really tells us very much about their behaviour — at least as I have experienced it.

Walter Block: I wanted to make a different point. But let me just try to answer the last question very vaguely — not from my own knowledge. In the magazine, *This World*, the Summer 1982 issue, there was a survey of quite a few clergymen. And I don't know whether it focused on the people in Philadelphia or in New York but I suspect it did, rather than those on the periphery. The findings however were pretty clear that the ecclesiastical people are quite a bit more liberal, in the American sense of that word, than the American public.

Kenneth Elzinga: They may be more liberal; but is that reflected in the sermons that are given on Sunday morning?

Walter Block: I don't know. But the point I wanted to address myself to was one that Ken Boulding raises. He says, "None of the papers really discuss the potential pathologies of systems of different kinds, yet this seems to me the fundamental problem at the heart of ethics

and ideology.” I wish that we had more time to tease out the implications of that. But I would like to take it upon myself to take one implication of this possible pathology. And that is where he says,

Ideally, indeed the principle that the individual voter does not affect the outcome, could equally be applied to the market—where the individual buyer or even the seller does not affect the social outcome. If he does, there is something wrong with the market in terms of monopoly or monopsony.

I would not like to concede that something is an imperfection just because in reality it does not measure up to the perfectly competitive model. I think it’s a methodological mistake to put the argument in these terms. I see monopoly and monopsony in a very different way. I think we must make the crucial distinction: is the monopoly a product of government grants of privilege on the one hand (like the Post Office); or is it based on the fact that when you have a competitive scheme, or a competitive system, sometimes some people win the competition?

This latter kind of monopoly is not only not harmful, but it is positively beneficent. IBM or Alcoa Aluminum are cases in point. To my mind they are examples of success—of satisfaction of consumer desires—even though, according to the perfectly competitive model, there are certain dead weight losses. I think the analysis put forth by Israel Kirzner regarding competition and entrepreneurship, and the analysis of Schumpeter (to go to the source of this), or Von Mises would show that if we look at it in a static sense, then perhaps there is some sense to it. But the market is not a static place. It’s a continuing, unfolding, changing kind of operation. So these would be my remarks about one possible pathology as it was seen by Ken Boulding.

Aaron Levine: It is well known that a basic reason for government intervention in the marketplace is the elimination of the free-rider motive. For the benefit of non-economists, let me give a very brief example of this: the famous example of the lighthouse. It was used by Henry Sidgwick to show how the free market breaks down and produces a paradox. Ship owners see the value of the lighthouse in terms of reduction of cargo loss. Yet no ship owner would want to contribute towards the construction of the lighthouse, knowing full well that the idea is such a fabulous one that someone else will want to do it. Once the lighthouse is constructed and the light is shining brightly, everyone in the vicinity will benefit from it, gratis.

So there is a paradox. Here is an economic good. The presumption is that people would want to spend money for it. Yet it will not be constructed, because people will be exercising a free-rider motive.

There was a very famous article in the *American Economic Review* in 1967 written by Hochman and Rodgers that provoked responses for about six years. I think that Professor Mishan wrote one of the responses to that article. Its thesis was that economists ought to look upon philanthropy as something that might fit the free-rider motive. We can presume that people would like to eliminate misery and poverty in the world. But they feel that this is a social evil that can be eliminated through other people's actions, so they don't have to really do anything about it themselves. And, in fact, they feel a distance, in terms of elimination of this problem; they do not feel it personally. Therefore, they would experience just as much satisfaction if its elimination came through other people's efforts, as opposed to their own.

This is certainly possible in a very impersonal society. People do look upon social problems in that manner. If you leave the elimination of these problems—such as poverty, and the associated problems—to a system of voluntarism, let's say through a market system, then possibly there would be a very substantial under-allocation of resources.

The political process may be a more potent mechanism to bring about virtuous behavior than the market system.

I think, in this particular area, that the political process would be a much more potent mechanism. In the political system, people feel that somehow the cost is being spread out to others. It's being shared by others; and the cost to oneself is minimal.

Milton Friedman: Unfortunately, Aaron Levine chose a very unfelicitous example with the lighthouse because it turns out that Ronald Coase has investigated, very carefully, actual experience with lighthouses. And it turns out that lighthouses were provided by private organizations, without any governmental intervention, entirely through free market arrangements. It's like the fable of bees that Steve Cheung demonstrated to be wrong. The fable that somehow lighthouses are an example of governmental externalities to correct a market failure turns out to be wrong.

Now in response to what Walter Block was saying, I believe there are two very separate issues. We want to define "monopoly," "competition," and so on, for different purposes. And for the purpose of market failure, I agree with him, the crucial question is one of free entry—and not one of power to control the price, or anything else.

From other points of view of examining what the consequences will be in different markets and of different measures, I believe that the concepts of competition, and monopoly, and monopsony have to be interpreted differently. They have different effects.

But, I want to go one step farther. There is a reason, based on political, and not economic grounds, for being concerned not about monopoly, but about large aggregations of wealth. And that is the fact that they represent a way of buying a congressman, or buying political power. And the only reason why I, as an economist and citizen, would be concerned with the problem of whether the system is leading to an undue concentration of economic wealth is because experience suggests that under those circumstances, the wealth is likely to be used to purchase political power – which political power will then be used in a coercive fashion.

Walter Block: I couldn't agree with you more that that is the danger, practically the only danger really, to the free market system – namely, businessmen buying it out, and controlling it. I think that's a crucial point. The question, though, is how best to deal with aggregations of economic power. And I think the best way to deal with this is to do nothing about it. Any attempt to do anything with it, I think, will be worse than leaving it alone. For the only way that you can deal with it is through the political system. And to deal with it through the political system, is to allow that which we don't want – namely, business control over the political system in the first place. But I don't think that we need be pushed into the position of saying, "Well, since there are only three or four entrants into the market, or even one, that somehow there is something suspicious or wrong about it."

Ezra Mishan: Aaron Levine had chosen the case of what is sometimes called "the public good." I think that's misleading, because it compounds the issue, and a good deal of debate among economists has arisen because of using the terminology of "public good." Whereas, the concept of "a collective good" might be better, because that would be a functional definition suggesting that it's a good which simultaneously confers benefits upon a large number of people.

Now the question of a lighthouse is interesting, in that the number of beneficiaries is limited; and therefore the internalization which Milton Friedman suggested becomes feasible. Here the costs of the arrangements are probably small. But I think Milton might agree that as

the numbers become larger, it becomes less likely or less feasible that a private company would do it; and in the limiting case, possibly only government action could undertake it.

And that leads me to the initial example used in this paper by Geoff Brennan of giving charity. Here it's not only the free-rider case. Here is a person who wants really to do good. But if he is sensible, he might think, "Well, if I just do good alone, it's not very much." Really to do good effectively, we should have all of the community contribute. And therefore, he says, by casting his vote in this way, that he will do good *on the condition* that all other people have to do good in the same way. So the argument is slightly different, I think; but possibly quite telling.

Walter Berns: Many times during the course of our conversations we have used the word "compassion"; and it occurs usually in the following context. The religious oriented person is "compassionate," and he makes the charge against the "market" for its lack of "compassion." I would merely like to remind everybody here, and I am sure everybody would agree with me, that compassion, like love, like hate, like anger can be blind. One can love the wrong things; hate the wrong things; be angry at the wrong things; and exercise compassion on objects that don't deserve it.

David Friedman: I had two comments. The first was a response to some of Ken Boulding's remarks; and, I am afraid, it took awhile, but that's because I wanted to follow his form.

An economist known as Ken
Fears that we imperfect men
Will fall into a land
That we can't understand
Again, and again, and again.

But it seems there's a way we can hedge
Since Boulding is willing to pledge
That if *he* can command
The Invisible Hand
It will push us all back from the edge. (laughter and applause)

My second comment was on the public good problem. While I agree with both Ken Boulding and with Ed Mishan that there are such things

as public or collective goods and that they do provide problems, I also believe that there may be situations in which there are no satisfactory solutions and one has to take the least unsatisfactory one.

And there are two points, which I think are usually missed in discussions with the public good problem: the first is that it's not an all-or-nothing kind of problem. That is, the fact that something is a public good means you can expect it to be underproduced, but not necessarily not to be produced at all. And in the particular case of charity that was discussed a moment ago, there are various clever private ways of helping to get around that, of which the one that I happen to be familiar with (and everybody who reads *New Yorker* ads is familiar with) is the idea of connecting a particular donor to a particular recipient, of saying, "There is a starving child in Lebanon. You can be this child's sponsor." And once that situation is set up, if you don't feed her, she goes hungry. And so there is not the question of, "If I don't, somebody else will." Someone else is responsible for a different starving child. So that in general, I think you ought to expect that people trying to solve public good problems will provide imperfect but existing solutions. And that therefore what you have is an imperfection, not necessarily a catastrophic one.

The other mistake people make, continually, is forgetting that the public good problem is also the reason why governments cannot work. That is to say that producing good laws, or producing good government, involves me as an individual producing something, whose benefits are shared with two hundred million other people. I have enormous underincentives to do that, so to speak, since I get a small part of the benefit. Consequently, governments work catastrophically badly. Therefore, we cannot confidently expect that this badly run government, providing a public good, will do any better than the imperfect market providing the public good. So that is essentially why I am an anarchist in spite of believing there is a public good problem; because I think it may well be that living with underproduction of some public goods is a less bad solution than creating a government to produce them, and having that poorly controlled government do a lot of undesirable things.

Philip Wogaman: I'm sure this opens up a whole new "can of worms" or "throws gasoline on fire" or something of the sort, but I am still going to voice it in relation to this topic. It makes a good deal of difference how one sees fundamental human nature. Much of our dis-

cussion has been predicated on fairly individualistic assumptions. I am reminded of Aristotle's understanding that man is, by nature, a social or a political animal. But I think even that is susceptible to distortion if one thinks of society as being monolithic. And I find myself as an ethicist grappling with the polar character of human nature—both individual and social. Which leads me to the observation that in some of our decision-making, it's a question of "How do we enhance the sense of 'we'ness about society?" That is, society as a whole is 'we,' and we can act as a whole in some particulars. In others, probably to enhance the individual side, it's very important to have zones of individual freedom and action. And consequently, I am always looking for those difficult ways of balancing, rather than, what may be the simple matter of constructing a model based entirely on individualism, entirely on a market; or on the other hand, entirely on a collective model.

Geoffrey Brennan: It seems to me, we are still left with the question, "Why do people actually go to the polls?" I think that I have to take some of the blame for some of the misconceptions about this, because I think to use the word "moral" and perhaps the way in which I have set up the problem, is a misconstruction. To describe the behaviour in question as liturgical or religious, in Ken Boulding's terms, is probably more apt.

People often talk as if the world were divided into two mutually exclusive domains—a political mechanism, in which people search for goodness and truth; and a market, in which they all indulge self-interest. But the political mechanism is an institution in which individuals pursue self-interest. It's a machine for the pursuit of self-interest. And the question at issue is: Why do we believe that that machine for self-interest will, as if by an invisible hand, generate public goods, for example, justice?

In my paper, I wanted to be able to explain why that might be a legitimate view—that there might be something about the way in which political processes work that somehow means that the political process isn't so much a machine for self-interest; that in some important fashion, the way in which people act in markets, and the way in which people act in political mechanisms, is different.

That's what I was concerned about; and I feel it's been difficult to stake out that middle ground for three reasons:

1. because the economists have been reluctant to accept it;

2. because non-economists have been reluctant to accept it; and
3. because people didn't want to talk about that particular issue of the paper.

Now that may be my fault, and I may have misjudged what was appropriate.

Chapter 6

Religion, Culture, and Technology

Ezra J. Mishan

Summary

Some religions, like the Anglican Church, are light on faith. Others, like the Church of Rome, are more doctrinaire. All traditional religions, however, are losing ground. The growth of religious pluralism in the post-war period, especially in North America, does not represent any resurgence of faith. It is indicative rather of division and despair.

There may well be among orthodox churchmen a bias against the operation of unchecked markets and an adherence to an “adversary culture” that is antagonistic to our “bourgeois” civilization. But it is doubtful whether there is a political trend in the churches toward socialism conceived as collectivist economic planning under direction of the state.

Bourgeois capitalism is not, in any case, repressive of church doctrine or activity — as, for instance, is the socialism of the Eastern bloc. The arch enemy of traditional ecumenical religion is the scientific establishment. Nor, again, is bourgeois capitalism directly responsible for the disillusion expressed by intellectuals and many of the young. The abrasive and despicable features of modern life may be attributed rather to the sort of technological progress made since the turn of the century or earlier, though more particularly since the second world war.

The ordinary individual today finds himself in a dilemma. He has faith in the manifest powers of science to which he owes his present standard of living with all its material comforts. But it is dawning on him that faith in science and faith in religion are mutually incompatible. It is also dawning on him that without faith in the divine, his life is without purpose or dignity.

I. PROLOGUE

The current state of religious faith in the West

Although there exists today a greater variety of religious denominations than ever before, the view that there has been a continuous decline of religious faith in the West, at least since the Enlightenment of the second half of the eighteenth century, is common enough. The post-war proliferation especially in North America, of new movements, denominations, orders, factions, and cults, both domestic and imported, is best interpreted as a manifestation of religious faith in the throes of disintegration.

True, some religious organizations have never been strong on faith. While it continued to be a pillar of the Establishment from the Restoration of 1660 onward, the Church of England grew in the regard of the public more as a peculiarly British institution than as a branch of ecumenical Christendom—rather like the game of cricket, in which any show of passion would be deemed unseemly.

A cynic might well say that to ask a Church of England cleric what his beliefs are would be considered bad form. A sporting interest in the contents of the Bible might reasonably be expected of a vicar. But one could hardly aspire to the mitre without having also established a reputation as a liberal agnostic.

If Trollope's novels are any guide, this doctrinal urbanity is not a recent development. The younger sons of country squires would customarily have to make a choice between entering the legal profession, embarking on a military career, or taking holy orders, weighing up the net social advantage with the help of friends and relations.¹ With the possible exception, in the *Barsetshire* novels, of the curate Mr. Crawley, all of Trollope's prelates, from the most humble prebendary to the Bishop—agreeable men for the most part, though often eccentric—were invariably quite busy with the things of this world and conscious always of the importance of a good domestic and social life in spreading the influence of the Anglican Church.

The modern Church of England

Today, the Church of England clergy has progressed only in enjoying life less and in involving itself more with man's welfare here on earth than with his immortal soul. The institution has, indeed, begun to look very much like an extension of the social services of the modern state. Many a local church, like the local YMCA, offers amenities to the young, and practical advice to unwed mothers and Borstal boys. Your average Church divine prides himself on being a practical man. He is not likely to be caught offguard thumbing his Bible. More often than not, his breezy affability conveys the impression that he has a far livelier interest in the affairs of this world than of the next and, moreover, that there is very little about this wicked modern world that he is not comfortably familiar with. Church-of-England sermons, over BBC radio, begin to sound each year more like editorials from *Modern Living* magazine – although, in deference to tradition, served up with a light sacramental garnishing.

Lest I be accused of exaggerating the cultivated worldliness of the servants of the Anglican Church, let me remind you that Bishop Robinson's "Honest to God" monograph gently chided those gullible churchgoers who, as he puts it, pictured God as "an old man in the sky" or – not to put too fine a point on it – as a personal God rather than as a pantheistic force. His worldliness was further manifested in a *Sunday Times* article (1969) in which he welcomed the permissive society and the pleasures it afforded of gazing at nude bodies – while covering his flanks from attack by men of smaller vision by contriving a distinction between erotica (good) and pornography (bad).² With examples such as this to draw upon, it is not surprising that churchmen, increasingly concerned to "do good" here on earth – and at a time when economic and political judgements are increasingly difficult to make – are losing influence and respect.

The nadir was reached (or was it?) when the World Council of Churches found itself making financial contributions to South African terrorists – invariably represented by that newspeak term "liberation fighter." In newspaper articles and letters (in the British press) its spokesmen sought to vindicate such action by *realpolitik* considerations, among which was included the argument that the ends (liberation from the yoke of white rule) justifies the means (the use of bullets and bombs to maim and murder innocent people).

If we exclude a dwindling minority of true believers to be found more often among the older generation, members of the Anglican Church are unlikely to find in their religion any impediment to their worldly ambitions. Indeed, it can well serve to extend them. On both sides of the Atlantic, although more so in North America, the considerations that enter into the choice of a particular church or chapel bears comparison with those that enter into the choice of a social club. And it may be more important to a business or professional man to belong to a Masonic lodge or to a Rotary club than to a church.

By far the greater proportion of the Roman Catholic Church is no less worldly, although it is a good deal more superstitious. Generally, Catholics are dimly but uneasily aware that the Holy See is fighting a rearguard action for survival against the sweep of world fashion (the ordination of women priests), against global imperatives (reducing the growth of world population) and, more particularly, against the more recent findings of secular disciplines and the immense and increasing prestige of science. In the meantime, the mass of Catholics prefer to confess their sins than to curb them, to hedge their bets by offering incense to a variety of saints, acting as if an all-knowing God is yet too foolish or too busy to remark their blatant hypocrisies.

The religious “resurgence”?

Turning now to the so-called resurgence of religion, or rather religions, in the post-war period, more counterfeit than current is to be found in it. Much that looks at first glance like reversion to an older tradition, such as the “moral majority” movement in the U.S., is best understood as, in large part, a recoil from the excesses of post-war “permissiveness,” which permissiveness itself is both a response to historically unprecedented mass affluence and a reaction to the psychic stress of modern living. Much like the earlier movement for Prohibition in America, which gathered its strength from Puritan elements and the more conservative small towns, it cannot prevail against the psychological drive and institutional innovations impelled by modern economic growth.

New fundamentalist movements, like the older Jehovah’s Witnesses, appeal to those who want “to come out of the cold,” to struggle out of the spiritual void that is the legacy of the Scientific Enlightenment. Fundamentalism in varying degrees is characteristic also of an assortment of evangelical movements of mixed provenance. Watching

the faces of soul-starved audiences transfixed by the pugnacious rhetoric of Bible-thumping ranters of the Billy Swagger variety—reminiscent of Sinclair Lewis' Elmer Gantry—one is momentarily reminded of the faces of concentration-camp inmates at the sight of food they despaired of ever tasting.

In all age-groups we shall find those who seek wistfully for signs and for wonders, turning in their anxiety to astrology, to pagan rites, or to Oriental gurus. Others there are—denizens of Jacque Ellul's *Technological Society*—who conceive of religion as offering techniques for achieving tranquility (TM) or for releasing “potential.” Scientology, blending ancient myth with modern superstition, offers its initiates a *scientific* religion putatively designed to enable them to cope successfully with the body and pressure of the times. Yet others, taking their cue from the more wanton features of post-war permissiveness, seek to found Dionysian cults, or to transform aspects of Christianity into pop or freak religions, or jazzy ones, like the “swinging Jesus” movement, or else to seek thrills and perhaps secret power in pursuit of the occult, in witchcraft or in Satan-worship.

From Christendom to religious “pluralism”

One might want to continue sorting out, identifying, and interpreting, the variety of shrill noise emanating from this post-war Babel of “irrationalist” recidivism. But such a fascinating exercise is best reserved for another occasion. Instead, as historians, let us mark the stages in the spiritual journal made from the ecumenical Christendom of the Middle Ages, through Reformation and Counter-Reformation in the Western world, down to what we might euphemistically call the religious “pluralism” of the last quarter of the twentieth century. Is it possible so to deceive oneself as to associate this phenomenon with a revival or resurgence of religious faith—approving of it with cynical detachment as offering to the individual “an increase in the area of choice,” to use the economist's jargon? Does it really amount to more than a medley of frantic cries lost in a spiritual tundra? Certainly very little of this post-war religious renaissance has struck root and taken blossom in the Western world in the form of a resurgence of rectitude and virtuous conduct, the essential products of a serene faith and trust in the Divine.

Far removed we are today from the religious climate of the early Middle Ages. Over all the hardships, cruelties, and other deficiencies

of that time, a sacramental religion suffused life, lending to even the ordinary events of the week, the season, the year, a dignity and transcendent purpose. In an age such as ours, abounding with technical vitality, all the events in an ordinary person's life shrink into insignificance. Religious organizations have need, themselves, to employ *technical innovations* in order to be heard above the ignoble clamour, and even the more respectable denominations of Christian and Jewish religions are not above borrowing the *resources of science and salesmanship* in bids to attract a wider membership; not above veering with the winds of political fashion—twisting doctrine a little in response to feminist and other liberation movements; not above re-vamping ritual, litany, scriptural interpretation, as better to accommodate the tastes and style of the modern disoriented mind.

In sum, if a sceptical interpretation of the recent course of religious activity in the West is accepted, it will be seen as evidence not of a growth in religious faith but of a decline—an anguish of religion in its death throes. Explanations of this impending collapse are not hard to come by. My own explanation, possibly very imperfect and (if plausible) possibly not altogether novel, follows.

II. INTRODUCTION

The modern anomie

De Grazia's *Political Community* argues cogently that in any society ordinary men have a deep-seated need for leadership and authority. It is painful for them to live without firm beliefs—beliefs not only in their origins or their destiny or in their institutions, but beliefs also in persons, in heroes, in myths, in gods. And, I may add, the pain of unbelief can be aggravated by other factors inseparable from a high technology civilization; in particular by a welter of innovations that have incidentally produced a style of living that is responsible for the anomie peculiar to the modern age. The elements comprising this anomie include mutual estrangement in urban areas, family disintegration, growing apprehension of the hazards of new technologies, a sense of loss of control—attributes I shall touch upon later.

But whether this anomie or despair—that which technocrats scorn as “loss of nerve”—has in fact been active in moving the Church, or some churches, towards socialism (as vaguely comprehended) is an auxiliary question, one of secondary importance and, in any case, one that cannot be answered with any great confidence.

Unless one has some particular church or faction of a church in mind, the belief that there is a movement of ecclesiastic opinion favouring socialism, at least when understood as collectivist economic planning, is far from evident. Fundamentalist religions certainly have no truck with that kind of socialism. It is circumspect to place the word “socialism” in quotation marks since like so many ideological terms—liberty, equality, fascism, democracy, anarchy, imperialism—it is encumbered by a weight of emotive associations and means very different things to different people.

What does “socialism” entail?

At one end of the spectrum we may identify the term with what Lionel Trilling called the “adversary culture” of a bourgeois society, a phenomenon recently illustrated and deplored by Irving Kristol (*Encounter*, 1980). If all that is meant by “socialism” is this sort of antagonism to, and distrust of, “the system,” and of the mass culture and commercial ethos it produces, it has been all too common a reaction since the Second World War, and indeed is familiar to the social historian as a reaction to contemporary life that can be traced back to the beginning of the nineteenth century. If Christian churches, and Christians themselves, are believed to be moving toward “socialism” in this sense, then it is an unremarkable tendency, one shared in some degree by the greater part of modern societies, although more especially by the “educated classes” to be found in academia, in the professions, and in many departments of government.

If at the other extreme, however, we use the term in its more precise economic meaning, as a form of social organization in which the “instruments of production” are collectively owned, and are directed by the state to fulfil a succession of economic plans then, as indicated above, the proposition that the Church, or the churches of the Western world, have been moving toward “socialism” is doubtful.

I might add, as a gratuitous footnote, however, that even if it were a true proposition it could easily be explained. After all, those who are repelled by the unrepressed manifestations of corruption and social injustice in the “bourgeois” or “capitalist” society in which they are immersed are sorely tempted to repose their hopes for social justice, for personal dignity, for human fulfilment, in that as-yet unrealized ideal socialist dispensation that will spring up joyously, after the successful revolution, from the ashes of the old order. Yet it is a temptation that cannot easily withstand sustained reflection. For even a casual romp

through the pages of modern history would be enough to convince an open-minded thinker that the wanton enthusiasm that sweeps a revolution to its crest is soon transformed into alarm and dismay as “enemies of the people” are discovered by the legion, as the blood-letting begins, as the struggle for power culminates in an unprecedented tyranny — and as veteran idealists in the West bewail once more “a revolution betrayed.” At any rate, having left behind me the reckless revolutionary fervour of my early youth, and advanced toward the outskirts of maturity, I am content to endorse the epitomized judgement of Dr. Johnson that “the remedies for the ills of society are palliative, not radical.”

In the circumstances, I shall not dwell upon the evidence of the existing antagonism to “bourgeois culture” in the West, or upon the disillusion with so many aspects of our post-industrial civilization. These widespread attitudes have been chronicled by many historians and sociologists. Instead, I shall argue that such a development is all but inevitable in a technically dynamic society; I shall further argue that such antagonism and disillusion are themselves linked to the decline in religious faith; and that the religious decline is itself an unavoidable consequence of the secularization of thought and feeling in a civilization shaped and controlled by the expanding powers of a Scientific Establishment for which, seemingly, no achievement is impossible.

To endure, a civilization requires a certain moral consensus. For a person like myself who believes that any such moral consensus has to be grounded upon religious foundations — upon an acceptance of the great myths from which humanity in all ages has drawn its spiritual sustenance — the prospect before us is not only surpassingly sad, it is also surpassingly grim. For it follows, as I indicate later, that the chance of our Western-type civilization holding together much longer in the absence of a wide extension in the coercive powers of the state is negligible.

III. CAPITALISM AND FREEDOM

Why the malaise?

To represent the adversary culture today (as does Irving Kristol) as a form of ideological rejection by the intellectual and middle classes of the values of a “bourgeois” society is to underrate the strength and sweep of the current of discontent that courses through our society.

Intellectuals or would-be intellectuals are, of course, more vociferous than others, more articulate in their protest, and more habituated to attributing causes and, occasionally, to proposing solutions. But the dissatisfaction with the over-all dimensions – the style, pace, pressure, artifice – of modern living takes many forms and, in different ways and different degrees, affects the greater part of all Western communities. I begin, therefore, by putting the rhetorical question: why, despite the exultant claims of technocrats, despite the excitement of political events, despite the pervasive sales euphoria and the unprecedented popularity among the masses of the get-away package tour, is there so persistent a sense of malaise? Is it just possible that people have begun to detect beneath the shiny synthetic skin of our affluent civilization something that feels like a malign growth?

Allowing this impression to be true, the explanations I offer for it have little direct connection with capitalism or, more generally, with the institution of private property, private enterprise, and the operation of free markets. It seems proper, therefore, before attempting to explain the prevailing discontent and the adversary culture it produces, to prepare the way by indicating briefly the position I take in the eternal debate about the relative economic and political merits of market (or “mixed”) economies on the one hand, and of socialist (or collectivist) economies on the other.

Socialism vs. market order: A preparatory clarification

I confess at the start that I have a strong predilection for the former. I am persuaded of both the historical and logical connections between capitalism and freedom, both political and personal – a theme propounded over the years by writers in a variety of disciplines, and more recently argued with lucidity and conviction in the more popular works of two distinguished Nobel prize-winning economists, Friedrich Hayek and Milton Friedman. I am in no doubt that the extending power of the state, even in the most democratic country, diminishes choice and weakens the power of the individual *vis à vis* the bureaucracy, enmeshes him further in detailed legislation that, incidentally, endangers the rule of law. The growth of the state’s “citizen-protecting” functions, especially its mass welfare services, entails tax rates that encourage tax evasion and so, also, contempt for the law, at the same time as it acts to undermine the independence and character of individuals, many of whom become adept at “milking” the welfare services as a way of life. To boot, the modern state undertakes enter-

prises that can be more efficiently performed by private industry. It introduces a welter of regulations that almost invariably strengthen the monopoly practices of the industries putatively being regulated. Worse, in the attempt to gain electoral support, big government has become economically so powerful, that today members of new ethnic groups, as well as highly organized industries, repose their hopes for material advance more on the prospect of government economic aid or privileges than on individual effort and enterprise.

Indeed, governments beyond a certain size and economic power will convert libertarian democracy into populist democracy. They offer prizes to everybody, the executive power appeals in the main directly to the electorate, making ample use of the media, keeps its eye on public opinion polls, and surrenders to the temptation to bend principle in order to maintain popularity. It talks perpetually of “the national interest” while appraising almost every measure in the light of its effect on the next election.

No one more than I would welcome a contraction of government to a fraction of its current size. Yet I am certain that, however cogent are the reasons for constricting and contracting modern governments, they will expand in size and power over the foreseeable future—for which belief I give reasons below.

Why the adversary culture?

Returning to the need to explain the popularity of the adversary culture mentioned above, I shall first consider some of the features of the operation of existing economic systems, both market (or “mixed” capitalist) and collectivist, that may be thought vulnerable to criticism, and attempt also to assess their importance. I shall then move on to those factors, associated with technological progress, which I hold to be crucial to any understanding of the spirit or, rather, the dispirit-ness of the times.

In ascending order of importance—and perhaps also in descending order of detachment—the subjects I discuss will be grouped under four headings:

1. Some inadequacies of economic systems with respect to consumer or producer bias, stability, choice, and risk.
2. The failure of economic systems to cope with spillovers, with some emphasis on post-war hazards resulting from the pace of innovation.

3. Broader connections between technological progress and the quality of life—consideration of which takes us to
4. The economic rationale, the nature, and the consequences of the “new permissiveness.”

I end the essay with reflections on the basic incompatibility of science and religion, and on the incidental inhumanity of science.

IV. INADEQUACIES OF EXISTING ECONOMIC SYSTEMS

A preliminary—some familiar “inadequacies”

Unemployment and inflation are topics that are too controversial to be broached in this essay. They are less disturbing and not nearly so unnerving as are the other phenomena we shall discuss in the last two sections. During the interwar period, unemployment was undoubtedly one of the considerations, if not the chief consideration, that disposed people in the West to favour the idea of socialism and economic planning. Since the war, however, increasing disenchantment with Soviet-type utopias, and widespread scepticism about their economic and social claims, have reconciled populations in the West to being more tolerant of their own economic ills. Moreover, the experience in the West of near-full employment for about thirty years after the Second World War has left the impression that unemployment is not, as Marxists would have it, an inevitable feature of a capitalist system. It is regarded, rather, as a “recession” through which we are passing in a bid to reduce inflation rates to more tolerable levels. There is concern, but not despair.

Again, I shall say very little here about fears of an impending shortage of natural resources; no more than to voice my opinion that the reasons some economists give for their optimism are ill-founded: the classic (*Hotelling*) optimal depletion path is vulnerable (the discount rate in an intergeneration context does not, in any case, meet the conventional economic criterion). A quite unwarranted confidence is placed on the price trends of raw materials over the last fifty or a hundred years, and, in general, there are too many “ifs” and “buts” lurking behind the facade of confidence.

As for the current concern at the continuing global destruction of vast ecological reservoirs and of areas of natural beauty, or at the rapid extinction over the past thirty years of species of flora or fauna, it is one that I share. And I can conceive no system of enforceable

property rights that would effectively reverse these world trends. I am resigned to the near-certainty that my great grandchildren will come to inherit a world of dwindling wild life and few accessible retreats of un-sullied natural beauty. Theirs will be a more desolate, uniform, and monotonous planet. For this dismal consummation I do not blame the market, but the growth of technology and population that, as argued by Richard Wilkinson in his *Poverty and Progress* (1974), are mutually reinforcing.

Environmental problems are as bad or worse in existing Soviet economies. More benign forms of socialism are, of course, readily conceivable (as are more benign forms of capitalism). But they are not emerging. Environmental concern is certainly not high on the list of priorities for the kind of socialist state as envisaged, say, by the British Labour party's Tony Benn.

Consumer vs. producer orientation in the market

Turning to the consumer bias of the market, I have no criticism of those instances in which workers are attracted to moving into new areas or industries by the prospect of material gain or net advantage. The more troublesome case, however, is that in which, following a shift of consumer expenditure, capital and labour are subject to the "discipline of the market." In this connection one thinks in particular of workers who are laid off by declining industries and who, in addition to enduring anxiety and perhaps some hardship until re-employed, are impelled to incur search costs and later on possibly moving costs, retraining costs, and also those "psychic costs" associated with leaving a familiar neighbourhood and settling the family in a new one.

It is not easy to devise quantitative criterion that would compare an increase in consumer satisfaction from maintaining freedom of choice over market goods with the consequent increase in hardship suffered by workers. Even if it could be demonstrated that in almost all important cases the losses suffered by members of the community in their capacity as workers or resource-owners exceeded the gains conferred on members of that community in their capacity as consumers, economists could always fall back on the long-term advantages of having a more flexible and dynamic economy. Without drawing any firm conclusions, however, it is reasonable to conjecture that, as the vicissitudes of consumer demand grow in the affluent economy, the entailed trade-off of consumer satisfaction for worker dissatisfaction, resulting from the unchecked operation of competitive markets, be-

comes less beneficial: in high consumption societies, increments to existing consumer choice become less valuable whereas “increments” of worker readjustment become more irksome.

Technical advance and individual uncertainty

Expectations of increasing versatility of consumer demand arise chiefly from technical advance. In the first place, the mass affluence in Western countries produced by technical progress leaves a greater margin for “impulse buying” in contrast to those countries where the bulk of consumption expenditure is restricted to staple items (even the demand for luxury items by the wealthy in such countries is relatively stable). This “fickleness” of consumer demand, especially within broad categories of goods, is aggravated by competitive advertising and by international competition. Looked at *ex post*, then, the value to society of consumer freedom under prevailing conditions in the West is easy to overestimate.

In the second place, and associated with the decline in freight costs over the last hundred years or so, the greater part of the goods currently being traded between industrial countries are close substitutes for one another, thereby conferring only limited benefit—as compared, say, with the benefits from international trade between countries producing goods that are complementary to each other’s economy. The fierce international competition today in autos, stereos, television sets, cameras, watches, computers, cassettes, and a host of other modern devices and accessories, if allowed to prevail without hindrance, could be vastly disruptive of the domestic economy and could inflict anxieties and hardships out of all proportion to any sober estimate of the consumer gain to be derived from the often-bewildering assortment of hardware in the stores. The tariff and trade controls despised by economists are, of course, the means by which producers and workers seek to protect themselves from loss and hardship.

In the third place, continuing innovation entails not only new goods but new technologies, the adoption of which can overnight make hard-earned skills virtually obsolete. In these circumstances, it is easy to understand the obstinate resistance of workers to the introduction of more efficient technologies, and also to understand the growing concern of labour unions not merely with real wages but with maintaining the actual employment level of their members and ensuring large compensatory sums in the event of dismissals arising from “reorganiza-

tions.” If such trends continue—and there is no reason to believe otherwise—the problem will become more acute since market mechanisms of themselves can do little to resolve it. Through its political decisions, then, society as a whole may be seen as being more willing to sacrifice some consumer choice in order to reduce the strain on domestic producers and workers. Independent of union action, international trade and domestic industry are likely to be subject to more government control, not less.

State controlled economies, such as those within the Soviet bloc, are not so wealthy as those of the West and the scope for “impulse buying” is therefore correspondingly smaller. But even were they as wealthy, consumer demand would almost certainly not be allowed to disturb the detailed pattern of industrial production planned for the period. Job security therefore might well be greater.

To sum up, the consequences of the consumer bias of competitive markets in conditions of affluence and rapid technical change—in particular, apprehension among workers of their skills becoming obsolete, and of their becoming technologically unemployable—are among the secular problems that I believe will grow in importance. But they are not, just now, among the most vital.

Pollution and disamenity

We turn next, in this section, to the growing attention paid in Western countries to the many forms of pollution and disamenity that are subsumed under the umbrella term “spillover effects”—those incidental effects and products of legitimate economic activity. Over the last two decades the economic literature on this topic has swollen to astonishing dimensions, a significant part of the resulting controversies being of a doctrinal nature. At one extreme, within orthodox economics, there is the Chicago School holding to the belief that with more carefully delineated systems of property rights the unfettered market can cope comfortably with spillover problems. At the other extreme perhaps are those economists who, like myself, are churlish enough to dismiss this belief as a doctrinal delusion: indeed, to maintain that, given any realistic extension of property rights, the contribution that can be made by markets, no matter how flexible and competitive, to resolving the allocative problems presented by the sort of spillovers being generated in the present state of technology is miniscule. I give reasons for this pessimistic view in the following section. In the pres-

ent section I wish only to touch upon one aspect of the spillover problem: that implied, engagingly enough, by the title of the recent popular book written by Professor and Mrs. Friedman, *Free to Choose*.

As the Friedmans convincingly argue and illustrate, the more the public sector takes over from the private sector of the economy, the less the choice remaining for the individual: his money is used by the government to produce goods he may have no interest in consuming or in amounts he may not wish for. But expansion of government in displacing private enterprise is not the only phenomenon that effectively reduces individual choice. The expansion of the incidence of spillovers is another source of choice-reduction, one that is certainly no less potent. For irrespective of the allocative efficacy of property rights—irrespective, that is, of whether the operation of the market in any particular instance is able or not to generate an optimal level of pollution as commonly conceived—individual choice necessarily declines as the extent and variety of spillovers expand.

Pollution and freedom of choice

If the keen environmentalist deplores the increase in smog or the increase in aircraft noise within his vicinity, it affords him no consolation to be assured by the economist that, bearing in mind transactions costs, etc., the disamenities he deplores are being produced at optimal levels. He may himself have no use for the goods produced by the smog-creating activity or for air travel services. And even if he did have some use for them, he still has no choice but to bear with the incidence of disamenities being generated. He cannot, so to speak, decompose these packages of goods-cum-bads (any more than can the recipient of government largesse): he cannot, that is, at market prices choose *both* the amounts of the market goods in question—autos, industrial products, air services—at market prices, and *also* the amounts of the “bads” he is willing to absorb. Under these conditions he is worse off than he would be with a tied sale, since he can always refuse the tied-sale package if on balance it will make him worse off. He cannot, in contrast, refuse the market-goods-cum-environmental-bads package, no matter how much it offends him. He has no choice but to bear with the environmental bads—or strive to reduce them in some degree by incurring costs—as and when they appear.

Thus in an area of great sensitivity having occasionally far-reaching

effects on society's welfare, the operation of competitive markets—even where property rights are such as to issue in optimal outputs—can offer no protection to the individual. If it is believed that spillovers as a whole will grow over the future, then whatever gains may be made from the exercise of individual choice arising from a hoped-for expansion of the private sector of the economy, and from the production of new goods, will have to be offset by losses of individual choice in respect of environmental goods. And there can be no certainty that the balance will be favourable.

I need hardly add that I do not see a centrally-planned economy, in the same stage of development, dealing any more successfully with the problem.

V. THE PROBLEM OF THE NEW SPILLOVERS

Technology and the nightmare prospect

Difficulties of dealing satisfactorily with environmental spillovers extend to a new dimension once we move from the familiar instances of smoke, noise, effluent, and mutual interference, that are popular in the conventional economic model, toward a veritable epidemic of new spillovers that have descended upon the globe since the Second World War—fears about which are a part of the incipient nightmare about the future that has come to blight the American dream.

These new spillovers spring chiefly from two sorts of technologies that carry a risk of local or global disasters. The first involves the spread of virtually invisible industrial wastes that if allowed to accumulate beyond critical levels could destroy man's habitat, or destroy man himself. The second arises from the manufacture and use of new synthetics, chemicals, food-additives, drugs, fertilizers, and pesticides. The long-term health and ecological effects about which, singly or in combination, we as yet know precious little.

The almost daily discovery of new hazards,³ and the media publicity accorded them, has begun to effect a fundamental change in people's attitude toward science and technology. They have begun to see themselves not only as beneficiaries of technological progress but also as its victims. Public alarm and the consequent opposition to certain technologies have occasionally thwarted the plans of governments and planning agencies who, in their turn, believe that the safety assurances being demanded by vociferous segments of the public threaten the nation's economic future.

Safety and the demand for government

Explicit forms of safety assurance are, of course, also being demanded in the U.S. by other government agencies. Risk assessment has been a major component in their decisions. The recent Toxic Substances Control Act mandates that all chemicals (more than 3,000) be tested for carcinogenicity, mutagenicity, teratogenicity, and other effects. The difficulties are immense. Extension of results from animal experiments to humans introduces a high level of uncertainty.⁴

Clearly, vital public decisions are being made under conditions in which analysis, dominated as it often is by a large element of uncertainty, cannot be rational. In some instances it is hardly a question of setting confidence intervals, for virtually nothing is known of a new substance or technology except the fears of some scientists of the possibility of a variety of calamities.⁵ What, for example, is the risk that some malignant man-made bacterium will escape from a micro-genetic engineering laboratory and spread a disease against which men and animals have no natural defences, and against which modern medicine— within the relevant time span— would be powerless? Perhaps not too great just at present. But as the number of even very small risks of precipitating an irreversible or earth-crippling catastrophe continue to accumulate year by year—and some risks are far from small—the passage of time brings us closer to a near certainty of some such catastrophe.

Obviously there can be very little individual choice with respect to the many new hazards of this sort arising from post-war innovations. Nor is there the remotest prospect of the market transmuting these collective choices— whether they are made explicitly or (in default of an explicit decision) implicitly— into individual choices. Whatever the nature and extent of the risk in question, such a risk is involuntary for the individual.

It may be argued that even where the degree of risk is known, and it is clearly explained to the public, people perceive the danger to be larger than it actually is; worse, that when the degree of risk is not known, or when the public disbelieves the estimates of scientists, the risk may be exaggerated out of all proportion. Yet the economist, sticking to his last, is constrained by his evaluative criterion to accept as the only relevant data the valuation that each individual taken singly places on each good or bad including, of course, involuntary risk.

From this brief consideration of the public's growing awareness of

the proliferation of hazards, large and small, local and global, that has taken place since the Second World War, two main conclusions follow. First and more obvious, the degree of public anxiety has increased, is increasing, and will almost certainly continue to increase. In the circumstances, one should hesitate to accept the affirmation of growthmen that, over the post-war period, technological advance has on balance improved the human condition; that simply because of the availability of more market goods the general sense of well-being has grown in spite of public anxiety and trepidation.

The second conclusion emerges from the first and also from the fact that spillovers, old and new, produce conflicts of interests within the community as between beneficiaries and “maleficiaries”—as between government and industry, as between consumers of polluting goods and the victims of such pollution, as between particular industries (sometimes supported by governments) and segments of the public, as between ecologists and technocrats, as between environmentalists and blue-collar workers.

Both these facts—the public’s growing unease at the expanding horizon of hazard, and the inevitable conflicts engendered by the hazards in question—tend to activate public demand for more government control and more detailed legislation, so diminishing further the prospect of a reduction in the power of government and an increase in individual freedom.

VI. TECHNOLOGICAL PROGRESS AND THE QUALITY OF LIFE

Some preliminary clarification

Turning to the all-important connections between modern technology and the experience of living (other than the effects mentioned in the preceding sections), let me concede at the outset an adherence to the following propositions in order to avoid unnecessary and often trivial controversy:

1. That acting within his budget and within existing legal constraints a person choosing among market goods old and new places a value on them that reflects his anticipation of benefit. Indeed, economists such as I, employing evaluative techniques, seek to estimate *anticipated* benefits of communities or individuals at different points of time—not their subsequent or *ex post* assessments.

2. That the progress of science and technology over the last two centuries has made available to ordinary people living in the richer countries of the world a range of goods producing comforts, conveniences, experiences, and entertainment, that could not even be imagined by earlier generations.
3. That there have been many instances of scientific discoveries and technical innovations that have conferred seemingly unambiguous benefits on society, and that there may well be others potentially able to do so.
4. That modern medicine and hygiene has reduced infant mortality, contributed to the prolongation of expected life, and eased physical suffering.

In return for these handsome concessions, growth-minded economists who also recognize the notion of optimality might concede the *possibility* at least that the optimal level of technology—optimal with respect to human well-being—was reached at an earlier period in Western civilization than the last half of the twentieth century. So much by way of civil interchange and ground-clearing before giving utterance to scepticism.

I hope we can all agree also that the existence of consumer freedom of choice with respect to market goods along with freedom of choice of occupation and enterprise, though undoubtedly good in themselves, provide no assurances for the quality of life; that such coveted freedoms are altogether compatible with a decline in the quality of life and, indeed, with a civilization that is sinking into cultural barbarity. Thus, when the evaluating economist says that he will equate an increase in social welfare with an increase in the area of (market) choice for individuals, he is—or he should be—aware of the weight being borne by the *ceteris paribus* clause.

The capacity for enjoyment as endogenous

It is not simply the fact that there can well be too much choice—an array of brands or models that bewilders more than it delights the consumer—nor simply the fact that what is actually offered by the market is determined also by law and custom, facts that have to be disregarded in the above definition of social welfare. Far more significant is the implied holding constant of tastes and of capacity for enjoyment which vary over time in a modern economy with the continuing advance of material progress. Inasmuch as technology and its products

can alter radically within a person's lifetime, and today do so with incredible rapidity, the physical environment — the size, shape, architecture and traffic of towns and cities, their atmosphere, their impact on the senses — along with the style of living alter rapidly, and in doing so alter for better or worse the attributes, beliefs, and aspirations of the members of society. These are among the vital aspects that enter into the welfare of society, and they do not easily, if at all, lend themselves to measurement. But they can be observed, interpreted, pondered upon — and debated, if not perceptively at least intelligently. Surely we get closer to an understanding of American life in the 1820s from an acute observer such as de Tocqueville than from any pile of econometric studies directed to estimating per capita real income or indices of trade and production.

From glancing through the pages of a large number of erotic and sex magazines, along with numberless manuals on sexual techniques, available on the shelves and in the windows of ordinary bookshops in large cities (also in the campus bookshop of many a North American university), one discovers that many pages are devoted to advertising vibrators and other electric gadgetry for women. The impression that a majority of American women over sixteen today possess one or more of these obliging instruments is borne out by private inquiries. Here, indeed, is a prime example of an expansion in the area of choice, which the orthodox economist must unquestioningly translate into an increase in social welfare, that has taken place within a decade or so. Over the same period the bounty of technology has also provided us with an astonishing range of chemical poisons and quite a cornucopia of offensive-defensive small weaponry, from silent sub-machine rifles to letter bombs, from spring-blades to mace sprays.

The necessity of moral aesthetic criteria

These outlandish examples are chosen to persuade us that even with due regard to the *ceteris paribus* clause, an expansion of consumer choice may not always conform with our notions of an increase in welfare. Granted this much, we can open up with a weightier generalization: within a social order premised on insatiability, where perforce the tenth commandment is more honoured in the breach, and where it may be cynically affirmed that life has become a progress from discontent to discontent, any assessment of the value of the goods that people come to choose, and therefore the sort of life they come to lead, has to be referred to other than economic criteria. If the currents

of modern life are to be judged by reference to criteria of taste and propriety, to artistic and cultural criteria, to moral criteria, we must be prepared for discouraging conclusions. If we are concerned, again, with such attributes as social felicity and cohesion, or with the integrity and character of individuals, we must be prepared to be saddened by the course of events. If we wonder seriously whether the post-war period has witnessed a growth in serenity of spirit; whether there has been a growth in courtesy, tolerance, mutual trust; whether there has been an improvement in family life, we are impelled to answer in the negative.

With the advantages of hindsight one may conclude that these and other untoward developments are not really so surprising. Indeed, I hope to convince some of you that worse is yet in store. Yet to earlier economists, reformers, humanists, and historians who wrote during the eighteenth and nineteenth centuries, such developments would appear not merely as aberrant but as monstrous. Macaulay, the great Whig historian of the first half of the nineteenth century, the apostle of progress, representing the spirit of mid-Victorian England in all its brash overconfidence, and certain that material progress would be followed by cultural and moral progress, would be horrified at the tasteless vulgarity of modern life and appalled at the eruption of urban violence that disfigures the “post-industrial” society of the West. For he shared with John Stuart Mill and others the belief that that growth and diffusion of wealth would act both to elevate taste and enhance morality. Among the later Victorians, we may pick out Matthew Arnold as one among many who agitated for the spread of education in the serene belief that in the fullness of time, and with the growth in the nation’s prosperity, the cultural treasures of the world would be available to all classes, affording “sweetness and light” and edification to ordinary men.

The culture of modern society

Alas for those far-off innocent days. Matthew Arnold has been spared a visit to the modern mega-university where young philistines stalk the campus, pocket computers at the ready, where the bulk of the student body come to have their plastic minds pounded into a shape necessary to cope with the electronic machinery of a high-technology economy. In these sprawling knowledge-factories humming with technical equipment, where the young seem to have lost the art of linguistic expression, the traditional notion of the university as a community of

scholars and the notion of higher education as classical education—education in the humanities, education as a civilizing process—have a distinctly nostalgic air. Our Victorian reformer has thankfully also been spared those breathless spectacles appearing on the modern television screen, on which, it has been calculated, the average American youngster will have taken in, some 6,000 scenes of mayhem and murder before reaching the age of fourteen. The amount of “high culture,” even where it is readily available, that the ordinary man willingly imbibes is apparently very limited. In contrast, the amount of unadulterated bilge (judged by any reasonable artistic standards) he can stomach is apparently unlimited. Since the high hopes once entertained by our distinguished forbears have been rudely shattered, the modern humanist or liberal is left with a lot of explaining to do. In the meantime he may dredge some comfort from the thought that if, in existing socialist countries, mass entertainment is not so sick and vulgar as it is in the West, it is still heavily larded with party propaganda.

Notwithstanding the disillusionments mentioned above, I believe that there is an irrepressible propensity for the modern mind—the mind of the ordinary citizen and even the mind of the thinking man in the last half of the twentieth century—to overvalue the benefits conferred on the human race by science and technology and to under-rate and extenuate their destructive power. This is partly because in a society of relative abundance, the ubiquity of advertising media acts to direct men’s thoughts of what constitutes self-betterment toward worldly things, toward material achievement, status, and toward the things that money can buy. Consequently they attach disproportionate value to these components of well-being. Indeed, in making invidious comparisons between past and present, neither is the journalistic historian free from this bias. How often are we exhorted to imagine what life would be like without electricity, or without all those modern conveniences that make life so comfortable! “Just picture how dull and confining life would be without modern means of travel and communication!”

The transcience of novelty

But if we are to exercise our imaginations in making invidious comparisons between past and present, there are some additional facts of life to be borne in mind. The pleasure afforded by novelty—the theme on which so much advertising turns—is necessarily ephemeral. It

would not be too harsh a judgement to say that the morale of the citizen of post-war affluence is coming to depend upon a succession of novelties—upon “new experiences,” “new sensations,” “new thrills”—as a drug-addict comes to depend for his self-assurance on a succession of shots. And frequent fashion changes help to maintain the illusion of continuous novelty; not only fashion changes in clothes but in cars and furniture. In fact every conceivable device or toy is remodelled every year or so by hard-working design departments. Yet even when the novelty is quite genuine, even when it is regarded as a miracle of technology, it does not live up to the anticipations of pleasure. As Roszack remarks somewhere in his *Where the Wasteland Ends* (1978), a century ago people would have thrilled to the idea of travelling in a flying machine from one country to another. Today air travel is regarded by many as an ordeal, and by most as a continuous struggle against boredom—in which struggle we are fitfully assisted by liquor, magazines, taped music, films, and plastic-tasting tid-bits. The delight once generated by the introduction of the “gramophone,” the stereo, the transistor, the cassette, the television, has given way to a routine and listless submission. I cannot believe that a future in which we hurtle through space in rockets will provide any more enduring entertainment than travelling by air does today: at all events the view from the rocket windows—black space punctuated by distant glimmers—is not likely to fascinate us long. Those whose hopes for a joyous life are premised on excitements and novelties yet to come will eventually find themselves fighting tedium in order to escape despair.

The costs of ease

Two other facts of life are no less telling to this connection. First, the successful pursuit of a life of physical ease, realized through a succession of labour-saving innovations, which appears to be shunting our civilization toward a push-button utopia, is not merely self-defeating, it is subversive of human well-being. Put aside the ill effects on our health from leading lives far more sedentary than nature ever intended us to do, and bear with the thought that life cannot be fully enjoyed save through contrasts. Central-heating, for instance, passes for a convenience that is now available to almost everyone in the West. But gone is the joy of warming to the blaze of a log fire, especially after having been out in the cold cutting up the wood and while so occupied cheerful in anticipation of the crackle and glow of the fire to come.

As the historian Huizinga writes of the Middle Ages: “We, at the

present day, can hardly understand the keenness with which a fur coat, a good fire on the hearth, a soft bed, a glass of wine, were formerly enjoyed." There can be no real gratification without prior effort of frustration. True friendships, comradeship, spring up between men sharing common dangers or facing hardships together: they are not formed on package tours.

Recall that only in Aldous Huxley's *Brave New World* were all sources of hardship and frustration removed. And the outcome was a population of emotional cretins. Since there was no sublimation of the sex drive in the *Brave New World*, there was no romance either. Since all conflicts were removed neither was there any human drama. Since there was no danger, neither were there any heroes. There was no occasion for discipline, and no occasion for sacrifice. And consequently there was no poetry, and no aspiration to the good and the beautiful.

The modern "independence"

The second fact of modern life is that labour-saving and other innovations distance us from our fellows. The automobile, the stereo, the radio, the television, the home computer, are also the elegant instruments of our mutual self-estrangement. Thus we have come to depend since the turn of the century both for our needs and entertainment increasingly more upon the products of technology and increasingly less upon the direct help and the company of friends and neighbours. In consequence, the direct flow of feeling and sympathy between people that enriches life becomes thinner.

What is more, these innovations that keep us to ourselves, that keep us indoors and in our automobiles, also keep people off the streets and so encourage street crime. The nuclear family, which better serves the industrial need for a highly mobile labour force, is also a family that fails to strike roots. The individual can no longer count upon the support of an extended family group and upon a community or a neighbourhood in which he is known, in which his parents and grandparents were reared. As Vance Packard observes in his *Nation of Strangers* (1972), the chances today are that in the larger cities a person does not know the names even of his immediate neighbours.

Since the foot-loose city dweller has no commitment to the vicinity in which he takes up abode, and being unable to depend upon the help, support, and loyalty of neighbours, it is not surprising that he does not wish "to become involved." He sees a crime committed on the

streets, and he quickly turns the other way. He hesitates even to inform the police lest he or a member of his nuclear family be victimized. In this and in other ways to be mentioned, the unprecedented rise in street crime and violence over the last thirty years can be traced back to technological innovation.

VII. THE PERMISSIVE SOCIETY

Permissiveness defined

Let us now turn to a phenomenon that looks like the combustible product generated by high technology and affluence when combined with the commercial ethos – the so-called permissive society of the last quarter of a century. It is sometimes misleadingly regarded as an extension of “the open society” or as a manifestation of a “pluralist” society, whereas its significance is better appreciated by referring to it as the *amoral* society. Certainly the term “permissiveness” as currently used has no necessary affinity with the Western-type liberal democracy that is characterized by freedom of political debate and dissent. Instead, it is characterized by three interrelated developments:

- a) most obviously, by a suspension of traditional norms of propriety and etiquette that is making the question of what is proper or improper, decent or indecent, especially with respect to sexual behaviour and to licentious entertainment and literature, increasingly a matter of individual taste and discretion;
- b) by a decline in the respect for long-standing political procedures upon which all forms of self-governing societies have depended (occasionally expressed in open defiance of new legislation by interested segments of the public, and by attempts to obstruct its implementation through direct action or “confrontation”); and
- c) by the fragmenting of the moral consensus.

This last development is indeed portentous. For whatever our conflicts of interest, or our political differences about ideal or better arrangements for society, effective argument is stultified if there is no longer a common set of ultimate values or beliefs to which appeal can be made in the endeavour to persuade others. I doubt whether so fragile a social artifice as a liberal democratic society can continue to endure if each individual or, rather, if each of a small proportion of the individuals comprising a society, is to be his own ultimate authority in all that touches on propriety, legitimacy, and morality.

Decadence as economic necessity

On reflection, however, this permissive society may also be viewed as a providential development by means of which a technically sophisticated economy, under institutional compulsion to expand, may continue to do so in an already affluent society. For in these circumstances, the continuous expansion of industry depends directly upon its success in whetting and enlarging the appetite of the consuming public as to enable it to engorge a burgeoning variety of new goods. A consuming public that looks as if it might eventually become satisfied with what it has, or a consuming public whose demand is restrained by traditional notions of good taste and propriety, or by firm ideas of what is right and wrong, will not serve. The required insatiability even in an age of reckless abundance can be ensured only by undermining traditional restraints, by subverting cultural norms, and by encouraging promiscuity. In all the large cities of the West, increasing numbers from all sections and classes of society, following the lead of artists, filmmakers, publishers, impresarios, free-booting “intellectuals,” in their clamorous rejection of any limits to sensate experience—sometimes rationalized as joyous rejection of “Victorian guilt”—are coming to believe that “life enrichment” is to be attained simply by dedication to hedonistic pursuits.

Bear in mind that we are not talking of “decadence” as commonly understood and often associated with an effete aristocracy or pseudo-sophisticated coteries. For modern industry to continue to expand, the decadence of a minority would not suffice. Nothing less than the decadence of the consuming masses themselves is necessary. And this spreading decadence of the masses—especially the younger masses—has in it little relish of refinement or epicureanism. Nurtured on the spicy pap of television entertainment their tastes are becoming increasingly vulgar and visceral, moving toward the sadistic. True, many continue to go to church, but they act as if God is not. If they turn for guidance at all, it is not to precepts based on traditional ethics but to what they choose to call an “own ethic”—a congenial ethic to those in pursuit of “autonomous self-fulfilment.” Whenever they have to justify their conduct, whether inspired by impulse or calculation, it is by reference to the strength and depth of their own private convictions. The moral touchstone in effect has become their “absolute sincerity.” Alas, the appeal to “sincerity” has always been the readiest excuse for iniquity. No historian can doubt the intensity of Hitler’s incandescent sincerity. And, as we know, Charles Manson killed other

men because he knew “in his heart” that he was right.

Conscience vs. convictions

Convictions are one thing. Conscience is another. A conscience is moulded within an ethical matrix—in this context, an ethical matrix common to the great ecumenical religions. And it evolves through effort, through the pain of repression, through fear, through love, through example, through hope, beckoned by awakening aspiration to the good, and, perhaps, by a need to feel worthy of the grace of God. The individual conscience is not, then, an autonomous creation. It is the manifestation of man’s spiritual heritage and, in settled conditions, forms part of the moral consensus by which a social order survives.

I have stated elsewhere (*The Economic Growth Debate*, 1977), as a judgement of fact, that a moral consensus that is to be enduring and effective is the product only of a general acceptance in its divine origin. A moral order, that is, can rest secure only on religious foundations. It cannot be raised on humanist principles, or on enlightened sweet reason—at all events, not so long as society continues in that corrupt state in which sinners outnumber saints, in which human weakness is more evident than human strength, and in which temptations abound.⁶

The decline of moral order and the growth of the state

The preceding two sections of this essay argued that recent technological innovation in the West has created unprecedented ecological hazards and social conflict, and that the resulting rise in public apprehension has acted to invoke increased government intervention taking form as detailed legislation and an expansion of bureaucratic power. I am now suggesting that this trend toward larger government and, therefore, less personal freedom, is sure to be reinforced by the perils attendant upon our new permissive society. Not only does the popularity of the “own ethic” concept undermine the traditional pride taken in personal rectitude, so threatening the efficient operation of industry and government. More importantly, it poses a threat to civility and order. In a society in which ideas of right and wrong become ephemeral and self-serving—in a society in which a growing number of people feel free to act on their own privately reconstituted consciences—the resulting climate of unease, edginess, anxiety, along with

the community's fear of anarchy, will eventually sanction surrender to the police, and other internal security organizations, increased powers of surveillance and control.

Thus as the moral order upon which any viable civilization has to be founded is eroded in the name of personal emancipation so, in the name of security, must the state expand its powers. In effect, as repressive mechanisms internal to the individual are scrapped, repressive mechanisms external to him have to be forged. The permissive society, it may be inferred, is precursor to the totalitarian state.

VIII. EPILOGUE: THE CURSE OF PROMETHEUS

The non-neutrality of science

I end these reflections with what will doubtless pass muster for a reactionary view of scientific progress. Certainly, I maintain that science, or at any rate the spirit animating scientific enquiry, is inherently incompatible with any traditional conception of religion. I maintain further that this science has underwritten a technology that wrecks any prospect of the good life, and has capped this achievement by placing the survival of man, indeed of the planet itself, in imminent danger.

I brush aside impatiently the standard pretext that science itself is neutral; that it is left to man himself to decide whether to use the discoveries of science for benevolent or malevolent purposes. One reason for my impatience is that the products of scientific research, even when they are believed put to good uses, often result in damage or disaster, and sometimes in irremediable disaster, simply because unsuspected, perhaps unforeseeable, adverse consequences also arise from their use. As mentioned earlier, scientists just do not know the range of consequences of a growing number of new drugs, additives, synthetics, pesticides, etc. In all innocence we sprayed large parts of the earth with DDT. Later on, and notwithstanding works like Rachel Carson's *Silent Spring*, agribusiness began to use more deadly pesticides. Again, physicians in Europe took to sedating pregnant women with the new wonder drug Thalidomide, as a result of which many thousands of families are now condemned to suffer the prolonged anguish of having to rear deformed children.

Another reason for my scorn of such pretexts is that scientists also, and quite knowingly, seek to produce innovations that are unambiguously destructive. They dedicate their talents to discovering more effective means of bacteriological warfare, more paralysing gases, more

powerful nuclear warheads and neutron bombs, etc. And even where there is clear choice in the use of a new method or product—as dynamite, for example, useful for blasting rock in building a highway can also be used for blowing up people, or the laser beam which can be used in industry to cut through the hardest metals can be used also as a death ray by the military or by criminals and terrorists—one can be sure that, in a world erupting with fanaticism and violence, the uses to which it will be put will often enough be largely destructive.

The spirit of science and the death of religion

I assert, finally, that the spirit of science is antithetical to, indeed subversive of, the spirit of religion. For we either believe our religion to be true, or we believe nothing. And how can we believe in God today! Once the ethos of science comes to dominate the human mind; once, that is, people come to accept that every phenomenon has a “natural” cause; that it is the duty and the destiny of science to uncover all nature’s secrets; that “free inquiry” is sacred; and that all statements or beliefs, whatever their character or provenance, must yield to the test of a scientifically approved methodology—why then, all the great myths that for millennia have sustained the human spirit are effectively undermined.

In short, the sacralization of life cannot go hand-in-hand with its secularization. God becomes expendable in a science-based civilization; becomes transmuted into a metaphor—encouraged by churchmen such as Bishop Robinson. There may be exultation among humanists, among technocrats, and among the scientists themselves (apparently always on the verge of a new “break-through”). But for the ordinary mortal who prefers to believe, nay who needs to believe, but is no longer able to, the loss is irreparable. Today, the ordinary man, the man-in-the-automobile, the insatiate creature of a hyper-commercial civilization, garlanded with gadgetry, festooned with technological frou frou, is now also prone to glimpses of despair. Bereft of a sustaining faith, he struggles to repress the prospect of his journey toward the dread moment of his final and total extinction.

As Kierkegaard has written: “If there were no eternal consciousness in a man, if at the foundation of all there lay only a wild seething power which, writhing with obscure passions, produced everything that is great and everything that is insignificant; if a bottomless void never satiated lay hidden beneath all—what then would life be but despair.”

Science as a competitive religion

Despite its triumphs, some of us see science today in a light quite different from that in which it is wont to bask, and to discover in its monstrous proportions a character and a purpose scarcely suspected. Just how much of its self-assessment is hypocrisy and how much self-deception is difficult to determine.

Ice-cool, dispassionate, all-penetrating, all controlled, and with pious whisperings of the common good, of its ordained mission that must be fulfilled. With overspread hands, beneath the jet of holy waters, intoning its sacred right to uncover all of every stitch of nature, to chart every breathing pulse in the living universe, to capture every fluttering beat that else might escape. To expose every particle and cell to the pitiless glare of its great cormorant eye—an eye like Lucifer’s possessed of a raging unquenchable lust for knowledge. And even now, heedless, it quests on “with compulsion and laborious flight” to its own destruction.

This raging spirit of science has ripped the warm mysterious darkness from the soul of the earth. It has spun its computerized web and has mantled the globe with a myriad flickering lights, electronic bleeps, battalions of grinning symbols, slowly strangling the throb of the human voice. It freezes resistance on the instant with the promise of glinting power. For this satanic science is determined to leave nothing unlit; not a sliver of flesh, nothing. Its jaws are set to crunch and to burst open every close secret of nature, every once-wondrous mystery; to scotch every flight of fancy, every source of myth and magical belief that for so long inspired hope and rejoicing in the heart of our forbears. All has now to be prised open, the temple treasures ransacked, the juice of life spilt, the earth’s fragrance dispersed, and the last veils of mystery and wonder cut through, chewed to tatters, until naught remains to discover and destroy—naught but to weep alone in the cold of annihilation’s waste.

It is not, then, the noble Prometheus, the darling of science, that is the hero of human adventure on earth. That legend is man’s flattering unction of himself, his cosetted self-image, a legend he clings to so that he may, when the day of reckoning comes, whisper cringingly that “Oh, he did it all for the best, to ease the lot and to relieve the suffering of his fellow men.” In all the tortuous record of human self-deception, there can hardly be a more superb instance—Faustian lust masquerading as dedication to the altar of truth.

Science, technology and malaise

To conclude, there is no doubt that something like alarm and dismay have begun to creep over our Western civilization. The mood of the public fluctuates, but the whiff of foreboding persists. Something serious seems to be going awry, something that transcends our current economic difficulties.

I suggest that we should be wrong to seek explanations for this malaise in capitalism *per se*, much less in the operation of the market. Explanations are to be sought, instead, in the unfolding consequences of science and technology over the last century and more especially since the end of the Second World War.

There is no need today to remind people that humanity lives precariously, close to the brink of a nuclear Armageddon. For we have, finally, learned to think of the unthinkable. The so-called balance of terror hardly looks like a stable equilibrium at this point in time. One false step, one too hasty reaction to a reckless threat, could start the conflagration. And in a world where smaller countries, currently ruled by tyrants and fanatics, will soon come to possess the means of atomic destruction, that one false step looks frighteningly close.

But even if our civilization should survive such imminent physical perils, the prospects for humanity are far from promising. Mounting public anxiety in all the countries of the Western bloc about the dangers of new technologies and their products, and about the associated upsurge of crime, is sure to augment the size and power of governments, and so reduce our personal freedoms.

For the rest, we pay dearly for our technological toys. The centrifugal forces of technical progress have sundered the filaments of the once-intricate web of custom. The pervasive sense of kinship and loyalty, of pride and propriety, the unquestioned acceptance of duties and privileges, of those mutual obligations that marked the more traditional and hierarchical society, have all but vanished. In its place we find the virtues attributable to modern economic man—the motivated man, the insatiate man, the uprooted man, the hedonistic man, the godless man, the man who acts on the principle of net advantages. What human warmth remains is generated in the main through inter-group hostilities, through perpetual political jostling, through the claims and recriminations of new ethnic minorities and self-styled liberation movements.

Thus personal relations once rooted in mutual trust are everywhere

giving way today to formal contracts that render mutual trust obsolete. Even within families, just and proper treatment can no longer rely on accepted obligations or be referred to immemorial custom. Recourse is had to litigation and enforcement agencies.

As morality shrinks, legislation expands, and as the peripheral support system of formalities, courtesies and conventions—uncongenial to the pace and turnover of modern life—atrophy, whatever is needed to prevent minor frictions and conflicts is done by state regulation and central direction. Indeed, in modern Western communities, the emerging population of self-seeking atomistic units, highly mobile, highly motivated, increasingly conscience-free, can be held together as a people, as a nation, only through an expanding bureaucracy, its rulings enforced through the ultimate agency of an increasingly powerful police.

Knowledge and the fall of man

A final reflection. The human adventure just might have turned out otherwise. If one speculates, as does Lynn White, on the connection between the Judaeo-Christian religious tradition (which confers on man, as God's supreme creature, dominion over all other forms of life) and the subsequent exploratory and exploitive nature of his activity (which has extended his power over nature to an awesome degree) another route is imaginable, one that does not lead to the present impasse.

Pagan and tribal religions did not, for the most part, envisage man as the paragon of the universe, but as no more than a component part of nature, one creature among an uncountable number of different creatures, one form of life among a limitless variety. As such, the savage had a reverence not only for all life, but also for all things in nature. A tree, a spring, a rock, was not to him an inanimate object. It had a spirit of its own, a place in the universe. What a man needed from the earth for his own survival had to be taken with care, with respect, sometimes with conciliatory prayer or ceremony.⁷ One had to placate the spirit within all things to ensure that one's own spirit should not be violated.

Had such an attitude toward life prevailed throughout the world, civilizations or organized communities would not have advanced very far by the lights of modern achievement. We should be inclined to refer to such communities as "static" or, worse, as "stagnant." But it would be parochial to dismiss the idea that a necessary condition for

global survival is that the civilizations that emerge remain static—after advancing to some level of technology, that is, remaining in a steady state. A dynamic civilization—dynamic in the technological sense, that is—looks to be inherently unstable. It is impelled ever onward to a stage where eventually it cannot draw back from the precipice—even, as now, when the precipice comes into view.

We are told in the Scriptures that “the love of money is the root of all evil.” And this is surely so in the diurnal drama of human affairs. But, in today’s global context, and thinking poignantly of the small planet earth that is man’s heritage, and his only refuge in a dark, cold, and inhospitable universe, it is surely the love of *knowledge*, of scientific knowledge, that is the root of all evil—and the seed of his self-destruction.

NOTES

1. The Reverend Sidney Smith, one of the founders and editors of the *Edinburgh Review*, whose satirical pen advanced the cause of reform in Britain, was also something of a *bon vivant* and one of the most celebrated wits of his day. A frequent visitor at the sumptuous gatherings of the great Whig houses, he was a particular friend of Lord and Lady Holland.

Although Sidney was ordained deacon in 1794, he felt at the time no calling for the Church. Indeed, he wished to follow his elder brother in a career at the bar, but his father refused to finance his legal training.

2. See the article, “Obscenity and Maturity” in *The Sunday Times* (December 14, 1969) by Dr. John Robinson (formerly Bishop of Woolwich) which by any standards is a model of vacuity, ambiguity, and inconclusiveness.
3. The damage wont to be associated with the exposure of workers to a contaminating atmosphere is now held to be undervalued as evidence accumulates to show that exposure can result not only from inhalation but also from absorption through the skin and the digestive organs.
4. Food is the most complex part of the environment to which the individual is exposed. We are discovering that, in addition to nutrients, foods contain a large number of trace elements supplemented today by chemical additives, contaminants, and other substances arising from the application of modern technology such as pesticides, animal drug residues, and

migrants from packaging. In recent years, the FDA has begun to adopt methods designed to incorporate risk-assessment into decisions for certain classes of food, and additional legislation may be anticipated.

5. The cumulative effect of fluorocarbons (from spray cans) and nitrogen oxide gases in dissipating the earth's protective ozone mantle would be one of such instances—except that few scientists today would dismiss this possibility as negligible.
6. There is, of course, no lack of instances in the records of history of religious corruption, religious fanaticism, and religious persecution. Yet it should not be necessary to remark in such an essay that the value of religion to humanity cannot be dismissed merely because of the abuses to which it has frequently been put.

Perspective requires that a distinction be drawn between the inspiring spirit and purpose of an institution, and the improper uses to which it invariably lends itself; a distinction between the office and what it stands for on the one hand, and on the other, the behaviour of the incumbent himself.

No man was more acutely aware of ecclesiastic intrigue, bigotry, and corruption, than was Lord Acton, the great Roman Catholic historian of liberty. But he ever kept in mind the distinction between the church authorities and the Authority of the Church.

As I remarked in my *Costs of Economic Growth* (1967), an institution disposing of the enormous wealth, power, and patronage, of the Church, is a magnet for opportunism, attracting to its service men of worldly ambition. It is no cause for wonder, that good men could be inflamed to battle under the banner of God when, in fact, the stakes were in the main temporal and material.

Who can say whether more crimes against humanity have been committed in the name of God (so breaking the Third Commandment), in the name of liberty, in the name of fraternity, in the name of justice—or in the name of any other virtuous attribute when it is tied to a slogan and brandished by a revolutionary movement inspired by an all-sweeping ideology!

For all the dark pages in the history of religion, I affirm my statement in the text that faith in a benevolent Deity is a necessary condition for the good life inasmuch as—for ordinary mortals at least—such a faith is the ultimate source of legitimacy for a society's morality and sense of right without which it loses its identity and cohesion.

7. In Carlos Castaneda's *Journey to Ixtlan*, Don Juan who lays a net to trap birds for a meal succeeds in catching six of them. To the consternation of the author, however, he lets four birds free, since the two remaining would suffice to remove their hunger: one does not take the life of a creature simply to gorge oneself.

Comment

David Friedman

I. MINOR DISAGREEMENTS: A BRIEF CATALOGUE

I disagree with many of the details of Professor Mishan's paper. One important example is his refusal to accept, as a working approximation, Marshall's rule for welfare comparisons (compare net advantage measured by money equivalent unless you have good reason to believe that you know whose marginal utility for income is higher¹). Mishan writes as if we have no grounds for an opinion as to whether the injury to consumers produced by tariffs and other forms of protection outweighs the advantage to producers. Marshall's rule combined with the conventional assumption of stable utility functions implies that tariffs have a net welfare cost. The conclusion may be wrong, but it has some basis; Mishan's grounds for believing the opposite conclusion seem to be nothing more than an attempt to guess the utility functions of a hundred million strangers, few of them much like him.

Another and less important point I would disagree with is his description of the problems associated with ignorance about private goods (drugs, food additives) as a spillover effect. If, of course, utility functions are strongly interdependent, so that you are made miserable by side-effects experienced by other people, *that* is a spillover, but such spillovers have no particular connection with modern technology; people have been claiming a benevolent interest in others as a justification for making their decisions for them for some millenia now.

Finally, to end the (partial) catalogue of inessential disagreements, I find Mishan's suggestion that permissiveness is necessary to provide markets for "a technically sophisticated economy, under institutional compulsion to expand" not merely misguided but silly; pornography is not a major component of the GNP and the traditionally religious are not, so far as I know, any more inclined to live far below their income

than the rest of us. An expanding economy can expand by producing safer cars, better schooling, or improved videotapes of sermons or “Hamlet”; insofar as it produces vibrators and video games instead that reflects a divergence between Mishan’s tastes (with regard at least to what he wants others to consume) and those of the market, not some inevitable logic of growth.

While I disagree with Mishan on all of these points, none of them is essential to his argument. Given the existence of spillovers and the possibility of changing tastes, spontaneous change, even in a market society, is not necessarily improvement. That is his essential point, and I agree with it. The opinion that human welfare in the technologically advanced societies is declining and can be expected to continue to do so is defensible; I will devote the first section of this comment to some of my reasons for believing it false. The second section will consider Mishan’s thesis that the essential problem is the conflict between religion and science, and the third an alternative view of what is going on.

II. ARE WE GOING TO HELL IN A HANDBASKET?

The annual produce of the land and labour of England, for example, is certainly much greater than it was, a little more than a century ago, at the restoration of Charles II. Though, at present, few people, I believe, doubt of this, yet during this period, five years have seldom passed away in which some book or pamphlet has not been published, written too with such abilities as to gain some authority with the public, and pretending to demonstrate that the wealth of the nation was fast declining, that the country was depopulated, agriculture neglected, manufactures decaying, and trade undone. Nor have these publications been all party pamphlets, the wretched offspring of falsehood and venality. Many have been written by very candid and very intelligent people; who wrote nothing but what they believed and for no other reason but because they believed it.²

Adam Smith

Is the gloomy view that Mishan (and others) hold of the present state of the world merely the current version of the phenomenon mentioned by Smith, updated to explain away statistics of real income by arguing that only the *unmeasurable* components of welfare are declining, or is it an accurate perception of reality? While I believe there are serious problems with the modern world, I incline to the former con-

jecture. Given the nature of Mishan's argument, statistics about improved consumption bundles and the like are obviously ruled out of court. My evidence is instead the observed behaviour of people with regard to their choices of where and how to live. While we cannot each independently choose a separate preferred bundle of environmental and private goods, we can and do choose among a considerable variety of alternative bundles. If Mishan is correct, we would expect people living in those areas of the country least affected by urban sprawl, pollution, and the manifold ills of modern life to stay there, and others to try to emulate their good fortune by abandoning the "reckless abundance" in which they live and returning to the farms and small towns of the recent past. This is precisely the doctrine preached in the pages of "Mother Earth"; my impression is that while a few follow it (and many more subscribe in order to combine the pleasures of Sodom and Gomorrah with the vicarious enjoyment of a more bucolic sort of paradise), they continue to be enormously outnumbered by those moving the other way. The same seems to be true in the developing countries, where a sizable fraction of the rural population has moved into urban slums, apparently because, however bad they may be, they are better than the countryside.

It is, of course, possible to argue that all of this is experimental error. The peasants pour into the city because they have been misled by tales of golden sidewalks (tales told, presumably, by relatives who migrated the year before) or because, in each case, some special circumstance of demography or land tenure has recently ruined the countryside. The inhabitants of American cities have been permanently ruined, their taste buds made incapable of appreciating the simple life and their minds habituated to a diet of vicarious violence (unlike, one presumes, the pacific audiences who put the *Iliad* and the *Chanson de Roland* at the top of contemporary Neilson ratings); they can no longer return to their paradise forever lost.

It may also, and more plausibly, be argued that while change has until recently been improvement, the trend has now reversed and migration patterns will soon begin to reflect the change. To make this case, however, one must argue that the decline so far has been small, which is hardly consistent with the tone of Mishan's article. I prefer to accept the revealed preference of those best able to compare alternative sorts of life, and to suspect that the popularity of the simple and the past reflects the combined effect of the attractions of distance and the superiority of remembered youth to actual age.

III. IN THIS CORNER SCIENCE . . .

In Mishan's view, the essential source of the problems of our society is the conflict between Science, with its insatiable pursuit of truth, and Religion. This raises at the outset an interesting question; does Mishan believe that Religion (or at least some religion) is true? If so then Science can be expected (save for occasional mistakes) to provide confirmation, supporting rather than threatening the myths on which a society is built. I conclude that Mishan regards Religion as a useful lie, and I will discuss his position on that assumption.

I agree with Mishan that both private virtue and a considerable degree of moral consensus are useful and may be essential. I disagree with his (apparent) belief that both must depend on false beliefs about physical reality—such as the belief that the Bible is literal truth. Societies have existed for long periods of time without such support. Consider Confucianism, a “religion” named, appropriately, after a moral philosopher rather than a god, or classical paganism which, as Chesterton persuasively argued,³ was regarded by its adherents as an edifying and aesthetic myth, not a description of the real world.

There are three sorts of explanations for why people believe normative propositions—sociological (they have been trained to do so), socio-biological (ethical behaviour proved reproductively useful and was therefore selected for) or metaphysical (because normative propositions are true). None of the three seems to require that the normative propositions have positive support. As a matter of simple logic, the existence of an omnipotent creator does not imply that we should do what he wants; he might (as has occasionally been asserted) be the Devil. If one is able to take it on faith that certain acts are virtuous because God wills them, why should not another one be equally able to take it on faith that the acts are virtuous whether or not there is a God to will them? If one believes that acts are virtuous because mommy and daddy and all the neighbours say so, surely that is a Nash equilibrium whether or not all concerned also believe in Noah's flood.

IV. BUT IT MIGHT BE A LONG TUNNEL

The incidental consequences of “progress”

The reader, and even more the subject of these comments, may by now have concluded that I believe everything is for the best in this best of all possible worlds. If so he is mistaken. The modern world suffers

from serious problems, some of which may prove fatal. What I disagree with is Mishan's vision of a world driven to destruction by the inevitable implications of scientific and technological progress.

The modern world suffers from (at least) three sorts of problems. First, there are those problems which happen to occur here and now but might happen, and have happened, in other times and places. An obvious example is the decline of *laissez-faire* and the growth of the centralized state. Henri Pirenne argues somewhere that there is an alternation between strong and weak government going back to about the eleventh century, with the cycle taking about two hundred years to complete itself. Whether or not this is the case, one can observe major changes towards and then away from individual freedom in recent centuries, hence it seems unreasonable to regard state power as an essentially modern problem.

It is, however, a problem that explains many of the problems of the modern world, in particular militarism, crime, and poor education. Schooling and law enforcement are virtual government monopolies, hence it is not surprising that both are done badly. Furthermore, the ideological trends that have accompanied and supported the drift towards socialism undercut the legitimacy of private property; if poverty is the fault of the rich, and if "making it" by hard work is an impossible and unworthy goal, then why not a little private redistribution in one's own direction?

The second category of modern problems consists of those which result from particular — one might almost say accidental — features of modern technology. The obvious example is the enormous power of offensive weapons, both absolutely and in comparison to defensive weapons. This poses a very real risk, but one which, large though it is, can be and frequently is exaggerated. While it is now technically possible to annihilate the human race, it is not clear to what extent that is a new development; it has been possible to kill everyone, one at a time, for some thousands of years. More realistically, the consequences of a thermonuclear war fought with the objective (achievable or not) of victory rather than mutual annihilation would be grim, but not unprecedented; the death toll in the belligerent nations would presumably be comparable to that resulting from the great plague or the thirty years war (about half the population); the most obvious difference is that it would take a few days instead of a few decades, which some might consider an improvement.

Another consequence of modern technology (and population) is the increased scale of human activity and its effects; while current warn-

ings of imminent catastrophe do not seem solidly based, the size of what we can now do does imply potential threats. It also implies potential solutions; if our technology is advanced enough to heat the earth, it is also advanced enough to deliberately raise the earth's albedo and cool it. While we may be depleting low cost sources of raw materials, we are also becoming rich enough to mine lower quality ores and skillful enough to bring minerals in from the asteroid belt. Similarly with energy. The most serious problem with such developments, and one which Mishan quite properly emphasizes, is that increasing scale tends to lead to increasing problems of interdependence. Even if we are capable of raising the earth's albedo, who would pay for it, given the wide dispersion of benefits?

Other problems in the same general category involve the effects of modern technology on the balance of power between state and individual. Here the effects go in both directions, so that it is hard to estimate the net result. The development of computers makes it easier for a government to keep track of its citizens, but it also greatly improves the possibilities for decentralized forms of organization, competing information nets, etc. — especially now that a good small computer costs considerably less than a car. Developments in military technology are equally ambiguous; weapons of mass destruction in the hands of central governments might prove useful for suppressing secessionist movements but are not of much use to the police. At the same time, increasing wealth and developments such as hand held anti-tank weapons, combined with the difficulty of preventing arms smuggling in a world with extensive trade, seem to have reduced some of the advantages that governments traditionally have over their citizens. Trade and interdependence also, and perhaps more significantly, make it more difficult than it used to be for a government to control the movements and information sources of its citizens.

So far, the sorts of problems I have discussed (save perhaps for increased interdependence) are accidental, not essential, consequences of progress. The final set of problems are of a different sort; they are the problems associated not with a particular sort of technology but with change.

The costs of change

In any society, a great deal of capital exists in the form of information about how to live. Much of it involves private decisions — at what age to marry, how to spread income earning and child bearing decisions

across a lifetime, and the like. Some of it involves interactions among many people, and consists in sets of mutual expectations, Nash equilibria, elaborate dances depending on each person knowing his place and his steps. As a society changes, much of that information becomes obsolete. To the extent that people have the option of “staying in the boondocks” where the old expectations are still valid, or doing without the new technological improvements that make old patterns of life obsolete, their observed failure to do so implies that the changes bring net advantage, even if we take account of the cost of learning to live with them. To the extent that individuals cannot opt out no such conclusion holds; an obvious example is the producer whose customers no longer want to buy what he wants to sell. Even in this case, it is worth remembering that the producer’s desire to continue in his old path will be reflected in his willingness to do his sort of work for a lower income than he requires to change over to something else; it is only if, after allowing for that, consumers still prefer the new product, that he will choose to “scrap” his informational capital.

It seems to me that the problems which Mishan attributes to the inevitable march of scientific progress are mostly of this sort. Informational capital of many different sorts has been rendered obsolete. Both producers and consumers are inclined to believe that what was done last decade cannot be done this decade. If the myths of the past were based on religions whose factual assertions have been refuted by modern science, then modern science is the implacable enemy of myth, and hence of mankind. If the family structure of the recent past depended on a technology of household production which is now obsolete, then the family is done forever.

I see little basis for this pessimistic view. When Aquinas incorporated Aristotelian physics into Catholicism, Aristotelian physics really was the latest thing going, and similarly with Ptolemaic astronomy. Both, as it happens, are false, along with traditional views about the origin of mankind and the creation of the earth. Sects which fail to acknowledge that are likely to have a hard time. There is no obvious reason why religions cannot adapt their doctrines to modern ideas, nor why, if they fail to do so, new religions cannot develop to replace them.⁴ I find it hard to see any necessary connection between inspiring myths and false facts.

Similarly for the “breakdown” of the family. The pattern we have come to consider normal depended on a society where being a housewife was a full-time job. Falling infant mortality, improved technology in household production, and the increased division of labour,

which moved a lot of production out of the household, has made that particular specialization obsolete, save for the minority of mothers who wish to produce a large number of children. Other developments have undercut the foundations of the “extended” family: alternative forms of old age insurance, the development of ownership patterns not linked to kinship, increased mobility, and the like. These changes have not eliminated wants, they have merely made obsolete certain ways of satisfying them. People still want affection, stability, company, help in child rearing, and the like. My impression is that new ways of providing for these wants are developing, or perhaps that technologies which coexisted with the traditional family are now in part replacing it. The example which comes immediately to mind is the way in which the extended family is replaced by, at the small end, “artificial families,” groups of friends who interact as if they were relatives, and at the large end by groups of people united by common interests—bridge players, science-fiction fans, libertarians, creative anachronists, to take only those groups with which I have had some contact. These provide an effective substitute for the very extended family; instead of locating a distant relative in the city you have just moved to, you get in touch with a fellow member of such an interest group, a friend or a friend of a friend, and are provided with a place to stay while you find yourself an apartment and a connection to some part of the local society.

How fast such institutions will develop, and how successfully they will replace traditional forms, I do not know. There are good reasons to believe that information is produced suboptimally, given the difficulty of enforcing property rights in it. On the other hand, it is produced; human institutions have adapted to changing circumstances in the past, and can be expected to continue to do so. The problem is especially difficult when what is to be produced is a pattern of mutual expectations; it is simplified by the existence of numerous sub-societies, geographical and otherwise, within which such patterns can evolve before trying out for the big time.

V. CONCLUSION

Mishan’s paper paints a colourful picture of a world rolling rapidly towards the precipice, driven by the inevitable consequences of the scientist’s thirst for knowledge. It is a moving and paradoxical vision. I think the truth is more complicated and less grim. There are a num-

ber of things wrong with modern society. Some, I believe, are consequences of political facts which could be changed; some are consequences of the particular nature of modern technology. Many of the problems are consequences of changes to which social institutions have not yet adjusted. It is quite likely that some of these problems will kill large numbers of people, as such problems have in the past; it is certain that some of them will make—indeed are making—many human lives less happy and less productive than they might have been. Perhaps we will wipe ourselves out in spasm war or ecological catastrophe; perhaps, as a character in one of Heinlein’s novels suggests, the rats are the second team, kept around in case mankind blows the game. All that is possible, but there is little reason to think it inevitable. What Mishan has really demonstrated is not our condition but his talent—as a myth maker. It is a scarce talent, and one which could prove useful in the next few decades. Unfortunately, the particular myth he has created, while effective as a work of art, seems to have limited potential as a way of making life more meaningful or providing an imaginative foundation for moral philosophy.

NOTES

1. Alfred Marshall, *The Principles of Economics*, (fourth edition: 1898) Book III, Chapter VI 4.
2. Adam Smith, *An Inquiry Into the Nature and Causes of the Wealth of Nations*. Book II, chapter 3. 1937.
3. G. K. Chesterton, *The Everlasting Man*. 1925.
4. One interesting place to look for the birth of new myths is in science fiction, an art form which requires for its success the portrayal of lives of purpose and dignity within the context of a scientific worldview.

Comment**Kenneth G. Elzinga****Getting a grip on Professor Mishan**

In reading Professor Ezra Mishan's paper, "Religion, Culture and Technology," I was reminded both of an event at a country fair and a famous economist.

The country fair event is the greased pig contest, where a young swine is coated with a harmless lubricant, such as vaseline or lard, and set loose among a group of eager contestants who must catch and hold the beast in order to win the prize. The combination of the pig's slipperiness and its unexpected strength and speed make the assignment a difficult one.

Professor Mishan's paper, like the greased pig, is difficult to get a handle on. Its contents slip quickly from criticizing theological liberalism in the Church of England to decrying consumer fickleness to expressions of shock at today's standards of sexual morality to grave concerns about the negative externalities of modern corporations, and much more.

The economist that came to mind in reading the Mishan paper is John Kenneth Galbraith. The more I read, the more I saw a similarity between the two gentlemen—except Mishan, as I shall explain more fully, has a far different prognosis of the future. The formula for concocting Mishan's paper is simple enough: you begin by mixing one part Galbraith with one part eschatological despair. This formula is a useful one for understanding writings of Professor Mishan other than this one; but, of course, he is much more than this simple formula.

Those of us who have read portions of Professor Mishan's output know that his technical credentials as an economic theorist are very solid. We do not look to Professor Galbraith, whose intellectual roots are sunk deep in Veblen, Berle and Means, for technical contributions

to economic theory. But from Mishan, who has roots in Marshall and Pigou, we expect and benefit from work such as his essays on welfare economics. Perhaps because of his technical skills, his work, unlike doomsday writers of a journalistic stripe, is read seriously. But while I find this paper engaging, I also find it slippery and at times misdirected.

Mishan and the dependence effect

What is the Galbraith element in Mishan? Narrowly speaking, it is his adoption of Galbraith's dependence effect.¹ Broadly speaking, it is their shared antimarket mentality. Let me take each up in turn.

Central to Mishan's paper is his reliance on the dependence effect. Mishan's reference to consumer fickleness and the impulse buying that unsatisfactorily ministers to inconsequential wants is straight Galbraith. A current example of this phenomenon is the extraordinary growth in demand for a branded product of the Hershey Company. Stocks of this candy, called Reese's Pieces, cannot be maintained because it was the candy of choice of the space creature E.T. in the contemporary and immensely popular movie of that name (that brand having been selected for E.T.'s diet because it was the favorite candy of the son of Universal executive Steven Adler). Mishan, like Galbraith, would see this craze as episodic of the free enterprise system regularly moving scarce resources into particular markets not because their use there is superior or important in any intrinsic manner (the way a sturdy hoe is superior to a plastic rake for weeding a garden) but rather as the result of unthinking responses by consumers to corporate and media stimuli over which they, the consumers, have little control.

Mishan as a Galbraithian

This, as I say, is straight Galbraith. But it is not pure Galbraith. In this paper, as he has elsewhere, Mishan describes an additional implication of the anticonsumer-sovereignty doctrine, one not contained in the Galbraith litany. Mishan argues that the costs to workers and their families who are dislocated by shifts in consumer's preferences (of the Reese's Pieces sort) should be weighed in balancing the benefits to consumers of unfettered markets. But who does this balancing? Thorstein Veblen drew a sharp distinction between what he called the technological and the ceremonial, and would have argued, with Mishan, that imposing dislocation costs upon workers so that additional cere-

monial goods could be produced was poor public policy – but to produce more technological goods was a social benefit. The market system, Veblen claimed (and Mishan would agree) produced too many ceremonial goods.

Frank Knight dismissed this dichotomy, in a review of Veblen, arguing that if Veblen could inform us how to distinguish unambiguously between ceremonial and technological activities, then his contribution would indeed have constituted a *tour de force*. Short of this, it comes to a value judgement about which no man’s voice should be loud.

In addition to the specifics of the dependence effect, Mishan adopts Galbraith’s more general antimarket mentality. Surely it is with tongue in cheek that Mishan writes that no one more than he would welcome a contraction of government. Galbraith and Mishan perceive enormous efficiency and equity faults in the market system; both can restrain their enthusiasm for the tastes expressed in the marketplace; the two are equally disconcerted by the negative externalities of modern industry; each sees government as necessary to restrain and correct in these areas. But whereas Galbraith welcomes the intrusion of the state, Mishan broods over it, predicting that the expanded role for the state will not produce economic salvation.

Mishan’s eschatological despair

This brooding brings us to the second element in my formula: Mishan’s eschatological despair. With government-as-redeemer a delusion, and the market-as-redeemer argued to be deficient, Mishan (unlike Galbraith) perceives himself as without a satisfactory social mechanism to adopt or propose (except for a veiled reference to pantheism at the end of his paper). And this produces the eschatological despair, the doomsday scenario, that is so different from conventional liberal dogma about the merits of state versus market.

What is the core of this paper’s theme of despair? If I have caught the thesis of the paper, it is that modern technology (the byproduct of modern science) deleteriously, even tragically, alters our economic lifestyles by changing the “attributes, beliefs, and aspirations of the members of society.”² The title of Mishan’s paper is worth recalling at this point: it is Religion, Culture and Technology. The three nouns in the title can be rearranged to depict the sequence of Mishan’s thesis as follows: technology determines (adversely) our culture, and religion is

too anemic to prevent the deterioration. It too has been swamped by the onslaught of technology/science.

Let us all concede at the outset that many technological inventions have caused and will cause great social mischief and exacerbate the negative consequences of immoral behaviour. But the effects manifested in the breakdown in Western society are more complex in their causes than simply applied science. For example, the published and manufactured pornographic materials that Mishan condemns and uses to illustrate his thesis were technologically available well before the current level of supply. The printing technology and publishing technology that are predicates to the books and magazines he decries have long been known (and used for other purposes). The level of engineering competence to produce and manufacture vibrators has, I assert, also been long known. Nothing is more destructive of the health and vitality of young people today than drug abuse and addiction. Yet the technology to produce destructive drugs has been in existence for centuries. But there was not at an earlier time the demand for these products now extant. We must look elsewhere than science and technology as the cause of their demand. Professor Mishan's sequence must be revised.

Science and religion

Mishan claims specifically that science has been the undoing of religion. If all Mishan means is that advances in science have made belief in God more difficult, this is no doubt true for some. But the claim could also be made with great force that advances in literature or the arts or music, (not to mention the social science of psychology) have made belief in God more difficult for others.³ Mishan's assertion that "science is incompatible with religion" is simply incorrect and represents a truncated view of science. Science is arguably based upon and dependent upon the view of God's character that is Judeo-Christian. In the Western world, pioneers in science saw a distinction between their creator and the created order. It was fundamental to them that God made the earth and all that is within it, but his Being stood apart from his creation. Because God is not creation, man can examine creation: indeed there is a biblical mandate to do so. The fall not only breached man's relationship with God but also man's relationship with nature, because nature also became fallen. The Genesis mandate is to subdue and redeem a fallen nature. Science lagged in the East partly

because an investigation into nature would be construed as looking into God himself, and Eastern religions give no mandate to do this.

If science stands counter to all religion, how can Professor Mishan explain the deep religious convictions held by many who were instrumental in the formation of modern science? How would he account for the profound religious beliefs held by Pascal, Maxwell, Newton and Faraday? And this is not only a phenomenon of the past. At major universities and research centres today, in searching for believers in God, one is better advised to visit the engineering schools and departments of natural science than departments in the humanities and social sciences. A chemist is more likely to have and practice a religious faith in God than a sociologist.

Mishan diminishes and underestimates the benefits of modern science. Most of us, or at least a goodly proportion of us, would not be present even to address the subject of this conference had medical science remained at its turn-of-the-century level.⁴ As for the non-medical benefits that the technology of market economies have made possible, Mishan, as academician, may be unaware of the mechanical devices that have freed women from chores that once took up most of their day, and have freed workers from types of labour that were both dangerous and extraordinarily arduous. Indeed, as Mishan reminisces about the joys of gathering wood and warming to a log fire, I wonder if he is unaware of the recent emergence of what is now a semi-major industry in the United States. Almost half of the families I know have wood stoves, as supplements to central heating systems, and regularly engage in the task, with varying degrees of enthusiasm to be sure, of splitting or stacking wood, and are warmed by the operation of this old but now contemporary device.

Prospects for hope

I share three convictions with Mishan. The first is that a market system will function far more efficiently and beneficently if those transacting in it have firmly entrenched Judeo-Christian norms. As my colleague Roland McKean has explained, if individuals are not respecters of property and practitioners of courtesy, the delineation of property rights and the voluntary exchange of property is hindered significantly.⁵ Secondly (and with somewhat less confidence) I believe that Mishan is correct when he states that a moral order can rest only on the acceptance of divine origins, i.e. religious foundations. And I

concur in his prediction that moral decline will only increase society's demand for greater powers of the state over economic affairs. But I do not concur in the determinism of his counsel of despair. He overlooks the evidence of the redeeming work of the church in the economic fabric of society. And more fundamentally, he does not understand that there is nothing in the warp and woof of technological advance that must ineluctably deter a religious revival. The great awakening in the United States did not, after all, occur at a time of technological retreat, nor was it scientific advances that quenched it.

Mishan cannot anticipate religious revival, as much as he would welcome and benefit from it, because, if I read him correctly, religion is myth and myths cannot succeed in the face of modern science. But believers in divine providence are not constrained to despair in this manner. They believe that God, the creator and sustainer of the universe, may act, as they believe He has done in the past, to prosper a land spiritually and economically. As the Scriptures promise:

If my people, which are called by my name, shall humble themselves, and pray, and seek my face, and turn from their wicked ways; then will I hear from heaven, and will forgive their sin, and will heal their land. (II Chronicles 7:14)

Within the Christian church today, there is a remnant of people who endeavour to lean against modern culture, seeking to be *in* the world but not *of* the world. To Mishan, they may appear as ordinary people—dentists, masons, schoolteachers, housewives, clerks, and attorneys—but they endeavour to take their signals from biblical norms and not modern culture. Such individuals, in their family and charitable and ministerial patterns, are not the subject of media focus and consequently the attention they receive (and seek, for that matter) is small.⁶ Their choice of religious fellowship is not akin to the choice of a social club and they do not dislocate themselves and their families in response to the wealth maximizing dictates of a free market—though they rejoice in the religious liberties afforded them by the free market.

Professor Mishan portrays science as the “arch enemy of religion.” Note that practitioners of what was once called “vital religion” do not share his fear of science (except, in some circles, with regard to the Darwinian strain of evolution theory), but, if they fear the academy at all, are more afraid of the teachings of the softer disciplines.

The capacity for redemption

I can speak with most familiarity of evangelical Christianity. And where evangelicals would part company with Mishan is his implicit denial for the potential redemption for all areas of human expression, scientific and non-scientific. Mishan implies that our knowledge of the material precludes our belief in the religious. Evangelicals believe that man was not created with the design of living on two inseparable levels: the religious and the material. What man does with art, literature, music and science was intended to be exercised under an understanding of God's sovereignty that stretched beyond just worship and morals, narrowly defined. As Saint Paul instructed followers of Christ:

And whatever you do by word or deed, do it all in the name of the Lord Jesus, through whom you are offering thanks to God the Father. (Colossians, 3:17)

The theme of this conference is the morality of the market. Mishan concludes that moralists who criticize capitalism for the malaise in the West are misdirected. With this I agree.⁷ But he, in my judgement, underestimates the extent to which professionals in the Protestant, Catholic and Jewish faiths are hostile to capitalism and sympathetic to socialism (in both senses that he uses the term socialism). Even among evangelical Christians, where free enterprise leanings have historically been very strong, there is a public questioning and reexamination of the merits of the market economy.

That the malaise in the West is explained by "the unfolding consequences of science and technology over the last century" is an assertion of Mishan's I greet skeptically. The malaise is much more complex in its origins than "science and technology" and has been led by developments in philosophy, literature and the arts, as well as the social sciences. Surely moral relativism, and the abandonment of absolutes in the realm of ethics, have done more to promote libertine and covetous behaviour than the invention of the airplane or the electric razor.⁸ At very root, and at a time before today's scientific and technological attainments could ever have been anticipated, this hypothesis for the malaise Mishan eloquently describes was offered by the prophet Jeremiah:

The heart is deceitful above all things, and desperately wicked:
who can know it? (17:9)

NOTES

1. As Galbraith perceives most consumer preferences, “wants are increasingly created by the process by which they are satisfied.” See *The Affluent Society*, 1958, p. 158. For a concise summary and critique of the dependence effect, see William Breit and Roger L. Ransom, *The Academic Scribblers* (2nd. ed. 1982) pp. 169–176 and the references therein.
2. There is a technological determinism in Mishan’s thesis that is, of course, very different from that of the Marxists and American Institutionalists, both of whom studied technology in far more detail than neoclassical economists (and welcomed its advance).
3. See Francis A. Schaeffer, *The God Who Is There* (1968) Sections I and II on this point.
4. Sir James Simpson, whose scientific research on anesthetics, has helped relieve immeasurable amounts of pain, was asked which of his discoveries he ranked as most important. Never perceiving a contradiction or tension between his chemistry and his theology, he responded, “The greatest discovery I have ever made is that I am a sinner, and that Jesus is Savior.”
5. See his “Some Economic Aspects of Ethical-Behavioural Codes,” *27 Political Studies* 251 (1979).
6. Even the Church of England, which receives a scathing attack from Mishan in his prologue, is not the caricature of theological liberalism and pastoral anemia that he describes. Donald Coggan, Archbishop of Canterbury from 1974–1980, was in that role evangelical in doctrine with orthodox beliefs about the inspiration of the Bible and the centrality of preaching. In his book *On Preaching*, he claimed that for fifty years he was “under the joyful tyranny of being a minister of the Word.”
7. See my “The Demise of Capitalism and the Christian’s Response,” *Christianity Today*, July 7, 1972.
8. Although the inventor of the electric toothbrush may have much to answer for.

Reply

Ezra J. Mishan

The pig triumphant

Although Ken Elzinga finds that attempts to grasp the import of my paper are rather like trying to catch a greasy pig, I have the impression that he thinks he has, after all, managed to catch the beast by the ears while his co-critic appears to have enjoyed himself by vigorously tweaking the pig's tail.¹ With all respect to their efforts, however, I do not think the pig has suffered much discomfort.

Admittedly, mine was a long paper, and as Ken Elzinga truly reports, I “underestimate the benefits of modern science.” This however is to be regarded as my considered opinion and not, as implied in his context, the error of a cloistered academic who has not yet noticed the existence of such modern conveniences as the washing machine and the bulldozer, to say nothing of medical advances. I did, after all, make handsome concessions to the marvels of technology in my propositions 2 to 4.

Let me now address myself, first, to five strictures on my paper common to both my critics, following which I deal briefly with three issues raised by David Friedman.

Sexual gadgetry and popular taste

Not surprisingly, both have seized on my mention of the space devoted to advertising sexual gadgetry. Elzinga assumes I was shocked. I assure him that I am beyond being shocked by anything today—though I might, momentarily, lose my balance if I overheard a Chicago economist voicing dissatisfaction with competitive market mechanisms. Elzinga informs me that vibrator-technology has long been known. But the productive technology that makes these “goods,”

and others, available to the mass market today was *not* my point. The example is used to illustrate a more general point: that it is through technological advance that mass affluence is created, and to maintain that advance the minds of the mass of people need to be disoriented (with the help of the mass media). A discriminating and fastidious public would threaten an economy that expands by trivial and tasteless innovation.

David Friedman, on the other hand, interprets my remarks as reflecting a divergence between my tastes and those of the market. While this is true, it is not enough to score with, for two reasons: (a) because a misleading impression might be conveyed that I am overruled by the “evidence” and ought rightly to hold my peace and (b) more important, because as an aspect of the new permissiveness, the implications for freedom have to be taken very seriously. Let me elaborate each in turn:

(a) To use an analogy, his illustrious father, Milton Friedman, believes in Western democracy. It does not follow, however, that he also approves of all political decisions—else he would approve of tariffs, farm price supports, government regulatory agencies, and so on. Milton Friedman continually opposes such democratically-enacted legislation because he believes that voters are ill-informed and do not foresee the range of consequences entailed by such legislation.

If I believe in competitive markets but, at the same time, I do not approve of all outcomes, it is for much the same reason: consumers are often ill-informed also and cannot always be expected to foresee the consequences of their purchases on their own lives, much less on the character and welfare of society as a whole.

I will go further. After Hitler had been democratically voted into office in 1933, he would almost certainly have won election in any subsequent year up to 1944. Bearing this in mind, Milton Friedman might well agree that, as a judgement of fact, in addition to the ill-informed, there were many Germans during those years ready to vote for Hitler and the regime who could foresee the immediate consequences such as the persecution of Jewish citizens, the conquering of other nations and enslaving their populations. Yet their characters being corrupted by the regime, they rejoiced in the prospect.

Surely, then, there is nothing presumptuous about a man who takes issue sometimes with the changing character and morals not only of voters but of consumers also—and, of course, seeks to discover the factors operating to promote their promiscuity.

As for (b) the issue is not that of Mishan versus the libertines. It is the perils of permissiveness, perils that arise not merely from an *erosion* of the ethical consensus (in particular, the cult of the “own ethic” with its concomitant contempt of conventional morality and the rule of law) but also from a *fragmentation* of that consensus—worse, a fragmentation into mutually antagonistic and fanatical groupings which can be contained only by increased political repression.²

The spirit of science vs. the spirit of religion

Both my critics take me to task for arguing that science is irreconcilable with the traditional world religions. Elzinga maintains stoutly that I am wrong and mentions a number of great men (between the seventeenth and nineteenth centuries) who could be fairly described as believers. If I thought it relevant, I could produce a list of prominent personalities who were or are agnostics and atheists, including a few Anglican prelates.

We can agree that, as a matter of historical fact, the Church has absorbed many of the findings of science. As David Friedman says “Aquinas incorporated Aristotelian physics into Catholicism.” For that matter, the Church might have stomached Newton also. But certainly the Catholic church did not rejoice at the discoveries of Copernicus and Galileo. Nor did the Church of England in the nineteenth century evince any enthusiasm for *The Origin of Species*, or the *Descent of Man*.

Religious explanations of the physical universe that were almost universally accepted in the Middle Ages have gradually been abandoned, in contrast to the explanations offered by science which have continued to gain ground. According to the Bible, the creation of the world took place about 6,000 years ago. According to science, the earth was born about 10 billion years ago. True, there are some churches who still stand by the literal story of the Bible. Others, including the Church of England, may be considered as “moving with the times” inasmuch as they refrain from publicly challenging findings of science that can reasonably be held to conflict with the Scriptures or the religious beliefs derived therefrom. In sum, the authority of science never surrenders an inch to the authority of the Church whereas the Church has surrendered much to the authority of science.

In general, the growth of silence over the last few hundred years has acted to produce a secular world in which the causes of events and

phenomena are held to be “natural”; not supernatural or Divinely ordained. Moreover, science seeks to explain *everything*—including, of course, the growth of religions itself. For science, nothing is sacred. Everything is open to enquiry.

Thus my reply to Elzinga is that I am not contesting the proposition that a person can believe in both science and religion or, for that matter, science and astrology. My contention is that the spirit of religion—expressed in the idea of faith in a benevolent Deity and in a Divine Lawgiver whose precepts are morally binding—is incompatible with the spirit or ethos of Science, which is essentially sceptical (even of its own theories), which questions everything, and which accepts nothing on faith.

Turning to Friedman who, in contrast to Elzinga, apparently does not lay much store by traditional religion, and is quite ready to fabricate new religions, including secular ones, as and when required, I did in fact point out that humanistic or secular religions (Confucianism, for example) may serve for the saintly few. But for ordinary folk, a religion must comprehend the Divine and must be regarded as absolute and eternal if it is to be morally effective. Ready as he is to improvise (secular) religions to meet all future contingencies, nothing of this sort can provide men with the spiritual nourishment that they crave.³

As an afterthought, I might add that not only will “secular religions” and purpose-built religions (Friedman’s “new religions” developed to “replace . . . religions that cannot adapt to modern ideas”) be out of tune with the psychic needs of men, they may prove to be morally objectionable, as indeed are some of the proposals in Garrett Hardin’s *New Ethics for Survival*. Perceiving world overpopulation as an immediate threat to Western civilization, Hardin favours the growth of homosexuality and also abortion on demand. I see no reason why, without inconsistency, he should not also favour infanticide or, for that matter, geriatricide—so affronting further the traditional belief in the sanctity of life. Clearly all such purpose-built “ethical systems” or “religions” are explicitly relativistic and are designed to meet the imperative needs of technocrats, the fevered cults of the media-dominated societies of the West, or the exigencies of totalitarian regimes. There can, therefore, be no assurance that the goals acclaimed and the means employed may not be increasingly abhorrent by traditional moral standards.

Survival vs. flourishing

There is a methodological point to be stressed in any debate about the course of the future: we should be able to agree that arguments turning on man's (infinite!) adaptability be discounted. Man has indeed the capacity to adjust to trying and tortuous conditions. He has survived extreme hardship and persecution. He has survived brutality and the sadistic savagery of Nazi concentration camps. I choose extreme cases to make it evident that the relevant question is whether the entailed adaptation in question is one that can be depended upon to improve his well-being. And if we accept the conservative (Burkean) view, the burden of proof ought properly to fall on the person who asserts that the proposed change, and its effect on man's well-being, are improvements in comparison with those conventions and institutions with which we have long been familiar.

To illustrate, if it is recognized that continued technological progress looks to be making the role of the mother-in-the-home obsolete, and that this is a factor (I would say a powerful factor) in the rising post-war trend of family breakdown, it is not enough to speculate—as David Friedman does—on the future possibility of “artificial families” interacting “as if they were relatives” or the wonderful new connections to be made through participating (perhaps by satellite communication) in transnational bridge-parties or through weekly chit-chats with other enthusiastic bird-lovers in Hong Kong.⁴

Bearing in mind that the human family, whether nuclear or extended, has been the basic cell upon which all human societies, tribal or state, have evolved since man appeared on earth, anyone contemplating its disintegration with equanimity should have at his disposal powerful arguments and evidence.

The costs of change once more

My remarks on the burden borne by workers in affluent societies in consequence of rapid and frivolous shifts in consumer demand have attracted the attention of both my critics who, incidentally, attribute to me an arrogance I rather wish I possessed. Ken Elzinga asks: who balances one against the other, and bids me mute my voice. But in fact I do so. I mildly draw attention to a possible outcome—gains of consumers falling short of losses to workers—of a perfectly functioning market. I did not propose to resolve the problem.

David Friedman goes further and takes the liberty of referring me to the literature (quoting Marshall's rule for welfare comparisons). As it happens I do not draw upon interpersonal utility comparisons "of a hundred million strangers, few of them much like him." I believe he is under the impression that economists do have grounds for their presumption in favour of a removal of tariffs, which impression is erroneous.⁵

Even were we able to discover the ideal utilometer, the problem cannot be solved by maximizing utility. The sadistic pleasure experienced by a million voyeurs at watching a man flogged to death might well exceed in total utility the disutility of the victim: yet, in its ethical capacity, the community would discountenance it.

The fact is that remaining without the prospect of employment in one's trade, feeling obsolete, unwanted, rejected, day by day, week by week, month by month, is among the most painful experiences a person can suffer. And if this happens to be an unavoidable consequence of an otherwise well-functioning market in an affluent society, we should at least have the grace to recognize it. A sensitive critic might agree to one of the ethical rules proposed by Karl Popper; that it is more important to prevent avoidable suffering than to provide further opportunities for pleasure and profit.

Spillovers, side-effects and intervention

I turn finally to three minor points raised by David Friedman alone since they may be of passing interest to the economics fraternity.

Apropos my so-called "New Spillovers" of the last thirty years or so which carry some risk of local or global disaster, David Friedman elects to deal with this new and terrifying phenomenon by (quite arbitrarily) *defining* spillover in terms of the utility functions of individuals that are "strongly interdependent, so that you are made miserable by the side-effects experienced by other people." He then dismisses my arguments by the irrelevant and seemingly derogatory remark that "people have been claiming a benevolent interest in others as a justification for making their decisions for them for some millennia now."

As an aside I venture to point out that had he troubled himself to read any of my work on spillovers (or externalities) he would have discovered that there can be many examples of this definition of his—though not of the conventional and widely accepted definition

— that would have to be excluded from the calculus of welfare economies inasmuch as they do not comport with the ethical consensus of the community for which the economist is prescribing.

The conventional and widely accepted definition of an externality has regard to the incidental (that is, unintentional) effects on the welfare of others arising from the legitimate economic activities of persons or entities, say industries A and B. Therefore my “New Spillovers” that are indeed the unanticipated consequences inflicted on the health and, more generally, the welfare of members of the public by the new manufacturing processes, or by the distribution of new synthetics of industries A and B . . . , fit quite properly into the definition. A well-known instance is the effect on the happiness of many European families of the hideous—though unanticipated—mutagenic consequences of the manufacture and distribution of the drug Thalidomide.

Moreover, as I indicated in my paper, the importance of these “New Spillovers” resides not only in the risk of fearsome side-effects arising, singly or in combination, of the many thousands of new drugs, synthetics, pesticides, etc. now being put on the market each year, but also in the consequent unease and edginess of the public which has, over the last fifteen years or so, been demanding increased government investigation, regulation, and controls—so augmenting the size and power of government bureaucracy.

The income statistics and flight to the farm

In his first paragraph David Friedman enquires whether my “gloomy view” is “an accurate perception of reality” or merely an attempt to explain away “statistics of real income by arguing that only the *unmeasurable* components of welfare are declining.” Not surprisingly he assumes the latter explanation and, in an attempt at refutation, offers what he believes to be “evidence” grounded on “the observed behaviour of people with regard to their choices of where and how to live.”

Two small comments should suffice to deal with his paragraph:

- a) It is not hard to generate scepticism about the significance of “real income” statistics by reference not only to the less measurable components of welfare, but also by reference to many of the more measurable items in the conventional GNP calculations. For

example, most of the expenditure in adult education (investment in human capital), the services of banks and innumerable other agencies, the expenditure on government's infra-structure and its military expenditures, to mention those that come readily to mind, enter the estimates of net national income as *final outputs* whereas they are more reasonably interpreted as intermediate goods, or *inputs* into the economy. (If readers wish, I can expand on this).

- b) Incredible though it may seem, David Friedman argues that if my belief that social welfare is declining were correct, one should expect to observe people moving from areas of urban sprawl, where pollution and disamenity are rife, to farms and small towns. Yet, on balance, the reverse is the case.⁶

The first thing to say about this canny observation is the obvious one: choice is *not* welfare. If everybody in the United States moved over time into the cities, it would tell us nothing about the course of their welfare. When it comes to the larger decisions, few people can be counted on to know where their net advantages lie. A good deal of people's time is spent unwishing the decisions they had made years before – notwithstanding which they would, quite rightly, be outraged if they were to be subject to greater constraint in implementing their own decisions.

The second thing to say is that, independent of the course of their welfare, a number of seemingly rational factors can explain the trend toward the city.

- i) In terms of relative economic opportunity population in the agricultural areas is under pressure. In the West, over the last two centuries, capital innovation and investment in agriculture and, therefore, rising labour productivity, creates surplus farm labour. In Asia and Africa, the growth of village population cannot be sustained on the limited land, and the young flock to the cities where, in the last resort, they can beg or steal.
- ii) The post-war immigrant flow into the Western democracies – the so-called South-to-North movement – especially the illegal part of it has strong incentives to settle in the large towns and cities.
- iii) We need hardly mention the affluent foot-loose young anxious to move from small towns to the big cities “where the action is.”
- iv) Finally in terms of relative amenity, the attraction of the farming

life and the countryside has declined markedly over the last three or four decades. We expect today to be assaulted by perpetual engine noises in the city, but it is now no longer easy to escape them in the country either. Agriculture has become agri-industry, machine-intensive; the once-quiet skies torn with the whine of helicopters, once-quiet valleys echoing to the snarl of chain-saws. And every acre of parkland or garden roaring with motorized implements. The bucolic joys of farming are memories only. The farming scene today, where it is not one of unrelieved furrows or crops, is a complex of animal barracks—animal factories, battery hens, pig dungeons, calf pits, an imprisoned mass of tormented creatures processed and deformed to meet the carnivorous appetites of growing city populations.

David Friedman may continue to believe “in his heart” that happiness increases decade by decade (at least in America), but the belief can salvage nothing from the movement of population from farm and small town toward the sprawling conurbations all over the world.

Technology and tyranny—public and private

A last point, David Friedman wants to qualify my argument that technology acts to strengthen the hand of government in a number of ways by attention to the particular case of computer development. While apparently agreeing that the incredible capacity of modern computers facilitate central control of citizens, he states that computers also provide greater opportunities “for decentralized forms of organization, competing information nets, etc.—especially now that a good small computer costs considerably less than a car.”

Granted, but in just what ways do the data banks kept by private corporations, or state or local governments, act as *countervailing* power, so increasing individual freedom, is not made clear. I fail to see any reason why the spread of computers among private firms, among states, or among individuals, should act to safeguard individual freedom or weaken the control of the central government.

His similar assertions about weapons innovation are also a puzzle. I cannot believe that improvement in small arms, and their diffusion through smuggling, adds anything to the sense of safety or freedom of the law-abiding citizen. The contrary surely is more plausible, for it is not unreasonable to relate innovations in small weapons and commu-

nications to the increase in crime and terrorism—as a result of which again, alas, the public becomes that much more ready to cede increased powers of surveillance and control to the state’s internal security agencies.⁷

NOTES

1. David Friedman’s untempered exuberance is such that in the space available to me I shall have to ignore some of his more wanton assertions—for example that my talent is really that of a myth-maker whereas I could justly retort that I am a myth-destroyer (especially the myth of progress)—and occasional remarks calculated to expose my wondrous innocence.
2. For example, we already have, on the one hand, “liberationists”—homosexual, feminist, and others—and those self-styled progressivists who believe in abortion on demand, avant-garde pornography, ultra-bohemian life-styles, and untrammelled hedonistic pursuits. On the other, we have the “new traditionalists,” including the “Moonies,” the fundamentalists in religion such as the Creationists and Jehovah’s Witnesses, and the so-called “moral majority.” Each of these broad groupings loathes the other, and it will need increasingly strong police controls to prevent demonstrations from spilling over into violence and possibly internecine warfare. Consider also conservationists versus developers.
3. Secular “religions” or ideologies (communisms, feminisms, . . .) not only lack the magic, the otherworldliness that men seek, they cannot in a rapidly changing world command a loving allegiance for long: the “religion,” not being Divine in origin, is always open to dispute and reinterpretation. Disillusion grows as the leaders of the movement are seen bending maxims and slogans to expedience, revising doctrine to meet current exigencies, explaining manifest failures as the result of conspiracies by “enemies of the people.”
4. The charitable reader will prefer to think of Friedman’s complacent remarks about the disintegration of the family as a momentary surrender to his customary forensic abandon rather than to suspect that he suffers so pernicious a form of emotional anaemia as seriously to regard activities promoting common interests and hobbies, or organizing science fiction fans, as a substitute for the warmth and closeness, the joys, the pangs, and the poignancy of traditional family life.

5. Among other things my 1957 *Economica* paper made it clear that Samuelson's 1939 *Canadian Journal* article, purporting to prove (using index numbers) that trade is better than autarky for a single country, was invalid—as also, incidentally, was a later attempt by Kemp, 1964, to demonstrate that some trade is better than none. *Economic Journal*.
6. I am tempted to refer him to a passage in my “Dr. Pangloss on Pollution” (1973) where Dr. Pangloss explains that “pollution” is an elitist fad; the poor certainly have no interest in reducing it: quite the contrary in fact. Drawing on the empirical evidence, Dr. Pangloss goes on to say, “In my close reading of social history, and in all my experience over the years, I have observed that the poor invariably choose to take up residence in the most polluted, noisiest, and dirtiest parts of the city” (or words to that effect).
7. In passing, I cited as a prime instance of the imminent and ghastly peril in which we stand today, by grace of the technological establishment, the incredible ease and swiftness by which the nuclear destruction of our planet can be accomplished. It needs but a few men siezed by a moment of folly, fanatacism, panic, raging vengeance, insane ambition, or paranoia, and within hours the world could be transformed into a dead and poisoned planet.

I cannot but marvel at David Friedman's almost-truculent optimism, even in the face of this balance-of-terror mischance, contrived by means of a quibble with my use of the adjective “unprecedented.” He concedes (with what reluctance, I can imagine), that the consequences of a thermonuclear war would (at least when fought “with the objective of victory”) be “grim but not unprecedented,” an opinion which rests on his use of words to exclude the possibility of “mutual annihilation.” In evidence thereof he reminds us of “the great plague” (in fact there were several before that of 1665) and the Thirty-Years' war which destroyed a sizable proportion of the population of Europe.

If I interpret him aright, he may be quite unique in being able to dispel anxiety about living today on the brink of a nuclear conflagration and to distil his complacency from a recitation of the chronicle of major disasters that, in the event, did not succeed at the time in wholly destroying the human race.

Discussion

Edited by: Kenneth G. Elzinga

Kenneth Elzinga: Professor Mishan's paper is entitled, "Religion, Culture and Technology," and to oversimplify its thesis, it is that technology determines our culture. It determines it adversely. And poor old religion, in a post-Enlightenment age, is too feeble to offset the effects of technology and modern science.

I would like to note at the outset that there is a peculiar type of supply-side economics being posited here. Technology, which is essentially the assembly of factors of production, or inputs, in new ways, determines, as Professor Mishan puts it, "our attributes, beliefs, and aspirations." And technology determines them, he argues, in such a way as to cause the malaise in the West that he describes.

Now, in my judgement, all this is too great a cross for technology to be asked to bear. The technology, for much of what Mishan and I both find unpalatable in the West today, existed long before the demand for these goods and services on a large scale was evident. The technology of printing versus the current quantity of pornography is one case in point.

I would suggest that it is no historical aberration that Guttenberg chose to print Bibles, instead of lascivious stories, though this was a technological option open to him. The drug abuse that my own generation narrowly avoided was technologically an option; that is, the technology was known to produce and distribute mind-altering drugs. When people my age were in high school and college, the demand wasn't there. So I suggest we have to look elsewhere than technology to locate the root causes of the West's malaise.

Also in this paper, as in other of his writings, Professor Mishan decries the absence of the simpler lifestyle that technology allegedly takes from us. And I must confess that I have never fully understood him on this point. In most cases, it seems to me, technology increases our range of alternatives; and if we're fortunate enough to be in market economies, it keeps the earlier vintage alternatives open to us.

In coming to this conference, I chose to drive part way across southern Canada. I suspect most of you took a technologically more advanced alternative mode of travel—an airplane. Some of you may have taken a less advanced one—the railroad. While driving, I saw some people hiking, others bicycling, across southern Canada for what seemed, to me, to be enormous distances, but nevertheless they had adopted that mode of transportation. I don't know for certain, but presumably horseback riding was an option to us in coming here. When Professor Mishan was a visiting professor at the University of Virginia, he could have chosen to live just a short distance from Charlottesville on a small farm, raised vegetables, pumped his own water, stoked his own woodstoves, as some of us on the faculty do. Or he could decide to live in the city, for that matter in the country, and surround himself with electronic and electric gadgets. All I am saying is that a simple lifestyle is still an alternative in a market economy.

As to technology and religious belief: Here Professor Mishan and I appear to be quite far apart. It has not been my experience, nor my understanding, that science and religion are opposed. Indeed, as I argue in my paper, it is the Judeo-Christian world view that caused science to prosper. I'm not just saying "allowed," but *caused* science to prosper in the West; but not in the East, which did not adopt this worldview. Men like Pascal, Newton, Maxwell, and Faraday, —these were not only renowned scientists, —they were very devout and pious men.

As to the proposition that modern science, today, has made faith in God untenable, or extraordinarily difficult, all I can say is that if I were a parent sending a son or a daughter off to college, and being concerned that my son or daughter's religious faith would survive the four or eight years at the university, my concern would be the greatest when they went to their classes in modern literature, or psychology, or in the case of my own university, religious studies. (laughter and applause) I would have very little concern about the sustaining of their religious faith when they picked up their physics or their calculus book. Within medicine, I am told, it is much more trying to be a believer in God when studying psychiatry, which is certainly the most unscientific of the medical rotations, than when doing surgery, which is the most precise.

Let me close by noting only that I have focused in these remarks on my disagreements with Professor Mishan. It would be inaccurate if I left the impression that I didn't learn from the paper, or agree with many parts of it. For example, I am very much drawn to the "small is

beautiful” tilt of the paper. Although I am also mindful of what Robert Nisbet said, that, “Today we can afford to take a sentimental view of nature, because science has done so much to ameliorate it.”

I agree with much of Professor Mishan’s factual portrayal of the malaise in the West. We disagree on causes, to be sure. And I concur with his very grim concern that the declining moral standards in the West are ultimately going to lessen the scope for market forces, and probably will provoke greater measures for state control over individual behaviour.

David Friedman: As some of you know, I am an enthusiastic reader of science fiction; and I accordingly felt grateful to the organizers of this conference for giving me Ed Mishan’s paper to discuss. The essential stylistic approach seemed to derive from Stapleton, who, as some of you know, was fond of vast canvasses in which civilizations rose and fell, new breeds of man replaced old breeds, and so forth. It seemed to me that although Mishan’s piece was entertaining, considered as a portrayal of the real world it was implausible. I discuss a good many of my reasons for thinking this in the written form of my comment. Let me concentrate merely on his vision of history.

As some of you may also know, my hobbies include cooking from thirteenth century cookbooks, making Anglo-Saxon jewellery, and reading Icelandic sagas. So I’m not entirely unsympathetic to the Middle Ages. But even so, I find it a little hard to stomach his somewhat utopian vision of the world informed by the rituals of the Catholic church, and all the rest of it.

I also find that in his description of the Catholic church at present, he talks as though Catholics preferring to confess their sins rather than stopping sinning was a new development. My understanding is that one of the strengths of the Catholic church for a very long time has been its realistic attitude towards sin.

And, again, he comments that the Church nowadays uses all the devices of modern science and technology to try to attract followers. As was pointed out by Ken Elzinga, “Who was it who first used printing?,” which was, after all, a new technology being used for the Church’s purpose.

In any case, my reasons for disagreeing with his description of the modern world are, in some detail, in my written notes; and I see no point in repeating them. I would like, therefore, to start by talking about what I think is the very interesting issue he raises, of the relation between science, myth, and the survival of a civilized society. I have a

good deal of sympathy with the idea that myth, broadly conceived, is an important and perhaps essential part of a social order. People want to have some kind of a perception of a moral pattern in the universe they live in, and the lives they are living. Without that it becomes very difficult to survive, at least to be happy and to fit into the world.

What disturbs me is his belief that there is some necessary conflict between truth and myth. That is to say, that in order for a myth to be effective, it must first be a lie, and second be a lie which gains its strength from people believing that it's true.

In fact there are two other kinds of myths. On the one hand, there is the kind of myth which is perceived as a fiction. The obvious example nowadays would be the works of J. R. R. Tolkien. Tolkien wrote immensely moving and, I should say, as literature, very sophisticated works of art. A lot of the reason people like them is that the reader is introduced to a world which makes moral sense—not, as critics sometimes say, a world of black and white, by any means, but a world where black and white have meaning. People like to feel that. They like to feel they are in an ordered world. And I believe that having read them, and having made them a part of your imaginative universe, you're affected forever after—in spite of the fact that you know perfectly well that the history in those books is fictitious, and that the author knew it was fictitious.

One could give other examples; but it seems to me that myths, in order to inform people, do not have to be believed to be literally true. Furthermore, I see no reason why myths have to be false—why one cannot have a set of inspiring myths which are consistent with the world as we know it and consistent with things that we will discover in the near future. The one example which comes immediately to mind is the set of science fiction novels written by C. S. Lewis, of which the first was *Out of the Silent Planet*, in which his science fiction assumption is that the Christian religion is literally true; and he works that out in three quite interesting, and effective novels.

I see no reason why existing religions cannot adopt the views of Newton, and Einstein, and other such people; and thus adapt themselves to the modern world.

So, it seems to me that Mishan is right, that there is a problem with people needing myths. He may well be right that some of the problems of the modern world have to do with the fact that the firms which are producing myths are producing an obsolete product, and that causes serious difficulties. But I don't see that there is any essential, as op-

posed to accidental, reason why one cannot have myths that are consistent with science.

Now, let me go on to make a somewhat different point. And that is that the thrust of Mishan's answer to the question, Is religion anti-capitalist? is: Religion is not anti-capitalist. It is critical of the modern world; and the reason it's critical of the modern world is that the modern world deserves to be criticized.

I think he may well be wrong. I think he is right in saying that the criticism of the modern world is much wider than religion. And that part of what we are observing is something in common between religious intellectuals and atheist or agnostic intellectuals.

I agree that the fact that intellectuals in general are critical of the modern world is a fact to be explained. On the other hand, I think it is at least a possible explanation that intellectuals have always been critical of the contemporary world. And I would refer to that passage of Adam Smith's that I quote in my piece, where he remarks that:

During this period, five years have seldom passed away, in which some book or pamphlet has not been published. Written, too, with such abilities as to gain some authority with the public, and pretending to demonstrate that the wealth of the nation was fast declining, that the country was depopulated, agriculture neglected, manufacturers decaying, and trade undone.

Nor have these publications been all party pamphlets—the wretched offspring of falsehood and venality. Many have been written by very candid and very intelligent people, who wrote nothing but what they believed, and for no other reason but because they believed it.

That is, I think there is a tendency (which I am not sure I entirely understand), for professional intellectuals to view themselves as adversaries of their culture, whatever and whenever that culture is; and that we now have a society in which the percentage of the population who are professional intellectuals is very much higher than probably any society in the past.

There is one more comment I would like to make. When I objected to his objection to vibrators and pornography, the point I was making was not that there was any reason why he shouldn't object to market outcomes but rather that he seemed to be claiming in that passage that those outcomes were a necessary result of a technologically expanding market. It seemed to me a silly argument. The fact that in an

expanding economy people choose to buy vibrators and pornography rather than videotapes of famous sermons is a result of their tastes (or the fact their tastes differed from his). I didn't see any reason why permissiveness was a necessary part of a technologically developing and expanding market.

The second point I want to make is that I don't think that mass permissiveness really requires modern technology. I would cite the Albigensians—not the Perfecti, the few holy men, but the rest of the population—as one counter example, at least from what I understand of their views and practices.

Finally, I notice that Ed Mishan keeps speaking about religion, where I keep speaking about myth. In his initial argument, he talked about the necessity for a myth (which is what I agree with). One form myths may take is to be enshrined in a set of beliefs about a Supreme Being which people really believe in. As I suggested in my paper, historically they've taken other forms. I think it very dubious that Confucianism can be described as a set of beliefs about a Supreme Being. Confucius, whenever anybody asked him about spiritual things, essentially said, "I don't want to talk about that." And I was suggesting that the same objective of organizing, making sense out of the world around you in a moral, meaningful way, could be provided in several other ways, where I include in that both myths that are perceived as fictions and myths that are not religions because they don't involve a Supreme Being. It may be that somebody could either make one of the present religions consistent with what we are going to learn for the next hundred years, or create a new such religion. I don't know. The opinion I was expressing was merely that there was no reason why you couldn't have myths, just because some of the things that were believed by the existing religions turned out to be false.

Seymour Siegel: I have a certain fuzziness about what we're supposed to be very certain about—namely a set of empirical facts. We assume in the discussion that almost every theologian, or theological group, is anti-market, when the fact of the matter is, it's the reverse. The growing religions in North America or even in Europe, are the ones who are pro-market, for example the evangelical, right-wing, "moral majority" people, whom you are supposed to sneer at (which I think is wrong to do). And that is not taken into consideration in any of our discussions here. The same is true about an assumption, which we heard in the previous discussion, that religion—both in its organized

form and in its more internal form—is declining. The fact of the matter is that the United States of America (and, I presume, Canada—since our brothers or sisters share the same phenomena), which is the most technologically advanced society in the globe and in the history of the world, is probably the most religious one, measured in any way that you want to measure it.

Andrew Greely pointed out a very interesting fact, in one of his recent books, that more people attend religious services, on the average, in this country, than vote in elections. Notwithstanding what we've discussed, we assume that politics is a concern that everybody shares. That's a most popular sport in the United States. And yet, less people participate, even in the most rudimentary expression of politics—like voting—than they do in religion. Therefore, the notion that everything is decaying, and that has something to do with technology, is not borne out by any empirical investigation of technological societies, especially the ones north of the Rio Grande.

The other thing is that non-technological societies are more materialistic than our societies are, and more Victorian in their morality as well. Examples include the leftists, the communists, the socialist blocs, and China.

I also think that David Friedman, regardless of the brilliance of his remarks, just lost track of the whole history of religion in the modern age, beginning with the Enlightenment. There's been enormous efforts, and stacks and libraries of books, on integrating traditional religions—Judaism, Christianity, Islam—(Islam less, because Islam resists modernization for some reasons that we can discuss a little later on but certainly Judaism and Christianity) with the discoveries of science, technology, even social science, psychology, and so forth.

But there's one point which I think is very important to stress, which David made before; and I want to repeat it again, because it's extremely crucial. I know from long experience in speaking to various audiences around the country, and even beyond, that the worst thing you can do to an audience is to say that things are pretty good. (laughter) People rebel at that. You have to tell them that things are bad; if you say things are going pretty well, they'll boo you off the stage—at least the audiences that I have an opportunity to speak to. Maybe other speakers here are more fortunate in their invitations. (laughter) The past is good. The present is lousy. The future may be better, depending what your formula is; but it probably will be even worse.

Somebody made a study, just very parochial—a study of Hebrew literature over a thousand years—in which they pointed out writers who, in the eighteenth century, would always say, “In the seventeenth century things were wonderful. In the eighteenth century, they’re terrible.” And the same people in the seventeenth century were saying that in the seventeenth century, it’s terrible. It’s the sixteenth century which was the flowering of culture, or piety, or whatnot. I think this has a good function because it destroys smugness, which is important; but it also has a corrosive influence which makes people so despair of their current condition, that they feel there is no way out except revolution, which turns out to be worse, or some retreat to privatism, which makes it worse for them and for the whole society.

John Cooper: In support of what Seymour Siegel has just said, I would suggest a comparison between two oil rich nations, Saudi Arabia and Libya, for example. In my reading of the situation, the Saudis are putting a lot more money into building up a productive capacity that will sustain them over the long run. And it looks like Libya is a classic case of sudden wealth harming a society, because it is being spent primarily for consumption, and the social and religious fabric of Libyan society is getting rather frayed. So technology has its blessings and its curses. They usually come hand in hand.

I wonder if Ed Mishan would accept this if I substituted for the notion of science or technology, the word “scientism.” If we imagine Enlightenment, progress and reason multiplied to the *n*th power, amplified to the level of an ideology—as in the thought of Francis Bacon, for example—then I think there is a very strong case that all religions have a fundamental disagreement with such a scientism—but not with science itself.

Edmund Opitz: Ed Mishan’s paper provoked two of the most interesting commentaries. When I first read the paper, I thought of that old Puritan of several centuries ago from the Boston area who said, “My heart leaps for joy every time I hear the good news of eternal damnation.” (laughter)

It seems to me that there is a great deal of truth in what Mishan has said; economics and politics, by themselves, have usurped a position in our lives which their intrinsic merit does not deserve. But once they are in their proper role, and functioning well, they are like our digestion or our breathing. We can sort of forget about them, not entirely;

but we keep them in reasonably good working order, and then tend to the more important things.

I thought also when I read Ed Mishan's paper that we have about four and a half billion people on the planet; and that without science, technology, and large-scale production, a lot of them could not stay alive. But there is food for thought in the non-academic portions of his paper as well. People need to find meaning in the universe, and purpose for their lives in a religious sense. They must develop some life-enhancing myths (in the sense in which David Friedman used the term); and on top of that, we need the kind of sensory experiences that, in a world emphasizing more comfort, we have lacked. And so people are climbing mountains. They're jogging. They're working up terrific sweats in all kinds of strenuous exercise. They're seeking danger. I think we have gone through a period—maybe we're getting out of it—where the educational system has not done much to give people, young people, means of expressing themselves. They cannot get out what is within them by speaking it, whistling it, singing it, dancing it, or acting it out; and so they tend to take it out on other people in murderous rages, and crime, or driving suicidally, and so on.

It seems to me that our culture, as Matthew Arnold pointed out, has suffered certain deprivations because the whole of our nature has not been expressed in it. Arnold said that there were five social instincts. They come in pairs. The first instinct which alone has been given full and free expression, is the instinct for *accumulation and expansion*. Accumulation means making money; expansion means gaining power or influence; making our mark on other people.

But four other facets of our nature have not been given full expression, or have been perverted. There is the instinct for *intellect and knowledge*. Once it was knowledge for the sheer joy of knowing, or the sheer delight in learning, but now it is knowledge for power, or to change things, "to alter this universe in one way or another."

Then there is an instinct for *beauty and poetry*. Beauty is in the eye of the beholder, we are told; and so painting is simply the more or less extravagant expression of more or less interesting personalities. The old artist thought he did something on canvas for which there was an answering echo in the nature of things. And the modern poet, if you tell him that you understand his poetry, is insulted.

Fourth is the instinct for *social life and manners*. The attitude towards people which is a lubricant of intercourse in society. This is not "natural"; it is learned.

And the final one, the instinct for *religion and morals*. We have been getting into those areas here. I think Arnold's criticism as to what religion has become, on the one hand push button salvationism, and on the other, social action, is an indictment in some degree of what religion has become in the modern world.

PART FOUR

EXTERNALIST EXPLANATIONS: SOCIOLOGICAL ISSUES

Chapter 7

THE CLERGY, SECULARIZATION AND POLITICS

David Martin

I. THE CONVENTIONAL SOCIOLOGICAL WISDOM

The initial object of this essay is to state the conventional sociological wisdom with regard to the contemporary situation of the clergy. Then I want to sketch idealized portraits of the views of two kinds of clergymen, one who embraces a “realistic” view, consonant with the old state/church position, but not necessarily linked to it, and one who inhabits the ill-defined terrain between liberality and liberation. I hope the connection between the two parts of the argument will be sufficiently clear. The link is that the sociological changes here described make possible, indeed make much more likely, the emergence of the kind of clergyman who is located between liberality and liberation.

In restating the conventional wisdom, I shall rely on the concluding chapters of Canon A. J. Russell’s excellent book “The Clerical Profession,” which deals in particular with the Church of England. It is helpful to use the Church of England as a vantage point because it provides a traditional yardstick by which to measure the extent of contemporary transitions. The Anglican Church has been deeply embedded in English social structure and the Anglican ecclesiastical elite has, in the past, been closely interwoven with the social and political elite. Moreover, it seems to me arguable that not only does the Anglican Church provide a historical yardstick of tradition but also provides an

index of extensive radicalization. The old fashioned liberalism which once permeated the free churches is now rather conservative by comparison. The sometime upholders of law and order, social and personal discipline, tradition and national identity, now make the running in the field of radical causes. This is particularly the case in the specialized agencies of the Church.

The changing social role of the clergy

So what then is the contemporary situation of the clergyman? Canon Russell sets out the background of a traditional paternalistic society where the cleric was usually the most educated man and where his views were woven into the whole fabric of the social worldview. The Church then became one element in a differentiated society, offering one option amongst several competing viewpoints. The teacher, in particular, emerged as the local rival of the clergyman, and he might even promote some version of radical politics or of idiosyncratic religion or of humanism. The marginality of the Church was exemplified in the way the clergy became bearers of a home-centred rather than a work-centred culture, and that meant that their sphere became increasingly comprised of the women and children. Their role was also more and more identified with devising entertainment, or running uniformed organizations. In short, clergy belonged to a part not the whole, and that part was “passive” rather than implicated in the active agencies of social reality.

Many of the clergy probably retained elements of an older anti-industrial and anti-urban approach, which might be conservative, but could also be utilized against capitalist civilization. Traditional conservatism, which was shared by the clergy with part of academia, contained an anti-capitalist fuse which could one day be lighted. It was, of course, stronger in countries like England than in the U.S. where “conservatism” lacked the traditional Burkean approach. Seminaries and seminars alike contained seeds of anti-capitalist ideology. This is an important point, because part of the radicalization of the clergy has to be related to the downward mobility of a key sector of traditional social structure.

The clergyman was once aligned with “the professions,” above all the law and medicine, but also the military. That meant that he exemplified gentlemanly culture and technical expertise combined. However, in today’s world, the professions have vastly expanded, and

expertise has fragmented into a myriad specialisms. The old individualistic, personalized approach has been eroded in many professions in favour of the collective exercise of a limited, impersonal competence. Teams of experts or groups of officials are more and more characteristic of contemporary professional life and the clergy are no exception. They are exceptions only in that they find it less easy to define their expertise, or its appropriate area of activity. To be generally “cultured” or even caring is not an avocation in itself.

Perhaps it is important here that professional men when organized in teams tend to treat each other as their primary reference group rather than their clients. If this happens among clergy, it can lead to a form of neo-clericalism. Neo-clericalism is interesting because it is in conflict with the attempt to de-clericalize the Church and assert that the “laos” is the active centre of what is meant by the Church. Thus the new style clergyman may be emphasizing the importance of the laity or of “the people of God” and at the same time referring to and deferring to his colleagues. This has a further important consequence. He may with his outward lips be speaking of a *rapprochement* with the world and of being “open” to the secular reality, but his social point of reference may make more for closure than for openness.

Forces towards political activism

We have already noticed one or two aspects which may have a bearing on the way in which the clergy have become politically activated in recent years. One has been the relegation of the clergyman to the sphere of leisure rather than work. Another has been the anti-industrial “charge” still lodged to some extent on the clerical worldview. We now come to a further pressure, which derives from a query about the relevance of the skills possessed by the clergyman. For complex reasons which cannot be gone into here, the whole activity of ritual performance, whether it be secular or religious, has been downgraded in the view of many people. The cult of authenticity, however socially unrealistic, has thrown doubt on any avocation which is centred on the constant repetition of rituals. A man whose whole social being is based on the role of religious “master of ceremonies” is felt to be playing rather than acting in earnest. This prejudice against ritual and repetition extends to the wearing of uniforms, or in the case of the clergy, the collar.

The result is that just at the time when there is a kind of collectivist ethos growing up based on team work, and associated with a form of neo-clericalism, there is also a tendency to dissociate the self from the clerical role. The clergyman is peculiarly sensitive to the charge of marginality and irrelevance and feels compelled to divest himself—and the word divest retains its sartorial reference—of the specific clerical character. He is not exclusively a man of the cloth, a designated preacher or sacrificing priest, but a man among men. How then is he to free himself from the constricting collar? Well, of course, he can take it off. Many do. But the act of removing a collar symbolizes far more than sartorial divestment. It signifies an attempt to leave the world of ritual and leisure pursuits and find an active role in “the world.”

The clergyman, then, is somewhat shut off in a professional reference group, but he has designs on mundane activity. He no longer fears the enticements of the world, or for that matter perhaps the seductions of the flesh and the devil, but is anxious to be where the action is. Indeed he has a rather exaggerated notion of the degree of “action” enjoyed by those outside his own order. The cleric does not compare himself with a clerk, whose office after all, is hardly more active or “political” than his own, but with some exemplary figure of heroic proletarian proportions. Or else he compares himself enviously with the committed intellectual, whose role appears to consist in researching the contours of the real world and proposing how it may be reformed.

Some clergy do attempt to enter the world of blue-collar work, but as hinted above, the blue-collar image is increasingly unrelated to today’s work force. In any case, the natural skills of the clergyman are more closely allied to those of the teacher or academic. To put it rather harshly, the clergyman finds himself in the proletariat of the intelligentsia. This is not a particularly pleasant place for him to be. It represents a form of downward mobility from the time when he was *the* man who knew. But at the same time, he is also a person—or parson—with a commitment. He has not entered on holy orders just to be a minor member in the lower reaches of teaching. He has a vision and a mission. The only way in which that vision and mission can be actively followed is by a form of politics.

It is not easy to be a political vicar or minister in the parish or in the local chapel. The exigencies of running and administering the hundred-and-one minor tasks of a local church are a massive constraint.

The expectations of the congregation are also constraining. The world of family, of ritual and leisure pursuits, does not open easily onto the world of politics. The parson can, of course, convert his vision and his mission into a form of social work. His caring is then validated by what claims to be a certificated expertise. But what beckons more seductively is a specialized ministry either in the central agencies of the Church or in the world of communications. He can leave the closed circle of communicants and enter the wide-open arena of communications. That, after all, presents a chance to make an impact and allows for a redeployment of his original skills: talking, “acting.” Indeed, it is another form of liturgical drama. This is how the central agencies of the Church and the communications outlets associated with them often become filled with refugees from the constraints of the local ministry. Thus the voice of the Churches becomes in many ways divorced from the local constituency.

However, this is not universally the case. The voice of the “electronic Church” is not notable for radicalism, though it has acquired a vigorous political resonance. Here we must distinguish between types of motivation to the sacred ministry and notice the conflict now developing between those political in a radical or liberal direction and those who have emerged even more recently and are politicized in the direction of the so-called moral majority. To make that distinction, I propose deploying a rather simple bi-polar model of clergy viewpoints put forward by Professor A. P. M. Coxon and Dr. R. Towler. They acknowledge that many clergy cross their bi-polar divide.

The Puritan/anti-Puritan distinction

In their researches among Anglican ordinands, they distinguished Puritans from anti-Puritans. The Puritan type is characterized by a high degree of religious interest and a lack of flexibility. His faith is clearly defined and rigidly maintained. He feels himself clearly “called” to a definite role. Furthermore, his interests are somewhat constricted, particularly in the aesthetic direction. He maintains a distinct withdrawal from the world. The anti-Puritan, of course, displays the reverse of these characteristics. The distinction here is not between old and young, or between sacerdotalist and evangelical. Indeed, the sacerdotalist may, and often, does, belong to the Puritan type.

The re-emergence of the “Puritan” type in the form of a politicized commitment to conservative morals expounded through the new

forms of communications technology has been sufficiently commented on. In the United States it amounts to a major conflict between the politicized liberal clergy and the politicized clerical partisans of the "moral majority." Elsewhere one may say that the radical dominance is still maintained, though increasingly challenged. However, our concern in this paper is primarily with the radical versions of politicized clerical Christianity, and in that respect one further element has to be noted.

The 1960s saw the emergence of a strongly anti-elitist movement. The attack on ritual was also an attack on elites. This combination of anti-elitism and anti-ritual had a peculiarly strong impact on the declining and marginalized elite of ritual practitioners i.e., the clergy. By virtue of living next door socially to the knowledge class, reach-me-down versions of anti-elitist sentiment constantly seeped through into the clerical mind. Clergymen, in order to achieve some kind of edge and social coloration, are often seen to adopt the more extreme versions of the anti-elitist tags and slogans that are available. It is as if their relatively recent departure from the conventional social structure and from the role of guardians of "civil religion" has given an added animus to their repudiation of the past.

The vigorous repudiation of the role of guardian of civil religion and the espousal of anti-elitist positions has various consequences. These can perhaps best be noted by way of the two portraits which are to follow of "idealist" and "realist" clergymen respectively. However, before we proceed to that, it is important to stress that nothing follows from what has been said concerning the "truth" or otherwise of the positions taken up. The positions espoused by the radical clergyman are not invalidated by the recent social history of his role any more than the position of the guardian of civil religion is invalidated by his particular place in traditional social structure. Nor, of course, are the positions mutually exclusive. There are clergy who maintain traditional civil roles and also utilize them to make radical or liberal pronouncements. Indeed, for some there is considerable *frisson* to be derived from combining all the appurtenances of priesthood with a startling deployment of revolutionary views.

II. THE “REALIST” CLERGYMAN

How then may we proceed to construct an “ideal-type” of the “realist” clergyman? I intend to begin by stressing certain role-performances within the context of civil religion, or, as it would be in England, *the National Church*. I do this because it seems to me that the first step in a realist position involves a recognition of the tension between particularity and universality. The realist is critically tender towards the particularity of human attachments. These include the locality and the nation. Nothing so distinguishes the “realist” from the liberal “idealist” as this tenderness towards the sense of being located and defined by territorial loyalties. It is interesting to notice that liturgical reformers are particularly ambivalent towards state prayers and those petitions which speak of “the maintenance of thy true religion and virtue.”

The affection for particularity

“Civil religion” is of importance to the realist precisely because it stands in contrast with two forms of universality: the generalizing, abstract loyalty to humanity preached by the liberal, and the international fellowship created by the Church Catholic. It is no part of a realistic approach to deny overarching loyalties to humanity at large or to ignore the fact that people are people whatever their nationality. Nor is part of such an approach to ignore the international scope of Christian fellowship. What is at issue is the sense of being rooted in a place and in a sense of continuity. Time and place are not abstract qualities but means whereby people locate themselves in a sequence and a context.

You have only to consider the role of the Church in Poland or in the Basque country to see how closely the Roman Church is bound up in the affirmation of a continuing culture and in the integrity of a people. “Nationalism” is a bad word, and one which the right-minded shun as connected with every form of national and xenophobic prejudice, and with collective self-glorification. Rightly so, but the consciousness of being a people, united by a common past and by a deposit or inheritance carried lovingly into the present, is supremely important for identity and for identification. The realist accepts this identification, with its particular contingent loyalties, and he tries to cherish the best elements in it. The special character of things is to be

nourished, whether it is the specialness of a people or a church. The identity of persons grows in the soil of what is distinctive. So the realist does not attempt to eliminate the character of a tradition in favour either of liberal cosmopolitanism or ecumenical union. Everything has its place. This matters precisely because the radical tendency tends to pluck up roots as barriers to wider loyalties and broader sympathies.

The realist also accepts the social necessity of roles and institutions. The relevance of this lies in the way that many radicals identify social structure as a problem in itself. Of course, in reality nothing is achievable without such structure, but many liberals carry their dislike of institutions to the point of aiming for chaos. No sooner is a convenient mould established than they try to break it up. This is one of the sources of confusion in the contemporary churches, whether it is constant new services or new versions of scripture or exercises in renaming things. Dynamism is identified with changefulness. This means that faith cannot be “the still centre in a turning world.” Clearly times *do* change and much is relative, but the realist recognizes that people need familiar points of reference and that flexibility *depends on fixity*. Of course, there is a problem here as between two kinds of conservatism. A capitalist conservatism actually thrusts in the direction of continuous change and creates a *laissez-faire* in the psyche parallel to *laissez-faire* in the economy. An older more organic conservatism checks and qualifies this by seeking out and establishing points of reference. People need markers: places, names, standards, formulae. One of the great disservices offered by some contemporary churchmen has been the dissolution of place and name and formula. This means that people do not know where they are going to or where they are coming from. They cannot conceive of a trajectory, and find themselves dimly and dumbly searching for one. The realist tries to offer shape and definition, without rigidity and stasis.

The political mind of the realist

Realism also involves a particular approach to political options and exigencies. A realist assumes that political action is a very exacting discipline and that moral choices are hedged about by very rigorous conditions. To choose politically is *not* to think up the most attractive package of current rostrums. It is not to assemble all the available forms of approved niceness. Rather it involves a careful weighing of options

which exclude other options in terms of what can actually be pursued and carried through given the disposition of forces and influences currently at work. Of course, one may attempt to modify or deflect such forces, but political life is a balancing of pressures into which one inserts an option or choice. The defiles through the barriers are narrow ones. All kinds of Draconian measures may have to be taken en route—some short, sharp and painful. Indeed an unjustifiable act may be necessary within a wider context which is justifiable. Policy is an ensemble which on the whole points in the right direction but which may logically imply actions of doubtful morality.

This is not to say that the ends justify the means. Quite the contrary. But there has to be a realistic assessment of how ends and means are related, and how political consistency may require actions of a hurtful kind. Once this is recognized the realist will not seek to cover up such actions as part of a crusade. They are and remain part of unfortunate necessity. It is precisely this unfortunate necessity that a great deal of sentimental Christian politics seeks to avoid. The crusading mentality forgets what most historic crusades have been like. It was the crusaders, after all, who ruined Byzantium. In short, given the disposition of men and their likely proclivities the realist assumes that setting off for the Holy Land is a dangerous enterprise which may end in sordid self-advancement. Heaven on earth turns out to be hell on earth.

The realist and awareness of evil

So, the final aspect of realism concerns some proper estimate of evil. Here again one may observe at least two kinds of conservatism. There is an optimistic conservatism, well represented in the U.S., which hears no evil and sees no evil. Many progressive educators in liberal democracies assume that the appetites will be benign given appropriate environments. Realism assumes no such happy likelihoods. It is not awaiting the paradise which is just around the corner if only this or that is undertaken, or a particular circumstantial barrier removed. Again, of course, some things *do* have to be removed, but the snake still roams in the garden. Even the poor, once given power, will misuse it in their own interests. Political life is essentially *interested*. On that, its predictability depends, and it will never be otherwise. There will be no change of era in which mankind emerges into a new apolitical, disinterested age.

III. THE “IDEALIST” CLERGYMAN

However, clergy are especially likely to succumb to such a notion, particularly once deprived of the notion of original sin and endemic evil. So it is now important to turn to an idealist Christian view to see how that works out and how it is linked with various forms of secular Utopianism. The groundwork of Christian theology, once the sense of endemic sin is removed, becomes very well adapted to secular idealism. Indeed, Christianity is a powerful originating source of such idealism. Loosed from social structural constraints, and from the doctrines of creatureliness and sin, Christianity itself participates in Promethean illusions. The simplified tags of individualistic morality become simplified political slogans.

Individuality vs. communality

In what way? I begin by summarizing certain contrasting attitudes to individuality and to communal consciousness. I want to lay as much stress on this now as I did earlier in the contrast between national or local belonging and loyalty to abstract humanity. Over recent years contemporary clerics have shared the usual lust of the intelligentsia for *true gemeinschaft*. Given that Christianity has spent a large part of its history embedded in communal types of social organization and took off from sect-like beginnings, this has a historic appeal. Clergymen today seek to create cells resistant to secular corruptions, even as they abandon the larger, looser, almost shambling, structures which used to relate the Church to the wider society. No matter that this is at odds with the prejudice against structures and roles *as such*. There is a quest for the in-group and within that in-group the clergyman orchestrates communal consciousness.

He wants to be close and to eliminate the area of defensible private and individual space. A great deal of liturgical reform, so-called, drums up a kind of raucous participation intended to overrun the boundaries of individuality. Conscience, defiantly individual, is overwhelmed in consciousness. The point can be overstated. A great deal of contemporary radicalization makes people aware of the range of injustice in the world. It is, in my view, to be welcomed. Nevertheless, there is a communal emphasis which runs dangerously parallel to collectivism. The communal and the collective stand adjacent to each other. The end result is quite paradoxical since one finds the ideal of

spontaneous authenticity yoked to an admiration for collective belonging. What is *not* admired, however, is individual striving and achievement. To strive and achieve is adjusted very anti-social and definitely non-Christian. Games are to be played but no goals are to be scored. Excellence is a crime against equality.

I have underlined a contradiction between the search for spontaneous authenticity and the setting-up of cell-like structures in which to nourish communal consciousness. This contradiction is, as I have argued elsewhere, quite central; and it distinguishes those who are basically oriented in a radical liberal direction from those whose end is total, collective liberation. But both liberals and liberators are inimical to what they regard as capitalist individuality and also to the kind of individuality nourished in organic conservative structures. Go-getting initiative belongs to capitalist notions of individualism and sets itself non-Christian goals of accumulating wealth. Roles and modes, restraints and manners govern the other kind of individuality and maintain private controls and standards resistant to popular invasions. To put it in a nutshell, the liberal contemporary clergyman is opposed first to the idea that man maketh money, and second, to the idea that (in the words of the motto of Winchester School) “manners maketh man.” They are against money and manners. This relates to what I said earlier concerning the prejudice against ritual performance.

Communal redemption and the new society

However, one difficulty which emerges is that individual redemption becomes almost meaningless as compared with the construction of a new society. It seems useless to preach for the conversion of individual souls just as it seems odd to say “I believe” rather than “we believe.” So that remarkable discovery of selfhood and individual conscience associated with Protestantism begins once more to recede. The bourgeois invention of privacy is to be subject to systematic disruption in the interests of communal control. Here we can see the way in which Catholic communalism and contemporary collectivism can overlap and, in some circumstances, actually merge.

The gospels do, of course, warn expressly against perverse individualism, egocentricity and the pursuit of wordly goods. So there is a point of contact between the contemporary search for communal consciousness or the condemnation of capitalist striving and the original deposit of faith. This is part indeed of the morphological resemblance

between Christian theology and Marxist doctrine, which has often been remarked upon. What is at stake, however, is the extent to which individual economic initiative is linked to the expression of individual selfhood *as such*. None of the societies which have banned individual economic activity, have succeeded in nourishing individual selfhood and the rights of conscience. Even Yugoslavia, which is the least oppressive of Marxist societies in this respect, is far behind most developed capitalist societies.¹ Capitalist societies have generated checks against their own worst tendencies; Marxist societies (so-called) have accelerated their own worst tendencies and exalted them as virtues.

Finally then, what attitudes follow from liberal-cum-liberationist politics in that interim that remains before the contradiction between them is apparent? Let me take an admirable Catholic Canadian theologian, Gregory Baum, as my example. Since my “realist” was sympathetically portrayed, it seems only fair to have an equally sympathetic portrayal of an idealist. Professor Baum also offers an example of a man who is steeped in a sociological understanding. I take a small article by him entitled “Moral People, Immoral Society” as my point of reference.²

Baum as characteristic idealist

Professor Baum begins by saying “Christians often lament the breakdown of values in our society. They tell us we no longer share a common vision, that each person promotes his or her own career, that selfishness and apathy have become dominant characteristics, and that the social intercourse between persons at work and in the neighbourhood is defined by impersonal, purely contractual relations. We become isolated, preoccupied exclusively with our own affairs, we lose the sense of solidarity, and even the intimate ties of marriage and friendship are easily undermined by the pressure of social life.”

Baum then goes on to make his crucial point which is that Christian values can never be introduced by individual conversion or by personal dedication. This is because the logic of the market determines public values. Whatever you consider, whether it be housing or the production of food, is based on the principle of profit, and above all dominated by the power of giant corporations. These corporations are concerned to garnish their image and so they may support reforms as the best way of assuring social stability. When we participate in the life of these corporations, we absorb their understanding of life by

seeking to compete, promote our careers, have a pleasant private existence, remain free of obligations, and—above all—neglect the common good. To preach the importance of *individual conversion* is to pull the wool over people's eyes, when in truth they ought to become *critics of the system*.

Given that the *system* is responsible for the “emergence of universal selfishness,” there are two critical strategies available: radical and reformist. Reformists argue that the logic of existing institutions, though it does not offer real democracy, equality and participation, nevertheless generates the desire for these things. This democratic thrust, which at the moment is at odds with the inherently hierarchical nature of capitalism, will in the end, produce a new community-oriented ethos and a vision of life beyond egotism.

Radicals disagree. They do not see democracy as a counter-balance to capitalism, but rather as infected by capitalism. The owners will only allow reforms which also happen to benefit them. Preaching justice and love remains “ideological” unless part of the practice of criticism and revolutionary engagement. This, says Professor Baum, is not some maverick intellectual view but the basic stance of the major Canadian churches. The Labor Day Statement of the Roman Catholic Church in 1976 said that the present system produces a gap between rich and poor people and rich and poor nations, and concentrates the control of the world's resources in the hands of a small elite. Christians must, therefore, listen to the victims of the system, and thereby achieve their own self-knowledge. The answer lies in working for co-ownership, solidarity and sharing. Professor Baum adds, and this again is crucial, that all this has nothing whatever to do with the extant revolutionary regimes, since they have created a form of bureaucratic centralism “closer to state capitalism than to socialism.”

An English version of the same basic argument can be found in “Poverty, Revolution and the Church” by Michael Paget-Wilkes.³ He argues that the poor reject the Church because the Church rejects them, and excludes them from its machinery of decision-making. The Church should comprehensively dissociate itself from present values and structures and develop a participatory structure, aligning itself with community experiments and minority protest movements. Dis-establishment is a natural concomitant of this strategy.

The political mind of the idealist

The themes, then, are clear enough: the promotion of community and participation, identification with the underprivileged, the evening up of disparities between nations, and the impossibility of effective democratic action or individual conversion. The list of aims seems admirable, indeed *is* admirable. But it rests on the following approach. First, that political action is arrived at by assembling a list of approved *desiderata*—what, in short, would be nice. Second, that pessimism about the present set-up is compatible with optimism about the future. Third, that the observed consequences of the proposed structural changes elsewhere are irrelevant. If they turn out even more inimical to participation and solidarity than capitalism, they are to be labelled just another version of capitalism. Indeed, capitalism is the term for what is regarded as evil. Fourth, that no rigorous examination of exactly what would be implied by rule by the poor or by processes of participation is called for. The invocation of nice-sounding terms is adequate. Yet participation can be extremely oppressive. It can be everyone's right to be continuously oppressed by his or her fellows. The real problems of decentralization and the state are never faced, especially the fact that decentralization is bound to lead to an increase in the inequality and local concentrations of power. Fifth, the interested character of all political action is ignored. Once the poor nations acquire wealth, as they have done in the Middle East, they act in an almost entirely interested manner. The substitution of governments deriving their mandate from the masses rather than elites, will make no difference. Indeed, oppression is even easier when carried out in the name of the masses. People can then be oppressed in the name of *The People*. The realities of power are never analysed directly or in terms of real options.

Nevertheless, it is policies of this kind which are embraced by idealist clergy, reading off the requirements of policy from lists of approved values. This is not to say, of course, that justice and peace are not central to human aspirations, or that nothing can be done. But the problems are immensely complex, and every political choice involves severe losses and implication in evil happenings and consequences. Democracy is indeed “a damn bad system,” but it is probably the best we can hope for. The limiting of evil is difficult enough, let alone the institution of *the good*.

NOTES

1. Michael Novak (ed.) *Capitalism and Socialism*, Washington, D.C.: American Enterprise Institute for Public Policy Research, 1979.
2. Gregory Baum, "Moral People, Immoral Society" *The Witness* Vol. 63, No. 10, October 1980.
3. Michael Paget-Wilkes, *Poverty, Revolution and the Church*, Exeter, Devon: Paternoster Press, 1981.

Comment**Lance Roberts****The historical frame of reference**

Professor Martin has confronted a wide range of issues in choosing to explore how secularization has affected the role of the clergy, especially with respect to their views on the market economy. I admire his tackling this task, agree with much of what he says, and was provoked to ponder various issues. In the short space allotted me, I have chosen to outline my thoughts on but a few of the issues raised by his paper.

First, I think Dr. Martin has correctly identified the historical frame of reference that can be used to place the clergy's present situation in proper sociological perspective, although I would have preferred he elaborate on the nature of that situation. It seems to me that the pre-secularized situation can be described as "structurally tight"; that is, a social world in which there is a broad consensus on basic norms and values and where these expectations can be imposed upon people in a relatively effective manner. This contrasts with a structurally loose sit-

uation, like the present ones in modern societies, where expectations are more likely to be proposed by authorities and interpreted by recipients. In this structurally tight system the Church, of course, held a very influential position and members of the clergy were of high status.

As Professor Martin points out, the nature of this social structure was radically transformed after the two great revolutions stirred the forces of modernity. A fundamental feature of this process was that of secularization which brought a progressive withdrawal of religious institutions and symbols from sectors over which they had previously held sway (Berger, 1971:274). In this sense the Western world did disintegrate from a condition of relative institutional and ideological unity. Modern societies became progressively more socially differentiated and with this increased division of labour and institutional multiplication (due in large part to the operation of industrial capitalism) came a diversification of viewpoints often labelled as “ideational pluralism.”

Such radical transformation in both the structural and cultural arrangements had understandably disorienting consequences. With the shuffling of traditional benchmarks, the clergy and laymen alike were left without a well-defined set of institutions or ideas on which to peg their identities. As Professor Martin notes, the Church and its normative network was moved from the centre to the periphery; they became one “amongst several competing viewpoints” and within the new marketplace of ideas the Church was less able to sustain its form as a “greedy institution” (Coser, 1974).

Role ambiguity among the clergy

It is important to remember that such broad social changes influenced both church leaders and followers. In sociological terms the new position of the clergy can be identified as one of role strain due to role ambiguity. We know that strong identities are nourished under social conditions characterized by a high degree of stability among role partners regarding the expected obligations and privileges of each status. Where such mutual expectations are poorly defined or unrealistic (the situation called “role ambiguity”) then occupants of positions and their relationships to others are strained, largely because they have difficulty articulating and meeting the demands of their roles. Such strain is well documented in the social psychological literature as prevalent

when social change is extensive (Vander Zanden, 1979), as has been the case of the clergy over the past century. One consequence of such a structurally ambiguous situation is that it is considerably more difficult for holders of relatively high status, like clergymen, to maintain their credibility and authority; after all, they are forced to act in a poorly defined situation. As a result, we have the situation Professor Martin describes: at the very time when laymen most need a steady, guiding institution to help them cope with the dislocations of modernity, the clergy are unable to fulfill this need reliably because they themselves are wrestling with the disrupting effects of the same social forces. In short, both modern clergy and laymen suffer from estrangement and alienation. Reactions to this condition are to be expected. In general, these reactions are usefully characterized as a “quest for community” (Nisbet, 1953).

The clerical response

Professor Martin informs us by cataloguing several of the responses the clergy use to clarify their new situation, to resolve their condition of role ambiguity, and to find a new form of community. One is to denigrate the capitalistic market ideology since this is identified as largely responsible for the spread of ideational pluralism and the subsequent loss of the clergy’s ideological monopoly. Another form of role articulation involves a strategy of clerical specialization and bureaucratization as “professionals,” with a consequent divorce from the concerns of the people and concentration on the narrower interests of the “neoclerical” reference group. A third approach involves an attempt by the clergy to align themselves with the supposed interests of laymen by becoming “relevant,” which centres on discarding the core of ritual performance and becoming increasingly politicized. In a modern society such strategies can be expected to take several forms and Professor Martin acknowledges this in his characterization of Puritan and anti-Puritan types and, by extension, in his discussion of the idealist and realist types.

There are two central questions that focus all of this discussion. First, have the recent manoeuvres by the clergy succeeded in providing them with an articulated and credible status and set of functions? Second, how have their various attempts in this regard affected their views on the market? Regarding the issue of credibility one has to be at least skeptical. It seems to me that the plethora of activities that

clergy engage in, both wide in range and often shallow, suggests that there is not a great deal of consensus about the social roles, purpose, and utility of the clergy. At the same time, the decline in attendance at orthodox churches and the level of commitment of those attending suggest that the people, in general, are not finding what they seek in the present structure of religious institutions (Bibby, 1980).

What might the churches do?

Granting such scepticism, one might speculate on the sociological form and function religious institutions might take on were they to define themselves more appropriately to the context of modern society. In my judgement such redefinition might begin with a realistic appreciation of what modernity has done to the social position of the Church and, moreover, what distinct needs are left for it to fulfill. On the first account it is essential to appreciate that “regardless of their theologically absolute self-interpretations, religious groups become *voluntary associations* . . . in the last resort no one is *compelled* to adhere to any religious group” (Berger, 1971:278, emphasis added). In other words, modern society is not structurally tight; it is loose in the sense that most institutions can only propose (rather than impose) a set of values, norms, and beliefs. Consequently, potential participants may choose among competing interpretations those which they find most credible. This state of affairs, in my judgement, places the clergy in a much more advantageous position than Professor Martin suggests when he reports their dissatisfaction with the fact that they “became bearers of a home-centred rather than a work-centred culture.” As various observers have noted, one consequence of modernity has been a separation of individual’s lives into public and private spheres where their public existence is most closely associated with highly bureaucratized forms of work. Generally, such work is perceived both as alienating and as permitting little autonomous action and potential for self-development. As a result, people have turned to the private sphere, to their home-centred lives, to pursue those voluntary activities which they find most fulfilling. Appreciating this social fact, the Church should see its opportunity. Surely there is little hope of the Church ever reachieving its presecularized influence. The fact remains, however, that if churches offer a meaningful product in the pluralistic marketplace of ideas and action they increase their chances of attracting a strongly committed membership, though perhaps not as broad a membership as they might wish.

Just how broadly based under such circumstances participation may be is an open question. Much depends on the specific social and psychological purposes on which the churches choose to focus their attention. As Professor Martin notes, clergymen, somewhat justifiably, view one of their strong suits as existing in the realm of ideas since, as Nisbet notes (1977:161), religion is among the oldest sources of thought. Clergymen of many persuasions presently use their positions to market their ideas on all sorts of social, political, and economic issues. One problem with this strategy, from the viewpoint of authority maintenance, is that by commenting on such an array of subject matters depth of insight probably suffers and, additionally, distinctiveness is also lessened. It would seem that precisely the opposite (namely, distinctive, informed, and in-depth commentaries) are what the Church should be aiming for if it is to establish itself as a credible voluntary institution in the modern world.

Ecclesial expertise

One could reasonably ask what distinctive area of expertise the Church might focus on. In my opinion it is that ancient function of “theodicity” that Berger *et al.*, (1973:185) describe as “any explanation of human events that bestows meaning upon the experiences of suffering and evil.” No matter what changes the forces of modernity may have brought to our social structures, there has been no change in the fragility and mortality of the human condition. The “crises of existence” still remain and, as others have argued, the segmentation and deterioration of forms of community associated with complex societies may well have reduced our ability to cope with these crises. The provision of a coherent set of ideas that allow people to define and rationalize the basic facts of life and death is an ancient and important function of religious institutions.

There can be little doubt about the continuing demand members of all societies have for such services. If the churches do not provide such symbolic “solutions” to the great problems of meaning then people will turn to other sources for fulfillment, as they appear to be doing. At this point we must not neglect one further and important advantage religious institutions have in this regard. Under conditions of ideational pluralism, religious worldviews have to exist and compete with various secular ideologies for the minds of men. Religion has, however, a crucial advantage which stems from its sacred status, should that be invoked. Sacred judgements, of course, have the capability of being

much more compelling than merely mortal, secular evaluations and rationalizations, because sacred statements transcend individual consciousness and are, as Durkheim tells us, preeminently social in nature. The very idea of morality connotes a force beyond the individual, “a force which makes demands and punishes transgressions” (Collins, 1982:38). People adhere to moral precepts because the group to which they belong demands it. This proposition is so fundamental that the idea of a moral existence without the backing of a strong social structure can be thought of as, in John Scott’s words, “a sociological anomaly.” Without going into detail, it can be said that the advantage that religious institutions have in marketing their ideas and ideals is directly related to their ability to establish sound religious organizations. Through participation in a religious community, assembled members become capable of generating energy and confidence, and ultimately of transforming the ideas of mortal men into sacred statements—statements that are continuously appealing by virtue of their ability to provide ultimate answers and purpose to our lives.

The role of ritualized activity

At this juncture we can underline the significance of a point Dr. Martin makes about the decline of emphasis the modern clergy give to the place of ritualized activity. To the extent that this occurs it would seem that the clergy are giving up a crucial organizational advantage. We know from several sociological studies that a fundamental requirement in the transformation of secular, individual notions into sacred, collective ones is that, in addition to assembly, members must participate in a ritualized set of actions. There must be a common coordinated pattern as they focus on the symbols that identify the group. Only through ritualized action can persons come to share the same emotions and become conscious that others feel the same way. It seems ironic, as Professor Martin notes, that modern men, in an attempt to cope with the alienation and estrangement so prevalent in complex societies, turn inward in an attempt to “find” their true, authentic selves. The irony stems from our appreciation of what social psychologists have long been telling us: that we are *social* products. It follows, then, that if we have lost our direction amid the complexity of our society and wish to “find ourselves,” then we would do well to look for ways to connect ourselves meaningfully to others through communal action. In this regard the clergy, in their role as “the masters of religious ceremonies,” could prove most functional.

My position concerning how the clergy might work toward resolution of their role ambiguity is essentially pluralistic in nature. It emphasizes the need for them to legitimize their role through definition of a distinctive function that recognizes the voluntary nature of their institution. To the extent that clergy use their resources to compete with other belief systems in areas that are not distinct, as they do when they comment on economic matters, I would anticipate a continued dilution of their authority. Many of the characteristics of what Professor Martin labels the “realist” position support this pluralistic outlook. In stressing the importance of tradition, hierarchy, autonomy, and decentralization Martin outlines the form of a religious institution that might be able to establish itself as a credible and independent source of authority in the lives of ordinary men and women. However, if we turn to Dr. Martin’s central thesis, it would appear that the present configuration of social forces is more conducive to the adoption of what he calls the “idealist position.” I would like to conclude my remarks by emphasizing what is probably the prime structural reason why this path has been, and will likely continue as, the predominant route.

Why the idealist position will predominate

Whereas the realistic portrait of clergymen might be thought of as based on a pluralistic form of organization, the idealist position stresses a system based more on unity. Throughout Professor Martin’s portrayal of this type there is an emphasis on communal consciousness, collective liberation, and common vision. From a sociological point of view, this idealist vision can, like the realist position, be conceived as a response to the dislocations concurrent with modernity; it seeks to establish a renewed sense of community by using the oldest form of integration, mechanical solidarity, based on similarity. The extensive social differentiation of modernity, with its emphasis on specialization, individualization, and atomism, has proceeded so extensively in many places that the result is egoism and alienation of considerable consequence. The pluralistic solution to this disintegrated state is to seek the reestablishment of meaningful, intermediate scale institutions and communities to which individuals can voluntarily commit themselves. Following this course, the present strain experienced by the clergy would be resolved by the identification and establishment of religious institutions that would have a distinctive focus and to which the clergy’s status would be attached and confined. This idea of a reli-

gious community existing among other forms of community, as Professor Martin notes, does not appear to be dominant. I believe the reason for this outcome is that it runs against a predominant social fact in this century; namely, that society is becoming increasingly politicized. As Robert Nisbet notes: "What we have witnessed, however, in every Western country . . . is the almost incessant growth in power over the lives of human beings—power that is basically the result of the gradual disappearance of all the intermediate institutions which, coming from the predemocratic past, served for a long time to check the kind of authority that almost from the beginning sprang from the new legislative bodies and executives in the modern democracies" (Nisbet, 1977:170). Without going into detail, it would seem that those clergy adopting the idealist view have recognized the salience of this fact, and rather than work toward reestablishing their position as a legitimate mediating institution, have chosen to politicize the Church. The idea appears to be that if power is becoming concentrated in the society then the Church needs to become active in this manner in order to maintain, and possibly expand, its own influence. The attractiveness of this model lies not only in its congruence with recent social facts but with its potential for increasing the status of the clergy. After all, if power becomes concentrated and the Church can manage to affiliate itself with the sources of such power, then the clergy, as official church representatives, can only better their position.

If these structural analyses appear plausible then it becomes comprehensible why clergymen of all persuasions are not keen on the ideas that govern the market. The realists, with their pluralistic orientation, view the market emphases on individualism and competition as a pervasive levelling force that threatens so to absorb participants that little time, energy, and commitment are left for the maintenance of other mediating institutions. By contrast, the idealists with their more unified vision see the diversity encouraged by the marketplace as one of the last major forces which disrupt the steady monopolization of power that is necessary if they are to participate in the reconstruction of society in their own image.

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Comment

Ronald Preston

Some relevant background

The Martin paper does not spell out the connection between its subject and that of the conference as a whole, "The Morality of the Market: Its Religious Implications." Nor shall I. I shall stick closely to the paper. Martin is both a distinguished sociologist and a competent theologian. Originally a Methodist, he has recently been ordained to the non-stipendiary ministry in the Church of England while continu-

ing in his Chair in Sociology at the London School of Economics. Since his paper is illustrated by a number of broadly liturgical references it is relevant to note that he has become widely known as a leader of the opposition to the revised services of the Church. It is necessary to say something about the present position of the Church in this respect, for those not familiar with the English situation.

On November 1, 1980 the *Alternative Services Book* was published. As its name implies it is an alternative to the *Book of Common Prayer* 1662, which was hitherto the only legal prayer book of the Church. *The Alternative Services Book* contains a complete series of revised services, which had been through a period of experiment and revision, before being finally accepted by the General Synod of the Church. As an established Church parliament remains the ultimate legal authority but, suffice it to say that, in practice, nearly everything is left to the Church to decide, including the revision of its liturgies.

The *Alternative Services Book* is widely used, but it has to be with the consent of the parochial Church councils; no one is obliged to use it. The opposition, of which Martin is a leader, is largely made up of those concerned with the cultural life of the country, particularly professors of English literature. Many are not regular church-goers. They raise a problem which faces a church which was in a "Christendom" situation and is now no longer. In 1662, and still more in 1549, when the *Book of Common Prayer* originated, Church, State and Culture were one; and the Church had the good fortune, largely through Thomas Cranmers' linguistic skills, to possess a prayer book whose language deeply embedded itself in the culture of the country, so that a dictionary of quotations has as its three biggest single sources the Authorized Version of the Bible (King James), Shakespeare and the *Book of Common Prayer*. The Authorized Version can still be read by those who love it whenever they like, but a liturgy not used is dead. And yet the *Book of Common Prayer* has long been inadequate to the needs of the modern church. The church clearly has a cultural responsibility here which it is not easy to discharge. But instead of illuminating this problem Martin has persisted in maintaining that the whole process leading to the production and use of alternative services has largely been due to "trendy" clergy, discountenanced by their changing sociological status, and bringing about neo-clerical liturgical changes against the wishes of the faithful laity. Anyone who had known the Church of England would know that this is far from the case. Ever since the Oxford Movement (the High Church or Anglo-Catholic

Movement) of the last century the Church has had clergy who came into parishes and altered services on their own authority—illegally in most cases—without reference to the wishes of the congregation. In this case they cannot do so without consent. Of course they are often active persuaders—the full-time trained “professional” usually is the one to advance ideas—but that is a different matter—and in this case he must persuade.

This misunderstanding by Martin may seem far away from the theme of this present paper, but it does illuminate nuances in it, for the paper is about the clergy, their role and attitudes. Indeed Martin is a “nuanced” writer. It is not always easy to tell exactly what he is saying. One of the problems with his paper is that it is unclear that he is relying on sociology as much as he claims. His aim as he states it is to show how sociological changes have made more likely the emergence of a new type of clergyman with attitudes characterized by variations on the term “liberals” or “liberation” (neither of which has a self-evident meaning). Yet one cannot help raising the question whether he is not weaving a case against recent movements in the Church, and in favour of a conservative-organic attitude, which is less connected with academic sociology than he indicates. In theory Martin accepts “methodological agnosticism” in sociological studies of religion. I am not sure about the practice in this case.

It should be noted that the paper is confined to the U.K., to England in fact, and to the Church of England. This is legitimate. England was the first industrialized country and has had the longest experience of the quite new kind of society which industrialization produces. And the Church of England, as an established Church, is an excellent example of a Church formed in an archetypal “Christendom” situation having to deal with its disintegration in the pluralism of the twentieth century. So it is a good example to take.

The three terms in Martin’s title

a) The Clergy.

As soon as a church can afford a “professional” ministry, that is to say people who earn their living as “professional Christians,” it is in great danger of being clericalized. When the roots of the doctrine of ordination are examined, it is clear that whether the priest or minister is paid or not, and whether he operates on a full-time basis or not, is entirely irrelevant. If the Church had no paid clergy, it would still ordain

clergy. In the course of Christian history almost all traditions have been clericalized, including those traditions which do not have a very strong doctrine of ordination. Such clericalization is nicely expressed by the remark, often made by lay folk, about someone who is offering for ordination that he is “going into Church.” The result has been the downgrading of the role of all the rest of the church members—the laity in the modern sense of the term, not the New Testament sense. One of the healthy tendencies in the Church today is a widespread awareness of the distortions this has caused. At any rate the question arises as to whether it is wise to concentrate on the clergy as a useful guide to what is happening in the Church as a whole. With due caution, I think it is.

b) Secularization.

Secularization is not defined in Martin’s paper. There has been an enormous discussion in recent years among sociologists of religion of the term, and the alleged process, usually in terms of the relation between Christianity and Western civilization. Martin himself has played a large part in this discussion. At one time he advocated dropping the term because of its many and contradictory meanings, but since then he has developed his own general theory of secularization. Attitudes among both sociologists and theologians to “secularization” vary. Some sociologists have seen it as a process leading to the inevitable collapse of religion, and some secular theologians have seen it as the way to maintain the reality of religion amid the characteristic outlook and structures to which advanced industrial societies lead. In this essay, Martin seems to mean by secularization the decline of ecclesiastical and clerical control over social institutions. Whether that means a decline in influence is part of the debate; the decline in control is indisputable.

c) Politics.

In his discussion of politics, Martin’s main interest is in the adaption by what he calls “anti-Puritan” clergy of a different, and more critical, attitude to public and political affairs. Here it is important to note that the Church, the clergy, and theologians have always been political: the Church as an institution operates in a political milieu and theological thought goes on in a political context, because “man is a political animal.” The central question is rather how far the Church, and the clergy in particular in the present discussion, have tended to be politically acceptive or critical of the *status quo*.

Traditional Christian theology, since the conversion of Constantine, has been overwhelmingly in support of the existing authorities, and of regarding the *status quo* as being divinely appointed. (This has become increasingly hard to maintain in a time of rapid social change, and is a source of many difficulties at the moment.) “Throne and altar” is a phrase often used to characterize this attitude. So is the assumption that any call to act “for Queen and country” is bound to have divine approval. The Christendom situation epitomized this political theology very clearly. The “political” theologians of today have pointed out that the decline of this Christendom situation has produced a “privatization” of religion, which professes to be a-political (separating religion from politics) when in fact, instead of expressly giving religious sanction to the *status quo* like the old political theology, it gives irresponsible sanction to it by simply acquiescing in it and concentrating on private virtues and individual “soul making.” The result is that as long as the Church and the clergy explicitly, or tacitly, sanction the *status quo* they are thought to be non-political, whereas if they criticize it they are accused of being political in a pejorative sense. In the last few years, the term “politicized” has been used extensively in this pejorative sense. Martin is well aware of this situation, though the tone of his article at times suggests the pejorative use. The question then is not whether the Church and the clergy are political, but in what way they are: and how astute they are in understanding the problems of politics. Certainly a religious faith with a strong element of “prophecy” within it, like the Judaeo-Christian faith, cannot be content to be confined to a purely acquiescent political role, a fact which causes great difficulties when faced with totalitarian states of Right or Left.

Malaise among the clergy

To come at last to the substance of Martin’s paper, I take first his contention that a malaise among the clergy has arisen because of their failure to keep up with the new and growing professions, or to define any professional expertise they claim to possess in a way accepted by the public. Martin claims that such malaise creates an ambivalence between a neo-clericalism (partly expressed in liturgical changes) and a new style of cleric who sinks himself in the laity and takes to a “form” of politics.

There has undoubtedly been a sense of malaise in parish work. About 10 percent of those ordained, in the only study made of it,

dropped out of ministerial work subsequently. This was not due to loss of faith in most cases, but to marital difficulties or frustration with parish work. Objective causes appear more obvious than subjective professional malaise. In urban areas, much church property is too extensive and in the wrong place. With the decline in conventional church-going, there are fewer people to pay for church structures. Also there is still a lot of time taken up by the expression of residual conventional religion in *rites de passage* of those who have not had, or do not have, any intention of taking part in the life of the church. This element is declining fairly quickly, except for funerals. It is not easy to escape being buried by a parson. If concentration is turned to the faithful who do regularly attend, the result can be a neo-clericalism. At present in the General Synod, the House of Clergy is frequently blocking changes which have clear majorities in the House of Bishops and House of Laity (an indication that one must not attend exclusively to the clergy in analyzing what is going on in the church). But there are signs that a church less constrained by the conventional church-goer of the Christendom situation may be fitter for Christian life and witness. The abandonment of much clerical dress arises from the sense that the old style is not necessary, and indeed a barrier when the ordained person is seen as one with the people of God, except for symbolical use for liturgical purposes. Here Martin misunderstands the liturgical situation. If he means by his remark that ritual action has been downgraded in the view of many people to apply to regular church-goers, it is not true of them. His blindness to the Liturgical Movement is serious at this point. This has been steadily renewing the public worship of all the confessions, not least the Church of England and the Anglican communion, and not least in the establishment of the general communication of the people at the main service on Sundays. On the Catholic side, the non-communicating High Mass has almost gone; and on the Protestant side, the ideal of the Reformers has at last been realized after 400 years. At the time of the Reformation, they failed because of the unwillingness of the laity to communicate, a mediaeval corruption. The fact that traditional vestments, often in an improved style, are increasingly worn and are much less controversial than they once were (contrast Martin) is one outward sign of this. More significant is the much greater lay involvement, greater communal participation, and greater friendliness of Anglican worship. Martin thinks of this as “raucous participation” and what he regards as invasion of privacy seems to be what St. Paul was writing about in Ephesians chapter 4 as central to life together in the Church.

The reference to cells within parish life as further expressions of this invasion (compare the traditional Methodist class meeting) is puzzling. I see no contradiction at all between this and a Christian personal authenticity. Martin thinks this contradiction “quite central.” I think so far from being that, it is what the New Testament is aiming at. One would need to know a lot more about the individuality which Martin thinks is being infringed, that which he says is nourished in “organic conservative structures.” He does not amplify this.

The new “form” of clergy politics

So we come to the “form” of politics which the new style clergy are adopting. “Form” is a vague term. What could be meant? If it is meant that clergy are identifying the gospel with a particular political programme or with support of one particular party, this is true of such a tiny number as to be insignificant. Martin seems to include under the “form” of politics the growth in the number of clergy who abandon parochial work for the central agencies of the Church, where they are “refugees,” and out of touch with the grassroots. This denigration is unjust both to the clergy involved and the work they have done. Most go back to parish work after a period of service. And the work of the Central Boards has been of very high quality. The Board of Social Responsibility in particular has produced a whole series of good quality reports, always taking care that they are backed by expert sifting of evidence. These reports have done a lot to educate members of the General Synod, fed the speeches of Bishops in the House of Lords, and much more slowly have percolated through Diocesan Boards of Social Responsibility to local areas. Some local Boards have also done good work in local terms. The upshot has been that there has come about a considerable change in the competence of the Church in the social field. Prior to 1914 it is difficult to exaggerate the incompetence and ineffectiveness of the Church in these matters. Its roots were rural and in a relatively stable society and it had never come to grips with the new dynamic, urban civilization which the technological developments of the Industrial Revolution brought into existence. The Church had an outlook that essentially thought of the present in terms of the past. Now the situation has changed. If one asks in this dynamic world, “What is going on?” the Church has the means to be up-to-date in analysis. The Ecumenical Movement has been a great stimulus here in widening the frame of reference within which a national church has been tempted to be restricted. What use is made of

the up-to-date analysis is another matter. But ignorance can no longer be a plea.

Moreover, the Church has realized the inadvisability of having almost all its ministry related to the home, when the separation of work and home is so widespread. This is why the more traditional ministries to hospitals, prisons and residential schools have been extended beyond seamen and the theatre to local government, holiday camps, commerce and, above all, industry. It still remains true that nine out of ten ordained men are in the parochial ministry.

Perhaps by a “form” of politics, Martin means that the clergy are more critically engaged, and that this critical engagement has a Leftist orientation. It is possible to be critically engaged on the Right, as he points out, but in England we have scarcely anything to correspond with the “moral majority” in the U.S. The nearest equivalents are Mrs. Mary Whitehouse’s National Viewers and Listeners Association and a body called The Festival of Light, but they are insignificant compared to the “moral majority” in the U.S. The very able layman who recently left the Secretaryship of the Board of Social Responsibility (to seek ordination) has analyzed the traditional attitude of the Church of England to public affairs down the centuries as one of “critical solidarity with the authorities in the State. I should say that in the past the emphasis has been more on the solidarity rather than an even balance between the two, and that now the balance is shifting more towards the critical. On economic issues, the General Synod still reflects the general attitudes of the middle and upper classes of which it is almost entirely composed. On social issues, it is much more “liberal” than the general population. A remarkable event occurred three years ago when the Synod condemned with only one dissentient vote details in clauses of the Thatcher government’s Nationality Bill on the grounds that it was in effect white racism. Later all the churches maintained their point that the Falkland Islands service should not be nationalistic and jingoistic in tone. A conservative government can no longer count on the endorsement of the Church.

Ideal types in Martin’s discussion

Martin then polarizes clerical attitudes on two “ideal types,” on the lines of Max Weber’s method, the realist and the idealist. I think this is quite in order for heuristic purposes. I have used it myself, in polarizing the demand or free market economy as opposed to the command

or centralized one. It is quite a useful device. Martin makes the appropriate remarks about it having no reference to truth claims, and that one does not expect ever to see an ideal type in its pure form. People and societies exhibit various shades of both. I am certainly a realist as between his two types, but I am not happy with some of his detailed analysis of the idealist.

The objection to the State prayers of the *Book of Common Prayer* is that they teach the Divine Right of Kings (Tudor monarchs) and pray only for Christian rulers, assuming that we live in a cosy Christendom. The objection to the phrase “maintenance of Thy true religion and virtue” (and I have not heard of many objectors) is that in its context it referred to the State support for the Anglican Settlement and proscription of others. (It can now be used without that mental association.) All the revised services give ample scope for prayers for the State.

It is too easy to point to the dangers of an “abstract loyalty to humanity.” We are painfully grasping the necessity to reach out to the oneness of mankind if the world is not to destroy itself, and are aware that nationalism, originating in “Christian” Europe, and backed by the churches in different countries has plunged the world into two wars in this century. Moreover these national churches have often imposed adventitious Western cultural values on new churches in other areas of the world as if such cultural values were identical with the Christian faith. We are now learning from the backlash against this, and the Ecumenical Movement has helped a lot in this task. The churches have had no problem in being rooted in the culture of the West, the problem is how to be rooted in it and at the same time transcend it with the necessary universalism of the gospel.

Martin on the church and politics

Martin seems to me good on the necessity of structures and roles, and the dangers of atomistic conservative capitalism. What he might have pointed out is that conservatism must know when to change, otherwise a backlog of protest builds up which leads to pressure for radical, and perhaps violent, changes which are hard to control, and end up not where the instigators intended. They are not appropriate for the *delicately interconnected structures of an advanced industrial society*. I think Martin is also good on the “interested” nature of political activity. The doctrine of human imperfectibility is brought in, or original

sin (an unfortunate term). But it must be remembered that the Christian faith is a gospel of good news, and that (to use this terminology) original righteousness is also part of the Christian faith. In other words while a Christian does not expect Utopia (or the Kingdom of God in its fullness) on this earth, he does have terrestrial hopes of how men and women may live together in a more humane and just society, and not just celestial hopes beyond the grave.

Martin indicates that there is in the end a contradiction between liberals and liberators. I am not clear where the relative virtue of the liberal lies in his view, though I share his disapproval of liberators who in fact collectively suppress persons in the name of "The People." But we must continue to wrestle with the problems of participation, in spite of their frequent over-simple presentation, else we shall abandon one of the greatest problems of industrial society, which pre-occupation with the market does not face.

The essential point is that persons mould structures, so there is point in individual conversion, but also that structures mould persons from infancy upwards, and therefore salvation must be thought of also in corporate terms. So to his five points related to Gregory Baum, I would say,

1. Usually we begin to be aroused by a critical judgement on some aspect or aspects of the *status quo*. It is not so much that we have an ideal picture of a just social order in mind, but that features of the present one strike us as unjust.
2. We are not Utopian about the future, but we do have hope.
3. We do need to take warnings from present experience; I think those who do not are in fact few.
4. Greater participation in decision-making is indeed important; it presents many difficulties, and much of the talk about it at present is over-simple. There is a lot of work to be done here; but it cannot be avoided.
5. If the interested character of all political action is ignored, this is indeed foolish.

This century has seen a tremendous movement towards the unity and renewal of the churches; we call it the Ecumenical Movement. It has proved searching and creative, but has still a long way to go. Martin has not paid much attention to it; his passing reference to "unprincipled unions" is a travesty of what the Faith and Order side of the

Ecumenical Movement has been about, or indeed the Church of England in its own small corner. If he had he might have seen more signs of hope.

NOTE

In a book *The Testing of the Churches 1932–82* (Epworth Press, London, 1983) which deals with the main churches in England, I have covered the Church of England, and have provided evidence for the general references made in this paper.

Discussion

Edited by **Kenneth G. Elzinga**

Ronald Preston: Much of the nostalgia for the 1662 Prayer Book comes from those who are only occasional church-goers. Until recently in the Church of England you would have a fair number of people who came to non-sacramental services especially on more public occasions, but who never went to communion at all. They regarded the Church of England as rather a good thing, to which in general one should give respect. But they wouldn't take it seriously as far as any personal time and commitment went. This is what a friend of mine used to call a "Duke of Wellington-type of Christian."

Now, in the course of my lifetime, there has been a collapse of this. So, if you go to church on Easter Sunday, there certainly will be more communicants than usual; but that is because everybody who is still a regular attender will make an effort to be there that Sunday. But there will be very few people whom you don't see at other times of the year. And the decay of occasional attendance at non-sacramental services has been very marked indeed. So it now comes mostly to attendance by such people at funerals of public figures, and things of that sort. The people who only come occasionally rather like to think of the church as going on as it always has. And if they do attend and find it different from when they were last there four or five years ago, they tend to get upset. And this lies behind some of the comments in David Martin's paper. It is the objective decay of a Christendom situation, which has gone very rapidly, in my lifetime, as far as the Church of England is concerned. Many things will pass with it.

It is true, for example, that the language of the *Book of Common Prayer* in a sense is magic. I quote one Collect from this book to do justice to Martin:

Oh, Almighty God who alone canst order the unruly wills and affections of sinful men; grant unto thy people that they may love the thing which Thou commandest, and desire that which Thou dost promise; that so, among the sundry and manifold changes of the world, our hearts may surely there be fixed where true joys are to be found; through Jesus Christ, our Lord.

This is what moves David Martin. And it moves me. This is what he wants to defend. But when you look at it in the widest sense, you can see that the Prayer Book is wholly unsuited to the modern church situation. I've tried to illustrate that in my paper, and I say no more.

As to the politicization issue, I thought I had gone into that fairly closely, and I think I've shown that people in Britain only talk about politicization if the clergy or the church make political remarks *against* what is going on. If they support the *status quo*, that is not thought to be political. But David Martin ignores that altogether.

Then there is the question of the typology between the realist and the idealist clergy. Here I am with Martin, in a sense. His typology owes an enormous lot to Reinhold Niebuhr who influenced me as well.

So if I am going to class myself according to this typology, I am a realist clergyman. But I am very dissatisfied with Martin's picture of

the idealist clergyman. It isn't only that those of us who are realists have to realize that Original Sin is not the only or, indeed, the essential element in the Christian gospel. It is a misleading term. Niebuhr ceased to use it in the end, because he felt that it was so misunderstood that he could never convey what he meant by using it. But if you are going to use it, you have to also bring in original righteousness, as well, as a source of not merely pessimistic thoughts about the problems of human life, but of hopes about human life as well.

It seems to me that persons need saving, if you like, or liberating, if you like, because they mould institutions. But institutions need changing because they mould persons from infancy upwards. There are those who say "either you change persons, or you change institutions," but this seems to me a false alternative. You have to do both.

Now the free market is a human institution; and it therefore has to be evaluated as a human institution. And I ask myself, "What virtues does the free market presuppose? Is it clear what it presupposes? Does it foster them? Does it ignore them? Does it undermine them?" These are all relevant questions about the human institution of the free market. And finally, since it's only one institution among others—what other virtues are needed? And what institutional expressions do we need for these other virtues as well?

Paul Heyne: I hope we can all agree that sociological criticisms of ideas are both useful and dangerous. They are useful because ideas do have causes. And they are dangerous because such criticisms too easily degenerate into ignoring the validity of the ideas and concentrating on *ad hominem* attacks and assumed motives. I think this applies to both sides in the general discussion in which we are engaged. It's easy for defenders of capitalism, such as myself, to ignore the clerical critics, such as Gregory Baum, by claiming that everything they say is a result of status anxiety. And it's easy for the clerical critics of capitalism to dismiss, or heavily discount, the arguments of economists who are, I think the principal formulators of arguments to defend capitalism. It's much too easy for them to dismiss these arguments on the grounds that, well, all social scientists operate in some kind of value framework.

Now, having said that it's both useful and dangerous, what follows from it? I think one thing, maybe, follows from it. Sociological explanations should only be provided by people for those movements

in which they, themselves, participate. Don't do it to your enemies. Do it to yourself.

Milton Friedman: May I just interject that I think that's utterly wrong. I don't want to be in the position where I say, "I only want a physician to advise me on cancer if he's had cancer." I think sociologists ought to study whatever sociologists study.

Paul Heyne: That's not quite what I am saying.

Milton Friedman: Why isn't it?

Paul Heyne: I think in practice, you'll find it isn't useful. Take your famous argument about the distinction between positive and normative economics. It's interesting how the people who agree with that are the people who also like your economics. But the people who don't like the economics of the Chicago School won't have anything to do with the "positive-normative distinction." They say it's a dodge. It's a "cop out."

Murdith McLean: I was, in fact, going to say something like what Paul said. I'm not sure I've got a really good grasp of the distinction; but I know I do have a methodological problem here. The distinction between internalist and externalist explanations is a slippery and a hard one. But I suppose it means something like this: If you give an externalist explanation of an event, or a belief, or a bit of behaviour, then you explain it in terms of social forces, or brain chemistry, or some other kind of causal phenomenon. If, on the other hand, you give an internalist explanation, I take it what you're giving is an account in terms of people's beliefs, rational preferences, or that kind of thing. If that's right, then something like the following kind of thing happens.

When we are accounting for some kind of activity, or belief, or whatever, that we don't approve of, we may give it either an internalist or an externalist account. We can give it an internalist account in terms of mistaken beliefs, and go on to expose the mistakes therein. Or—and this is probably more likely—we'll give an externalist account of it, in terms of the antecedent conditions, the rigorous toilet training to which this person was subjected, or something else.

If we given an externalist account of it, it's almost from the beginning bound to be at least somewhat dismissive. If I say to somebody, "Why do you believe in God?" and that person is a believer, the person is not likely to say, "Well, given the fact that I was born into a middle class family, this is the sort of thing that you can expect." I mean, that's not the sort of explanation a person is likely to give.

Nor is the person going to give it as an explanation of why somebody else believes in God, if they tend to approve of that kind of belief.

This is why I'm sympathetic to Paul's point about requiring it of social scientists when they are giving externalist accounts of anything, that it might be something for which they have at least a sympathetic regard. I am not sure they have to be adherents, but at least they should have a fairly sympathetic regard.

The trouble is—and this is just a methodological problem of mine—to know how each of you can even square an externalist account at all, with the sympathetic appreciation; because it almost seems, if I just think about it in the way we ordinarily treat explanations, that to give an externalist explanation is to dismiss the phenomenon.

Seymour Siegel: In the United States, we favour the more psychological or even psychiatric explanation as to why people do, say, or think, or act in certain ways. And of course the question is, Can you apply that to the psychiatrist himself? That is, consider the sociologist who accounts so neatly for clerical behaviour. Can, or will he subject himself to the same sociological analysis as to why he is a sociologist and why he has this view of the clergy?

Obviously he doesn't, because then it's an infinite regress and nobody will say anything—which may not be a bad thing. (laughter) But then we wouldn't have conferences here, except to discuss why we shouldn't say anything. (laughter) And I have attended many such conferences, especially theological ones, in which the main burden of the proof is that you cannot say anything real about God because he's beyond any conception. And then you spend a whole week, or a book, or a series of books explaining why that is so, which is good.

But the point, however, is that there is a question of authenticity here. That is, the sociologist, or the psychologist, or psychiatrist, or even the economist, or other people who have good explanations for why other people do what they do, perform a tremendously important service. And that is, tell the individual who is a subject of all this

analysis, “You should look into yourself to find out authentically what it is that you believe, or what your faith principles are.”

And I think, for example, psychiatrists have a tremendously important impact on people whose religion becomes refined, even more pure, because they understand that what they are saying or doing is not really out of an authentic relationship to what they consider to be God, or the absolute, or the ultimate concern but of some external reason. Taking that away, then opens the door to a more profound, and even a more religious religion, than the one that had been practiced previously, I think.

That, and the other thing I wanted to say (I don’t know whether it’s right on the same level here) is this, Is there a difference, do you think, between the situation in Great Britain, and the situation in the United States or Canada? I think of the movies, and of books, where the Anglican priest is either dowdy or a detective. (laughter) I don’t recall now in the television, or movies, or even books, except the Victorian books, but I mean modern books, of the clergyman being depicted as some kind of dynamic individual who changes lives, who is a real force in the life of other individuals. Whereas, the picture of the clergyman in North America, or at least in the United States, is either some faker, like Sinclair Lewis’s, or a very activist, dynamic kind of impactful person. And I’m just wondering whether all these reflections that Professor Martin and some of the commentators have made, might not be apt, as a reflection of the sociological and cultural situation of the clergy in the two different countries.

Philip Wogaman: Just to follow Seymour Siegel on the externalist and internalist business, I want to remark that an internalist theological approach could never allow itself to be reduced to the external, and would have to resist that in any kind of scientism, or whatever. At the same time, the externalist accounts, insofar as they are rigorously presenting aspects of reality, (and sociology, I think, frequently does that) can actually help the internalist enterprise, if it is taken seriously. For example, insofar as church behaviour is dependent upon external factors, the theologian had better know that; and had better be able to supply an internalist account or reason. To put this in more classical, Hebrew-Christian language, we may be dealing with sources of idolatry. And it’s very important to identify the idols, and to be able to criticize them, and deal with them. And so I don’t think an internalist, theological perspective ought ever to be lured into a defensive posture.

At the same time, it can scarcely surrender the terrain without abandoning its whole enterprise, as apparently this other chap at Oxford that Ronald Preston has mentioned.

Milton Friedman: I think we're confusing two very different sets of distinctions—methodological and substantive. Going back to Paul Heyne's original point, some of the people who disagree with me most sharply on methodology are the Misesians, Hayekians and so on with whom I agree most strongly on policy. And they disagree with me on methodology because they want an internalist methodology. That is to say, we know things about society because we are people and we look within ourselves. I argue that while introspection may be a source of insight, may be a source of hypotheses, in order to have an appropriate scientific methodology, it has to be externalist in the sense that you must make predictions, and check those predictions against what really happens. The real test of the validity of your theory is whether it works, and not whether it corresponds to your internal psyche. That has to do with methodology.

What most of the discussion has been about is something altogether different, namely whether the hypothesis with which you explain a class of events depends on relating external forces to individuals, or somehow or other is derived from internal attitudes and ideas; whether it has something to do with the internal utility function in terms of economic terminology, or something to do with the market opportunity set.

Now that's a wholly different distinction. But if you are going to test those hypotheses, the tests all have to be externalist, in my opinion. I don't think there are any internalist tests, except in the sense in which you depart from trying to explain the religious approach to trying to convert.

Anthony Waterman: I think I must apologize for introducing what seems to be a source of great confusion here. As I understood the use of the terms in the discourse of philosophy of science, the distinction means something quite different from what Milton Friedman has just been using it to mean. It has nothing whatsoever to do with whether or not explanations come from subjective introspection on the one hand, or objective experimentation on the other. It's something quite different.

It arose out of the debate between Kuhn and Popper over the logic of scientific inquiry. The issue essentially was whether or not one could say that the transition from scientific theory A to scientific theory B occurred because the persons who made this claim followed the logic of scientific discovery. This would be said to be an internalist account. Or whether, because as Thomas Kuhn was suggesting, all the old scholars died out and new ones moved in. This would be an externalist account—an account which in no way guaranteed the truth claims of those who said that a scientific advance had been made.

Now, it's in this latter sense, I think, that we . . . or most of us, (and I think Milton Friedman is an exception) have been talking about this distinction. And I think it's the latter sense which is the relevant one for this particular discussion.

Roger Shinn: In general, I welcome this kind of sociological analysis, provided it doesn't claim to establish the final validity of things. Now, very often it makes the ritual claim to do so and in effect tries to (and you've got to watch out for that game). But the reason I would not accept Paul Heyne's limitation is that I owe too much, in my self-understanding, to my critics who have given me economic, sociological explanations of my conduct. Now, I may reject them, but I think I've got to think it through. At this point I think of Peter Berger describing one of the functions of sociology as a debunking. And I, for one, need the debunking. Now this can lead to a kind of nihilistic, total skepticism, relativism, and so on. And so I just repeat it. It doesn't establish the validity of the thing; but I generally welcome it.

I also want to say something about the way in which I think the situation in the United States may differ from that described in the paper and cited by Ronald Preston. It seemed to me that unlike the British Anglican state church situation, we had a kind of dualism in the United States from very early times, between what very loosely speaking I would call the Puritan and the Pietist approach to the church and world.

The Puritan, from Calvin through the British and on, is trying to shape society—trying very hard to shape society. The Pietist is trying to convert individuals and save their souls. And these often mingle, as in Jonathan Edwards, but they are two very different strains, and they just reflect in popular culture. You hear something is wrong. The Puritan answer is, "There ought to be a law about that." The Pietist answer "We ought to convert individuals."

There is a split psyche in America because of this. The Puritan got modified by separation of church and state, which initially did not apply to the United States. But, it had some influence from the beginning. Now, what I think is happening in our society is that the Puritan is getting modified by everybody's awareness of pluralism in society. You cannot make the old Puritan assumptions. You might still try to influence this society, but you've got to do it on grounds that make some kind of sense to people of diverse religious commitments.

The Pietist is getting modified by the entrance into the political arena of many groups with that tradition—on the right, the “moral majority” style; on the left, Sojourners, Ronald Sider, the organization of Evangelicals for Social Action. So the whole thing is getting much more mixed up. And, I think, this accounts for a lot of confusion, some of it a stimulating, healthy kind of confusion in our public debates.

One last incidental comment. I would be interested in a little more historical perspective. I don't know the English situation at all. But this secularization of the clergy was very prominent in the U.S. in the 1930s. At Union Theological Seminary where I teach, one of our illustrious graduates of that period (different ones sort of claim him with different degrees of enthusiasm) is Norman Thomas. The majority of the graduates of this theological seminary were then going on to political or social work, or the labour movement, and Reinhold Niebuhr used to tell of the time when Dietrich Bonhoeffer was a student at Union. He came up at the end of a class to complain, not about the lecture, but about students' questions, saying, “Is this place a theological seminary, or a school for labour leaders?” (laughter)

Now, nobody would be surprised at that sort of story in a seminary in the 1960s and early 1970s but there it was in the 1930s—which doesn't prove anything. It just says we've really got to think about this historically and not assume that something new is happening.

Arthur Shenfield: I find Ronald Preston's defense of the Anglican clergy against the allegation that they are politicized faulty—if not perhaps a little disingenuous. He tells us that when they criticize what is going on, they are accused of being politicized. But when they approve of what is going on, they are not so criticized. In my judgement, they are politicized in both cases, and politicized in the wrong way. When they criticize what is going on, they are politicized, and

their criticisms are almost uniformly of what we would broadly call a “Left” character. In part that results from their misunderstanding of what they are talking about—they haven’t read or digested Milton Friedman.

But more importantly, when they do not criticize what is going on, they are accepting the establishment in Britain. But that’s not the old establishment. At the present time, by far the most important element in the British establishment is the trade union movement. There is nothing in the British establishment to compare with that in power, in authority, and in prestige. You will *never* hear a bishop, or a parson in Britain really criticize the trade union movement as such. You may hear him say some very mildly and apologetic words of criticism about some particular act of a particular union. But the idea that there is anything in trade unionism itself which is worthy of fundamental criticism, you will never hear expressed.

Here’s an even better example. Britain has been plagued for nearly 70 years with rent controls. For the economist that is an obvious cause of terrible waste of capital, terrible misuse of resources, and so on. But what about the morality of it? Clearly, there is (at least one can argue) some element of legalized theft in it. You will *never* hear a bishop or a parson say that there’s *any* element of theft that anybody could reasonably allege in the system of rent controls. Indeed, he will accept that system as having been established for a long time, and therefore it must be automatically good. You might say, “Well, this is wrong anyway. It’s not theft. There isn’t any element of theft in it.”

Let me take an even better example. (Ronald Preston will be familiar with this.) A few years ago, the Labour government passed a *Leasehold Enfranchisement Act*. That was absolutely 100 per cent theft. That is to say, the law said that now the property of the freeholder will be taken away, and handed over holus bolus to the leaseholder. The purpose was obvious. The freeholders concerned don’t vote Labour. And a fair number of the leaseholders concerned do vote, did vote, Labour.

You could not possibly describe that in any other terms than legalized theft, the clearest possible case. Yet you never heard any parson, or bishop, or anybody in the church (well, I didn’t—I am open to correction on this) say anything about the morality of it. For these reasons, I think, David Martin’s allegations are correct, although they are founded on some different considerations of fact than those that I have put forward.

Philip Wogaman: I want to come back to Lance Robert's paper a little bit and react to what I think was the general tendency of his proposal for a more modest role of the clergy, seeking to do those things which no other group can do (such as economists), finding its place in that market, defining its product and being then in a better position to sell it.

In a way, I think Lance has formulated what is causing some of the tension that may be running through our conference on the point of the proper role of religious leadership in relation to economics and other social issues. It seems to me that this would be exactly the wrong advice to give to religious leadership, even viewed in market terms, over the long haul, because a religious group ultimately is going to stand or fall on its capacity to organize the experience of people in its totality. Now, whether or not religious leaders are giving sound advice in the area of economics, or whether it's even their province to give advice in that area, it's terribly important to the church to be able to articulate the meaning of what's going on in the economic sphere, and do it intelligently.

It would be no secret to most of you that I am not a disciple of Milton Friedman's prescriptions in the area of economic policy. I have great respect for him. It's just not my view of things. Even if it were, I would still feel it terribly important to be able to give an account of its meaning in theological terms. Even if my reasons for adopting it were not initially theological, at some point I would have to be able to incorporate the meaning of that into theology, or my theology would be fragmented.

We live in a fragmented age, and the one thing that theology cannot surrender to, is becoming a fragment in that fragmented age. If it does that, it is dead. And it's only a question of how long it is going to take to bury the corpse.

Now, there is another aspect that I think we mustn't overlook. And that is (this, I guess, tags into Ronald Preston's point made toward the end of his intervention), theology must be especially careful in diagnosing those areas where people in their institutional living are committed to patterns of existence that are contrary to, or in tension with, their faith.

Walter Rauschenbusch, this great prophet figure of the social gospel, had a great definition of what he called a "Christianized social order." I think it is very suggestive. Said he, "An unChristian social order is one where good men are forced to do bad things." By con-

trast, a Christian social order is where bad men are forced to do good things. Now, I have a problem with that. But I think I would want to rephrase that slightly and say, “a just social order is one in which persons inclined to injustice may be required to behave justly.”

I think we must constantly work at that kind of analysis. Those who are making the most penetrating case against capitalism in our age today, it seems to me, are raising the serious question, “Do capitalist institutions compel us to live life in such a way that it is contrary to our most fundamental values?” And, of course, the charge made against socialism would be of the same order.

What I am saying is, I think Christian leadership, Jewish leadership, the leadership of any religious faith that attempts to be serious about the whole world in its existence, may be grappling always with the question, “Is it possible for people to live in this world, in such a way that it does not commit them to life patterns that are fundamentally self-contradictory?”

Paul Heyne: Very briefly, I agree with Phil. I think this is a core issue in the religious dissatisfaction with capitalism. But I also think that the religious critics of capitalism have not understood capitalism correctly. And my rather quick way to respond is to recommend essays by Frank Knight written back in the 1920s. Whatever his religious views, he was always in dialogue with religion.

The first two essays in his book, *The Ethics of Competition, and Other Essays*, remain (I re-read them every two years or so) the most profound exploration of the complexities of this issue. Everybody could learn from them. And I heartily recommend to all religious critics of capitalism that they read those essays. Knight was not an ideologue. He was a man who refused to ignore any aspect of reality and who tied himself in knots in the process, to the benefit of all the rest of us, though he wrote badly.

Edmund Opitz: First I would like to say that I would second what Arthur Shenfield has said a moment ago. I think these are very pregnant observations, and similar ones could be made about the situation in the United States.

A matter of terminology now, “capitalism.” I find myself over the years invariably getting into discussions, where the “capitalism” I am defending is not at all the same thing as the “capitalism” my opponent is attacking. If you go back to the old *Encyclopedia of the Social Sciences*—about 1934, that multi-volume thing—the editors looked around for someone who could write the entry on capitalism. Of course, they chose a Marxist, Werner Sombart—an opponent of capitalism. He points out that the word “capitalism” came into the vocabulary as part of “socialist polemics”; and said that he was the first one to use the term “capitalism” systematically in his analyses and criticisms published around the turn of the century. So he, himself an opponent of capitalism, was the one that began to systematically use the term.

I would ask, “At the present moment, right now, is Chrysler engaged in capitalistic actions?” And the answer of course is, “No. It is not.” When it was in the private sector, Chrysler could not persuade us to buy its products. When it was part of business, it had no power, except power in the metaphoric sense, to persuade. Because Chrysler could not persuade us to buy its products, it turned to a friendly government which has people within it always eager to extend public sector tentacles over any part of the society that will yield to it.

So, Chrysler became “cartelized.” Chrysler adopted a fascistic relationship to our government in Washington, which means that, although Chrysler did not before have the power to make anyone work for it, it now has the power to make every taxpayer work for it. Every taxpayer now works a fraction of his or her time to support Chrysler. Now, is this capitalism? And the answer, of course, is “No, it is not.”

I have abandoned, as a rule, the practice of using the word “capitalism” and use instead the phrase the “free economy.” The “free economy” is the free market institutionalized. The free market is simply a phrase to describe individual persons engaged in voluntary exchanges of goods and services. The free market existed at primitive levels. It exists in Russia. The free market is ubiquitous. The free market yesterday, today, and forever. But the “free economy” the free market institutionalized, came into being only after a certain legal,

moral, framework was established. There is a sense in which the “free economy” is what happens when you have a political-legal structure which protects every person’s private domain, and maximizes every person’s opportunity to pursue his personal goals. And you get that political-legal structure when you have general acceptance of the idea of inherent rights—something we possess by virtue of being human beings. The idea that every person does have these inherent rights prevails only after you have a culture in which the idea has been drilled into people that each person possesses a portion of the sacred—that there was “that of God within us,” as the Quakers would say.

Murdith McLean: I know that we spent some time on the distinction between external and internal, and have gone past that. But I really want to emphasize one thing I think that should follow from looking at that distinction. In attending, for instance, to the activities of clergy, or to fire a shot in advance to the apparently Left leaning views of Jewish leadership, we should attend not just to the causal factors in surrounding society, but to the reasons the people themselves give. And if we think they are defective, to show why. That might allow some of us on the theological side, or some of us who are on neither side, like me, to learn from the economist or from other people, in the way that we are being invited to.

Geoffrey Brennan: I want to make a comment about the Anglican church, generally, and the language of religious expression. Like David Martin, I am an Anglican. It seems to me that the Anglican church is a repository of certain cultural practices, which I find personally very attractive and endearing. Indeed these are terms in which, somehow, I understand things which are very, very important to me, at some subliminal level. And I think this is true, in fact, of most Anglicans. I think that it’s also true that this is part of an important language in which we express spiritual sensibilities.

And, if it’s insisted that we try to talk about that in other languages, such as in terms of ordinary verbal expression, then there are enormous difficulties. It is true to say, I think, that there is a problem of whether what one really loves is a particular cultic sort of experience, or Jesus Christ, or certain basic principles.

David Friedman: Two things I wanted to say. First, a little over 200 years ago, a prominent Scottish moral philosopher, well known as the

author of *The Theory of Moral Sentiments*, wrote a book in which he argued at considerable length and ingenuity, that the market society tended to give bad men an incentive to do good things, with certain exceptions that he discussed.

It is my impression from quite a lot of unsystematic and promiscuous political argument with people over the last 20 years, that a negligible fraction of the people who are strongly opposed to capitalism have read that book, let alone anything written on the subject in the discipline of economics by people in that tradition since then. And, while it is no doubt true that there are difficult, and interesting, and subtle philosophical questions involved in what sense the market is or isn't moral, I don't think that those questions have anything to do with the observed opposition of the market. I think that if you just listen to what people write and say, they believe things about the market that most serious, competent economists don't believe. They simply don't know the arguments. And consequently, the problem is not that the defense hasn't been written, it is that it hasn't been read.

Now the second point I wanted to make, very very briefly, is a criticism of Ronald Preston's argument. He seems to claim that not taking a political position is the same as coming out in favour of the *status quo*. But not taking a political position is both not condemning the reformers and not condemning the people in the *status quo*. There is a neutral position. It is appropriate for an economist to be neutral on the question of whether or not we can travel faster than light. It may well be appropriate for an expert on moral philosophy to be neutral on those questions that really depend on economic issues.

And it seems to me that the justification of the Churches' involvement in social issues is the assumption, which I think arrogant but possibly true (I'm not sure), that the reason people don't do what you think they should do, is because they are wicked, rather than because they disagree with your facts, in which case the clergy have no expert advice to give.

Ronald Preston: There are just four things I would like to say, briefly. On the internalist and externalist discussion, I have nothing more to say except I ought to have made it clear that I am thoroughly in favour of sociological studies of religion. And I would not put any bounds upon them, and say anything was too sacred to be studied. I'd let the sociologists have a go at anything they like. If they wanted to investigate the sociological influence of prayer for instance, and thought

they could, I would let them have a go, and see what they could make of it. I would not in this be defensive in any way about religious institutions, or religious persons, or anything of that sort. I'm entirely in favour of sociological studies of religion, carried out methodically in as pure a form as possible, and open to criticisms themselves.

Secondly, nobody took up Roger Shinn's illustrations of the difference between the U.S. situation and the British; but personally I found it very illuminating, and I would hope others might.

Thirdly, regarding the remarks of David Friedman, I didn't make myself clear to him. I didn't mean to say that it was illegitimate ever to take a neutral position, if one had thought it out, on some issue. What I meant to say was that, in general, people who say they are apolitical do not think about it at all. They imagine they're being apolitical, but in fact by tacit rather than explicit acceptance of things as they are, they are tolerating and supporting implicitly the *status quo*, without taking the responsibility of having seriously thought it out.

Lastly, I want to say a word about Arthur Shenfield's remark. The situation is that if you are talking about the individualized world at the moment, trade unions aren't as strong as they might appear by a long way. To a large extent, working people have not got a sufficient participatory place in industrial decision-making, but industry in the end cannot be run without their acceptance, but neither can they compel management to do what they want. We have got a new situation which makes advanced industrialized societies extremely difficult to govern.

Chapter 8

Capitalism and the Jews*

Milton Friedman

I. PARADOX EXPOSED

Post-war collectivism in the West

Immediately after the Second World War, the prospects for freedom looked bleak. The war had produced an unprecedented centralization of economic controls in every belligerent country. The “socialists in all parties” to whom Hayek dedicated his brilliant polemic *The Road to Serfdom*, seemed well on their way to establishing central planning as the standard for peace as for war, pointing triumphantly to the full employment that had been produced by inflationary war finance as decisive evidence for the superiority of central planning over capitalist chaos. And, if that occurred, there seemed little hope of halting the slide toward full-fledged collectivism.

Fortunately, those fears have not been realized over the intervening 35 years. On the contrary, government inefficiency together with the clear conflict between central planning and individual freedom served to check the trend towards collectivism. In Britain, in France, in the U.S., war-time controls were dismantled and market mechanisms were given greater play. In West Germany, the courageous action of

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Ludwig Erhard in ending controls in the summer of 1948 triggered the so-called German economic miracle. Even behind the Iron Curtain, Yugoslavia broke with its Soviet masters, rejected detailed control of the economy, and treated us to the surprising vision of creeping capitalism in an avowedly communist society.

Unfortunately, these checks to collectivism did not check the growth of government. Rather, they diverted that growth from central direction of the economy to central control of the distribution of the product, to the wholesale transfer of income from some members of the community to others.

The collectivist trend in ideas

Much more important and much more relevant to our society, the favourable trends in the world of affairs were not paralleled in the world of ideas. For a time, there was an intellectual reaction against governmental intervention. Some of us optimistically envisioned a resurgence of liberal values, the emergence of a new trend of opinion favourable to a free society. But any such resurgence was spotty and short-lived. Intellectual opinion in the West has again started moving in a collectivist direction. Many of the slogans are individualist—participatory democracy, down with the establishment, “do your own thing,” “power to the people.” But the slogans are accompanied by attacks on private property and free enterprise—the only institutions capable of achieving the individualistic objectives. They are accompanied by a demand for centralized political power—but with “good” people instead of “bad” people exercising the power.

West Germany is perhaps the most striking example of the paradoxical developments in the world of affairs and the world of ideas. Who could ask for a better comparison of two sets of institutions than East and West Germany have provided in the past two decades? Here are people of the same blood, the same civilization, the same level of technical skill and knowledge, torn asunder by the accidents of warfare. The one adopts central direction; the other adopts a social market economy. Which has to build a wall to keep its citizens from leaving? On which side of the wall is there tyranny and misery; on which side, freedom and affluence? Yet despite this dramatic demonstration, despite the Nazi experience—which alone might be expected to immunize a society for a century against collectivism—the intellectual climate in Germany, I am told, is overwhelmingly collectivist—in the schools, the universities, the mass media alike.

This paradox is a major challenge to those of us who believe in freedom. Why have we been so unsuccessful in persuading intellectuals everywhere of our views? Our opponents would give the obvious answer: because we are wrong and they are right. Until we can answer them and ourselves in some other way, we cannot reject their answer, we cannot be sure we are right. And until we find a satisfactory answer, we are not likely to succeed in changing the climate of opinion.

The Jews as an example of the paradox

My aim here is not to give a ready answer — for I have none. My aim is rather to examine a particular case of the paradox — the attitude of Jews toward capitalism. Two propositions can be readily demonstrated: first, the Jews owe an enormous debt to free enterprise and competitive capitalism; second, for at least the past century the Jews have been consistently opposed to capitalism and have done much on an ideological level to undermine it. How can these propositions be reconciled?

I was led to examine this paradox partly for obvious personal reasons. Some of us are accustomed to being members of an intellectual minority, to being accused by fellow intellectuals of being reactionaries or apologists or just plain nuts. But those of us who are also Jewish are even more embattled, being regarded not only as intellectual deviants but also as traitors to a supposed cultural and national tradition.

This personal interest was reinforced by the hope that study of this special case might offer a clue to the general paradox — typified by West Germany where Jews play a minor role. Unfortunately, that hope has not been fulfilled. I believe that I can explain to a very large extent the anti-capitalist tendency among Jews, but the most important elements of the explanation are peculiar to the special case and cannot readily be generalized. I trust that others will be more successful.

II. THE BENEFIT JEWS HAVE DERIVED FROM CAPITALISM

An anecdote and some history

Let me start by briefly documenting the first proposition: that the Jews owe an enormous debt to capitalism. The feature of capitalism that has benefited the Jews has, of course, been competition.¹ Wherever there is a monopoly, whether it be private or governmental, there is room for the application of arbitrary criteria in the selection of the beneficiaries of the monopoly—whether these criteria be colour of skin, religion, national origin or what not. Where there is free competition, only performance counts. The market is colour blind. No one who goes to the market to buy bread knows or cares whether the wheat was grown by a Jew, Catholic, Protestant, Muslim, or atheist; by whites or blacks. Any miller who wishes to express his personal prejudices by buying only from preferred groups is at a competitive disadvantage, since he is keeping himself from buying from the cheapest source. He can express his prejudice, but he will have to do so at his own expense, accepting a lower monetary income than he could otherwise earn.

A recent personal experience illuminates sharply the importance of competition. Some years ago, I attended an International Monetary Conference held in Montreal. The persons there consisted, on the one hand, of members of the Conference, who include the two top executives of the major commercial banks throughout the world; on the other, of persons like myself invited as speakers or participants in panel discussions. A conversation with an American banker present who recounted a tale of anti-Semitism in American banking led me to estimate roughly the fraction of the two groups who were Jewish. Of the first group—the bankers proper—I estimated that about 1 percent were Jewish. Of the much smaller second group, the invited participants in the program, roughly 25 percent were Jewish.

Why the difference? Because banking today is everywhere monopolistic in the sense that there is not free entry. Government permission or a franchise is required. On the other hand, intellectual activity of the kind that would recommend persons for the program is a highly competitive industry with almost completely free entry.

This example is particularly striking because banking is hardly a field, like, say, iron and steel, in which Jews have never played an im-

portant role. On the contrary, for centuries Jews were a major if not dominant element in banking and particularly in international banking. But when that was true, banking was an industry with rather free entry. Jews prospered in it for that reason and also because they had a comparative advantage arising from the Church's views on usury, the dispersion of Jews throughout the world, and their usefulness to ruling monarchs precisely because of the isolation of the Jews from the rest of the community.²

This anecdote illuminates much history. Throughout the nearly two thousand years of the Diaspora, Jews were repeatedly discriminated against, restricted in the activities they could undertake, on occasion expelled *en masse*, as in 1492 from Spain, and often the object of the extreme hostility of the peoples among whom they lived. They were able nonetheless to exist because of the absence of a totalitarian state, so that there were always some market elements, some activities open to them to enter. In particular, the fragmented political structure and the numerous separate sovereignties meant that international trade and finance in particular escaped close control, which is why Jews were so prominent in this area. It is no accident that Nazi Germany and Soviet Russia, the two most totalitarian societies in the past two thousand years (modern China perhaps excepted), also offer the most extreme examples of official and effective anti-Semitism.

If we come to more recent time, Jews have flourished most in those countries in which competitive capitalism had the greatest scope: Holland in the sixteenth and seventeenth centuries, and Britain and the U.S. in the nineteenth and twentieth centuries, Germany in the late nineteenth and early twentieth century—a case that is particularly pertinent when that period is compared with the Hitler period.³

Freedom of entry and Jewish representation

Moreover, within those countries, Jews have flourished most in the sectors that have the freest entry and are in that sense most competitive. Compare the experience of the Jews in banking, that I have referred to, with their experience in retail trade, which has been almost a prototype of the textbook image of perfect competition and free entry. Or compare their minor role in large industry with their prominence in the professions such as law, medicine, accountancy and the like.⁴ Though there are barriers to entry in the professions too, once past the initial barriers, there is a large measure of free competition

for custom. Even the differences within the professions illustrate my theme. In the U.S., for which I know the details, there was for a long time a major difference between medicine and law in the extent to which state licensure was an effective bar to entry. For reasons that are not relevant here, there was significant restriction of entry in medicine, relatively little in law. And Jews were proportionately much more numerous in law than in medicine.

The movie industry in the U.S. was a new industry and for that reason open to all. Jews became a major factor and this carried over to radio and television when they came on the scene. But now that government control and regulation has become more and more important, I am under the impression that the Jewish role in radio and T. V. is declining.

Capitalism and Israel

A rather different example of the benefits Jews have derived from competitive capitalism is provided by Israel, and this in a dual sense.

First, Israel would hardly have been viable without the massive contributions that it received from world Jewry, primarily from the U.S., secondarily from Britain and other Western capitalist countries. Suppose these countries had been socialist. The hypothetical socialist countries might conceivably have contributed, but if so they would have done so for very different reasons and with very different conditions attached. Compare Soviet aid to Egypt or official U.S. aid to Israel with private contributions. In a capitalist system, any group, however small a minority, can use its own resources as it wishes, without seeking or getting the permission of the majority.

Second, within Israel, despite all the talk of central control, the reality is that rapid development has been primarily the product of private initiative. After my first extended visit to Israel two decades ago, I concluded that two traditions were at work in Israel: an ancient one, going back nearly two thousand years, of finding ways around governmental restrictions; a modern one, going back a century, of belief in “democratic socialism” and “central planning.” Fortunately for Israel, the first tradition has proved far more potent than the second.

To summarize: Except for the sporadic protection of individual monarchs to whom they were useful, Jews have seldom benefited from governmental intervention on their behalf. They have flourished when and only when there has been a widespread acceptance by the

public at large of the general doctrine of non-intervention, so that a large measure of competitive capitalism and of tolerance for all groups has prevailed. They have flourished then despite continued widespread anti-Semitic prejudice because the general belief in non-intervention was more powerful than the specific urge to discriminate against the Jews.

III. THE ANTI-CAPITALIST MENTALITY OF THE JEWS

Despite this record, for the past century, the Jews have been a stronghold of anti-capitalist sentiment. From Karl Marx through Leon Trotsky to Herbert Marcuse, a sizable fraction of the revolutionary anti-capitalist literature has been authored by Jews. Communist parties in all countries, including the party that achieved revolution in Russia but also present day Communist parties in Western countries, and especially in the U.S.,⁵ have been run and manned to a disproportionate extent by Jews—though I hasten to add that only a tiny fraction of Jews have ever been members of the Communist party. Jews have been equally active in the less-revolutionary socialist movements in all countries, as intellectuals generating socialist literature, as active participants in leadership, and as members.

Coming still closer to the centre, in Britain the Jewish vote and participation is predominantly in the Labor party, in the U.S., in the left wing of the Democratic party. The party programs of the so-called right-wing parties in Israel would be regarded as “liberal,” in the modern sense, almost everywhere else. These phenomena are so well known that they require little elaboration or documentation.⁶

IV. WHY THE ANTI-CAPITALIST MENTALITY?

How can we reconcile my two propositions? Why is it that despite the historical record of the benefits of competitive capitalism to the Jews, despite the intellectual explanation of this phenomenon that is implicit or explicit in all liberal literature from at least Adam Smith on, the Jews have been disproportionately anti-capitalist?

Fuchs, Sombart and Glazer: The Jewish history

We may start by considering some simple yet inadequate answers. Lawrence Fuchs, in a highly superficial analysis of *The Political*

Behavior of American Jews, argues that the anti-capitalism of the Jews is a direct reflection of values derived from the Jewish religion and culture. He goes so far as to say, “if the communist movement is in a sense a Christian heresy, it is also Jewish orthodoxy—not the totalitarian or revolutionary aspects of world communism, but the quest for social justice through social action.”⁷ Needless to say—a point I shall return to later in a different connection—Fuchs himself is a liberal in the American sense. He regards the political liberalism of the Jews in this sense as a virtue, and hence is quick to regard such liberalism as a legitimate offspring of the Jewish values of learning, charity, and concern with the pleasures of this world. He never even recognizes, let alone discusses, the key question whether the ethical end of “social justice through social action” is consistent with the political means of centralized government.

This explanation can be dismissed out-of-hand. Jewish religion and culture date back over two millennia; the Jewish opposition to capitalism and attachment to socialism, at the most, less than two centuries. Only after the Enlightenment, and then primarily among the Jews who were breaking away from the Jewish religion, did this political stance emerge. Werner Sombart, in his important and controversial book, *The Jews and Modern Capitalism*, first published in 1911, makes a far stronger case that Jewish religion and culture implied a capitalist outlook than Fuchs does that it implied a socialist outlook. Wrote Sombart, “throughout the centuries, the Jews championed the cause of individual liberty in economic activity against the dominating view of the time. The individual was not to be hampered by regulations of any sort. I think that the Jewish religion has the same leading ideas as capitalism. . . . The whole religious system is in reality nothing but a contract between Jehovah and his chosen people. . . . God promises something and gives something, and the righteous must give Him something in return. Indeed, there was no community of interest between God and man which could not be expressed in these terms—that man performs some duty enjoined by the Torah and receives from God a *quid pro quo*.”⁸

Sombart goes on to discuss the attitude toward riches and poverty in the Old and the New Testament. “You will find,” he writes, “a few passages [in the Old Testament and the Talmud] wherein poverty is lauded as something nobler and higher than riches. But on the other hand you will come across hundreds of passages in which riches are called the blessing of the Lord, and only their misuse or their dangers

warned against.” By contrast, Sombart refers to the famous passage in the New Testament that “it is easier for a Camel to go through a needle’s eye than for a rich man to enter into the Kingdom of God” and remarks, “as often as riches are lauded in the Old Testament, they are damned in the New. . . . The religion of the Christians stands in the way of their economic activities. . . . The Jews were never faced with his hindrance.” He concludes, “Free trade and industrial freedom were in accordance with Jewish law, and therefore in accordance with God’s will.”⁹

Sombart’s book, I may say, has in general had a highly unfavourable reception among both economic historians in general and Jewish intellectuals in particular, and indeed, something of an aura of anti-Semitism has come to be attributed to it. Much of the criticism seems valid but there is nothing in the book itself to justify any charge of anti-Semitism though there certainly is in Sombart’s behaviour and writings several decades later. Indeed, if anything I interpret the book as philo-Semitic. I regard the violence of the reaction of Jewish intellectuals to the book as itself a manifestation of the Jewish anti-capitalist mentality. I shall return to this point later.

A more balanced judgement than either Fuchs’ or Sombart’s with which I am in full accord is rendered by Nathan Glazer, who writes, “It is hard to see direct links with Jewish tradition in these attitudes; . . . One thing is sure: it is an enormous oversimplification to say Jews in Eastern Europe became socialists and anarchists because the Hebrew prophets had denounced injustice twenty-five hundred years ago. . . . The Jewish religious tradition probably does dispose Jews, in some subtle way, toward liberalism and radicalism, but it is not easy to see in present-day Jewish social attitudes the heritage of the Jewish religion.”¹⁰

Jews, intellectualism and anti-capitalism

A second simple explanation is that the Jewish anti-capitalist mentality simply reflects the general tendency for intellectuals to be anti-capitalist plus the disproportionate representation of Jews among intellectuals. For example, Nathan Glazer writes, “The general explanations for this phenomenon [the attachment of the major part of the intelligentsia to the Left] are well known. Freed from the restraints of conservative and traditional thinking, the intelligentsia finds it easier to accept revolutionary thinking, which attacks the established order

of things in politics, religion, culture, and society. . . . Whatever it is that affected intellectuals, also affected Jews.”¹¹ Glazer goes on, however, to qualify greatly this interpretation by citing some factors that affected Jews differently from other intellectuals. This explanation undoubtedly has more validity than Fuchs’ simple-minded identification of anti-capitalism with Jewish religion and culture. As the West German example quoted earlier suggests, non-Jewish intellectuals are capable of becoming dominantly collectivist. And there is no doubt that the intellectual forces Glazer refers to affected Jewish intellectuals along with non-Jewish. However, the explanation seems highly incomplete in two respects. First, my impression is that a far larger percentage of Jewish intellectuals than of non-Jewish have been collectivist. Second, and more important, this explanation does not account for the different attitudes of the great mass of Jews and non-Jews who are not intellectual. To explain this difference we must dig deeper.

The moral ambiguity of the free order

A third simple explanation that doubtless has some validity is the natural tendency for all of us to take the good things that happen to us for granted but to attribute any bad things to evil men or an evil system. Competitive capitalism has permitted Jews to flourish economically and culturally because it has prevented anti-Semites from imposing their values on others, and from discriminating against Jews at other people’s expense. But the other side of that coin is that it protects anti-Semites from having other people’s values imposed on them. It protects them in the expression of their anti-Semitism in their personal behaviour so long as they do it at their own expense. Competitive capitalism has therefore not eliminated social anti-Semitism. The free competition of ideas that is the natural companion of competitive capitalism might in time lead to a change in tastes and values that would eliminate social anti-Semitism but there is no assurance that it will. As the New Testament put it, “In my Father’s house are many mansions.”

No doubt, Jews have reacted in part by attributing the residual discrimination to “the System.” But that hardly explains why the part of the “system” to which the discrimination has been attributed is “capitalism.” Why not, in nineteenth century Britain, to the established church and the aristocracy; in nineteenth and twentieth century

Germany, to the bureaucracy; and in twentieth century U.S., to the social rather than economic establishment. After all, Jewish history surely offers more than ample evidence that anti-Semitism has no special connection with a market economy. So this explanation, too, is unsatisfactory.

I come now to two explanations that seem to me much more fundamental.

Judaism and secularism

The first explanation, which has to do with the particular circumstances in Europe in the nineteenth century, I owe to the extremely perceptive analysis of Werner Cohn in his unpublished Ph.D. dissertation on the “Sources of American Jewish Liberalism.” Cohn points out that:

Beginning with the era of the French revolution, the European political spectrum became divided into a ‘Left’ and a ‘Right’ along an axis that involved the issue of secularism. The Right (conservative, Monarchical, ‘clerical’) maintained that there must be a place for the church in the public order; the Left (Democratic, Liberal, Radical) held that there can be no (public) Church at all. . . .

The axis separating left from right also formed a natural boundary for the pale of Jewish political participation. It was the Left, with its new secular concept of citizenship, that had accomplished the Emancipation, and it was only the Left that could see a place for the Jews in public life. No Conservative party in Europe—from the bitterly hostile Monarchists in Russia through the strongly Christian “noines” in France to the amiable Tories in England—could reconcile itself to full Jewish political equality. Jews supported the Left, then, not only because they had become unshakeable partisans of the Emancipation, but also because they had no choice; as far as the internal life of the Right was concerned, the Emancipation had never taken place, and the Christian religion remained a prerequisite for political participation.

Note in this connection that the only major leaders of Conservative parties of Jewish origin—Benjamin Disraeli in England, Friedrich Julius Stahl in Germany were both professing Christians (Disraeli’s father was converted, Stahl was baptized at age 19).

Cohn goes on to distinguish between two strands of Leftism: “rational” or “intellectual” and “radical.” He remarks that “Radical left-

ism . . . was the only political movement since the days of the Roman empire in which Jews could become the intellectual brethren of non-Jews . . . while intellectual Leftism was Christian at least in the sense of recognizing the distinction between ‘religious’ and ‘secular,’ radical Leftism—eschatological socialism in particular—began to constitute itself as a new religious faith in which no separation between the sacred and the profane was tolerated . . . [Intellectual-Leftism] offered [the Jews] a wholly rational and superficial admission to the larger society, [radical Leftism], a measure of real spiritual community.”

I share Glazer’s comment on these passages: “I do not think anyone has come closer to the heart of the matter than has the author of these paragraphs.”

Cohn’s argument goes far to explain the important role that Jewish intellectuals played in the Marxist and socialist movement, the almost universal acceptance of “democratic socialism” by the European Jews in the Zionist movement, particularly those who emigrated to Palestine, and the socialist sentiment among the German Jewish immigrants to the United States of the mid-nineteenth century and the much larger flood of East European Jews at the turn of the century.

Yet by itself it is hard to accept Cohn’s point as the whole explanation for the anti-capitalist mentality of the Jews. In the United States, from the very beginning, the separation of church and state was accepted constitutional doctrine. True, the initial upper class was Christian and Protestant, but that was true of the population as a whole. Indeed, the elite Puritan element was, if anything, pro-Semitic. As Sombart points out in reconciling his thesis about the role of Jews in capitalist development with Max Weber’s about the role of the Protestant Ethic in capitalist development, the Protestants, and the Puritans especially, went back to the Old Testament for their religious inspiration and patterned themselves on the ancient Hebrews. Sombart asserts: “Puritanism *is* Judaism.”¹² Cohn too emphasizes this phenomenon, pointing to Puritan tolerance toward Jews in the colonial era, despite their general intolerance toward other religious sects.¹³

To come down to more recent times in the United States, Theodore Roosevelt was highly popular among the Jews partly because of his willingness to object publicly to Russian pogroms. Outside of the closely knit socialist community in New York most Jews probably were Republicans rather than Democrats until the 1920s, when first Al Smith and then Franklin Delano Roosevelt produced a massive shift to the Democrats from both the Right and the Left. The shift from the

Left betokened a weakening of the European influence, rather than being a manifestation of it. Yet despite that weakening influence, the American Jewish community, which now consists largely of second and third and later generation Americans, retains its dominant leftist cast.

The Jewish reaction to the Jewish stereotype

The final explanation that suggests itself is complementary to Cohn's yet not at all identical with it. To justify itself by more than the reference to the alleged role of the Jews in Christ's crucifixion, anti-Semitism produced a stereotype of a Jew as primarily interested in money, as a merchant or money-lender who put commercial interests ahead of human values, who was money-grasping, cunning, selfish and greedy, who would "jew" you down and insist on his pound of flesh. Jews could have reacted to this stereotype in two ways: first, by accepting the description but rejecting the values that regarded these traits as blame-worthy; secondly, by accepting the values but rejecting the description. Had they adopted the first way, they could have stressed the benefits rendered by the merchant and by the money-lender—recalling perhaps Bentham's comment that "the business of a money-lender . . . has no where nor at any time been a popular one. Those who have the resolution to sacrifice the present to the future, are natural objects of envy to those who have sacrificed the future to the present. The children who have eaten their cake are the natural enemies of the children who have their's. While the money is hoped for, and for a short time after it has been received, he who lends it is a friend and benefactor: by the time the money is spent, and the evil hour of reckoning is come, the benefactor is found to have changed his nature, and to have put on the tyrant and the oppressor. It is oppression for a man to reclaim his own money; it is none to keep it from him."¹⁴

Similarly, Jews could have noted that one man's selfishness is another man's self reliance; one man's cunning, another's wisdom; one man's greed, another's prudence.

But this reaction was hardly to be expected. None of us can escape the intellectual air we breathe, can fail to be influenced by the values of the community in which we live. As Jews left their closed ghettos and shtetls and came into contact with the rest of the world, they inevitably came to accept and share the values of that world, the values

that looked down on the “merely” commercial, that regarded money-lenders with contempt. They were led to say to themselves: if Jews are like that, the anti-Semites are right.

The other possible reaction is to deny that Jews are like the stereotype, to set out to persuade oneself, and incidentally the anti-Semites, that far from being money-grabbing, selfish and heartless, Jews are really public-spirited, generous, and concerned with ideals rather than material goods. How better to do so than to attack the market with its reliance on monetary values and impersonal transactions and to glorify the political process, to take as an ideal a state run by well-meaning people for the benefit of their fellow men?

Israel as a Diasporal reaction

I was first led to this explanation of the anti-capitalist mentality of the Jews by my experience in Israel. After several months there, I came to the conclusion that the quickest way to reach a generalization in any area about values in Israel was to ask what was true of the Jews in the Diaspora and reverse it.

Jews in the Diaspora were urban dwellers engaged in commercial pursuits and almost never in agriculture; in Israel, agriculture has much higher prestige than commerce.

Jews in the Diaspora shunned every aspect of military service; Israelis value the military highly and have demonstrated extraordinary competence.

These two reversals are readily explained as the children of necessity, but let me continue.

Yiddish or Ladino was the language of the Jews in the Diaspora; both are looked down on in Israel, where Hebrew is the language.

Jews in the Diaspora stressed intellectual pursuits and rather looked down on athletics. There is tremendous emphasis on athletics in Israel.

And for what may seem like an irrelevant clincher: Jews in the Diaspora were reputed to be excellent cooks; cooking in Israel is generally terrible, in homes, hotels and restaurants.

Can this record not be interpreted as an attempt, no doubt wholly subconscious, to demonstrate to the world that the commonly accepted stereotype of the Jew is false?

I interpret in the same way the evidence assembled by Wilson and Banfield that Jews (and “Yankees”) tend to adopt a “community-serving conception” of the public interest, and to vote against their own

immediate self-interest, in larger proportions than most other groups.¹⁵

Fuchs and Sombart in this perspective

I interpret also in this way the attempt by Fuchs to trace Jewish “liberalism” to Jewish values and the negative reaction of Jewish critics to Sombart’s book. If, like me, you regard competitive capitalism as the economic system that is most favourable to individual freedom, to creative accomplishments in technology and the arts, and to the widest possible opportunities for the ordinary man, then you will regard Sombart’s assignment to the Jews of a key role in the development of capitalism as high praise. You will, as I do, regard his book as philo-Semitic. On the other hand, if you are trying your level best to demonstrate that Jews are dedicated to selfless public service in a socialist state, that commerce and money-lending were activities forced on them by their unfortunate circumstances and were wholly foreign to their natural bent, then you will regard Sombart as an anti-Semite simply reinforcing the stereotype against which you are battling. In this vein, the *Universal Jewish Encyclopaedia* says in its article on Sombart: “He *accused* the Jews of having created capitalism” (my italics).

The complementary character of the final two explanations is, I trust, clear. Whence comes the value structure that puts service to the general public above concern for oneself and one’s close family; government employment above private business; political activity above commercial activity; love of mankind in general above concern for men in particular; social responsibility above individual responsibility? Very largely from the collectivist trend of thought to which Jews contributed so much for the reasons advanced by Cohn.

Consider, for a moment, the reaction to the anti-Semitic stereotype by a nineteenth century English Philosophical radical steeped in Benthamite utilitarianism—by a David Ricardo, James Mill, even Thomas Malthus. Could one of them ever have termed the allegation that Jews created capitalism an accusation? They would have termed it high praise. They would have regarded widespread emphasis on rational profit calculation as just what was needed to promote “the greatest good of the greatest number,” emphasis on the individual rather than the society as a corollary of belief in freedom, and so on.

CONCLUSION

I conclude then, that the chief explanations for the anti-capitalist mentality of the Jews are the special circumstances of nineteenth century Europe which linked pro-market parties with established religions and so drove Jews to the Left, and the subconscious attempts by Jews to demonstrate to themselves and the world the fallacy of the anti-Semitic stereotype. No doubt these two main forces were reinforced, and the view of the Jews altered in detail, by their historical and cultural heritage, which made them specially sensitive to injustice and specially committed to charity. They were reinforced also by whatever the forces are that predispose intellectuals towards the Left.

Whether or not this explanation is a satisfactory resolution of the paradox which was my starting point, it remains true that the ideology of the Jews has been and still is opposed to their self-interest. Except behind the Iron Curtain, this conflict has been mostly potential rather than real. In the West, so long as a large measure of *laissez-faire* capitalism prevailed, the economic drive of the Jews to improve their lot, to move upward in the economic and social scale, was in no way hindered by the preaching of socialism as an ideal. They could enjoy the luxury of reacting against the anti-Semitic stereotype, yet benefit from the characteristics that that stereotype caricatured. On a much more subtle and sophisticated level, they were in the position of the rich parlor socialists—of all ethnic and religious backgrounds—who bask in self-righteous virtue by condemning capitalism while enjoying the luxuries paid for by their capitalist inheritance.

As the scope of government has grown, as the collectivist ideas have achieved acceptance and affected the structure of society, the conflict has become very real. I have already stressed the conflict in Israel that has led to giving a far greater role to market forces than the ideology of the early leaders envisioned. I have been struck in the United States with the emergence of the conflict in reaction to some of the proposals by Senator McGovern. His early proposal, later rescinded, to set a top limit on inheritances produced an immediate reaction from some of those who might have been expected to be and were his strongest supporters. It came home to them that his measures—completely consistent with their professed ideology—would greatly hamper the upward social and economic mobility of which they had been the beneficiaries.

Perhaps the reality of the conflict will end or at least weaken the paradox that has been the subject of my talk. If so, it will be a minor silver lining in the dark cloud of encroaching collectivism.

NOTES

1. The only other writer I have come across who explicitly stresses the benefits Jews have derived from capitalism is Ellis Rivkin,* *The Shaping of Jewish History*, New York: Scribner's, 1971. Unfortunately, Rivkin's interesting analysis is marred by misconceptions about the nature and operation of capitalism. He takes the accumulation of capital rather than free entry as its distinguishing feature.
2. See for example Hannah Arendt, *The Origins of Totalitarianism*, New York: Harcourt, Brace & Co., 1951, on "court Jews," also Werner Sombart, *The Jews and Modern Capitalism*, London: T. Fisher Unwin, 1913 (translated from 1911 German original).
3. Sombart argues that the relation is the reverse: that capitalism flourished where it did because Jews were given a considerable measure of freedom. But he would not have denied that the relation is reciprocal. And his version has been seriously questioned by economic historians. See Introduction by Bert F. Hoselitz to the American edition of Sombart's book, *Jewish Contributions to Civilization*, 1919, chapter viia, pp. 247–267.
4. See Nathaniel Weyl, *The Creative Elite in America*, Washington, D.C.: Public Affairs Press 1966, particularly the tables in Appendix III giving results for different "elite rosters."
5. For the U.S., see Nathan Glazer, *The Social Basis of American Communism*, New York: Harcourt, Brace and World, Inc. 1961, pp. 85, 130, 132.
6. For the American record, see Werner Cohn, *Sources of American Jewish Liberation—A Study of the Political Alignments of American Jews*, unpublished Ph.D. thesis, New School for Social Research, June 1956; Lawrence Fuchs, *The Political Behavior of American Jews*, Glencoe, Ill.: Free Press, 1956; Nathan Glazer, *American Judaism*, Chicago: Univerity

*See Rivkin's contribution to the companion book to this volume, *Religion, Economics and Social Thought*—eds.

- of Chicago Press, 1957; Nathan Glazer and Daniel Patrick Moynihan, *Beyond the Melting Pot*, Cambridge: MIT Press, 2nd ed. 1970.
7. *Op. cit.*, p. 197.
 8. *Op. cit.*, pp. 153, 205, 209.
 9. *Ibid.*, pp. 216, 221, 222, 248.
 10. Nathan Glazer, *American Judaism*, pp. 135, 136, 139.
 11. *The Social Basis of American Communism*, pp. 166-167.
 12. *Op. cit.*, p. 249.
 13. However, according to Abba Eban, "Jews were refused admittance into Massachusetts and Connecticut by the Puritans whose idea of religious liberty was linked to their own brand of faith. However, in liberal Maryland and in Rhode Island, where freedom of conscience was an unshakable principle, they found acceptance." *My People*, New York: Behrman House, Inc., 1968.
 14. Jeremy Bentham, *In Defense of Usury* (1787).
 15. James Q. Wilson and Edward C. Banfield, "Public-Regardingness as a Value Premise in Voting Behavior," *American Political Science Review*, LVIII, 4 (Dec., 1964), pp. 876-887; "Political Ethos Revisited," *American Political Science Review*, LXV, 4 (Dec., 1971), pp. 1048-1062. The similarity between the Jews and the Yankees in some of the characteristics examined by Wilson and Banfield is some evidence, if rather weak evidence, for the influence of religion and culture in view of the connection between Puritanism and Judaism.

Comment***Aaron Levine****I. SOCIALISM AND CAPITALISM IN THE JEWISH TRADITION**

Prior to introducing his own rationale for Jewish opposition to capitalism, Professor Friedman presents various other explanations. One of these explanations is the Fuchs thesis which views the Jewish anti-capitalist mentality as rooted in the Jewish religion. Friedman rejects this thesis out of hand on the ground that "Jewish opposition to capitalism and attachment to socialism is, at most, two centuries old, while the Jewish religion dates back more than two millennia." Moreover, Sombart, in Friedman's view, makes a far stronger case that Jewish religion and culture implies a capitalist outlook than Fuchs does that it implies a socialist outlook.

At the outset, let us point out that Jewish attachment to certain aspects of socialism goes much further back than two centuries. During the periods of Persian and Greco-Roman subjugation, the Jews enjoyed considerable self-government. Throughout the Middle Ages, when European society generally was constituted of distinct corporate groups each with its own way of life, the Jews were also governed by their own laws and institutions. The Christian authority granted them various privileges of self-rule. These dealt mainly with their rights of commerce, money-lending, or litigation with Gentiles. The internal political and social life of the Jews was left inviolate.

Jewish religious law heavily influenced the economic organization of these autonomous communities. The religious influence is particularly evident from the responsa literature of the Rishonic period

*This paper is based on my book *Free Enterprise and Jewish Law* (New York, Ktav, Yeshiva University, 1980)

(eleventh to the middle of the fifteenth centuries), which consisted of inquiries of the various Jewish communities to the leading religious authorities of the day on matters of economic organization. This source together with the earlier Talmudic (200 C.E. to end of fifth century) and Mishnaic (beginning of common era to 220 C.E.) literature combine to form the basis of determining what Jewish religious law regards as the ideal model of economic organization.

It will be our purpose here to delineate the model of economic order Jewish law espouses on a normative basis as well as to describe its conceptualization of the actual operation of the marketplace. We will demonstrate that the Jewish religion fosters an economic system based on freedom of entry and competition, but at the same time is decidedly opposed to unbridled capitalism. This portrait, bearing directly on the Sombart and Fuchs theses, we trust, will shed some light on the Friedman paradox as well.

Freedom of entry and Jewish law

The most salient feature of capitalism is free entry. Jewish law's favourable attitude toward freedom of entry is clearly evidenced by R. Huna b. R. Joshua's (fourth century, Babylonia) widely accepted¹ ruling regarding the protection a townsman is afforded against a potential new entrant. Enjoining a new entrant is legitimized only when the plaintiff is an out-of-town tradesman who does not pay taxes in the complainant's town.²

Jewish law's freedom of entry stance emerges even in connection with the out-of-town intrusion case. This is evidenced from the following considerations:

1. Protection against non-local competition is limited to the retail-trade level. The Jewish community may not, however, place any restrictions on foreign wholesale-trade activities.³ Allowing the community to regulate foreign wholesale trade would, in effect, disrupt intercommunity trade.⁴
2. Should locally available merchandise be offered by out-of-town merchants at a lower price, the latter group, according to R. Joseph Ibn MiGash (1077-1141), Spain, may not be barred from competing for local patronage. Insofar as competition here decidedly benefits local consumers, protectionist pleas of local merchants must be resisted.⁵ Nahmanides (1194-1270, Gerona),

however, disagrees with the above ruling of R. Joseph Ibn MiGash.⁶

Understanding the anti-protectionist stance of R. Joseph Ibn MiGash to refer only to the circumstance where the out-of-town merchants offer to undercut the local competition by a significant margin, R. Joseph Habib (fourteenth century, Spain) finds R. Joseph Ibn MiGash's view to converge closely with Nahmanides' position.⁷ Other commentators, however, find the two views diametrically opposed: Nahmanides' protectionist view is advanced even when the proposed price cut is significant, and R. Joseph Ibn MiGash's freedom of entry view is held even when the price cut involved is slight.⁸

The implication of the above conflicting views for Jewish law is that the Jewish court would not enjoin out-of-town merchants when they offer to undercut the local competition by a significant margin. Accordingly, R. Hiyya Abraham b. Aaron di Boton (ca. 1560–1609, Salonica) refused to issue an injunction against an out-of-town tailor who offered his services at 50 per cent of the local price.⁹

3. Restrictions against out-of-town merchants must be suspended on "market days" (yoma dishuka).¹⁰ On these days the marketplace expands to include consumers from nearby towns as well as the local population. Given that foreign retail trade at this time cannot be said as a matter of certainty to attract local customers away from local merchants,¹¹ Tosafot (twelfth-fourteenth century French commentators) and R. Asher b. Jehiel (1250–1327, Germany) would allow the out-of-town merchants to cater to the non-local portion of the market on these days.¹² A still broader view of the trading rights of out-of-town merchants on market days is taken by R. Joshua ha-Kohen Falk of Lemberg (1555–1614). According to his view, out-of-town merchants on these days may sell their wares indiscriminately to local and non-local customers alike.¹³ The presumptive claim of local merchants to the local market, according to R. Falk, is apparently lost entirely on market days.

Retail trading privileges on these days allow non-local merchants only to sell their wares in the marketplace. Peddling their merchandise from door to door in the local community is a privilege not extended to them even on market days.¹⁴

4. Debt or loan connections with members of the local community provide the non-local merchant with another legitimate basis for gaining business entry to a town. Until such time that the out-of-town merchant collects or pays off his debts, as the case may be, the community may not interfere with his subsistence-generating business activities.¹⁵ Though not a bona fide member of the community, the out-of-town merchant must participate in some measure in the burden of local taxation for the duration of his stay. His tax liability is assessed proportional to his business profits.

Individuals forced to leave their own communities to avoid impending harm may enter another community on the same terms outlined above.¹⁶

5. By virtue of a special enactment of Ezra (fifth century B.C.E.), foreign cosmetic salesmen are conferred with special status. To afford women with easy access to beautification aids, the community must allow these salesmen to peddle their wares from door to door. These non-local peddlers may, however, be prevented from marketing their wares in a retail outlet. When the peddler is a rabbinical scholar, the latter privilege must be extended to him as well.¹⁷
6. Increasing the supply of substitute products represents another means of weakening a monopoly position. Should the out-of-town vendors offer for sale merchandise unobtainable locally, the community may not obstruct their entry. Heterogeneity of product, in R. Joseph Caro's (1488–1575, France) view, is what is crucial in generating free trading rights. Hence, should the out-of-town merchants offer to sell a product available locally, but superior or inferior in quality, the outsider's freedom of entry is vouchsafed.¹⁸ Loss of local profits due to the substitution effect apparently provides no grounds for excluding the non-local merchants.
7. Primary-school religious teachers (*melamdei tinokot*) are offered access to any community they might desire to enter. The free movement of the primary-school teacher is guaranteed even when he desires to enter a town where a competitor is firmly entrenched. Competition in this profession is very favourably viewed. The Talmud's approving attitude toward rivalry here finds expression in the adage, *kinat soferim tarbeh hokhmah* ("jealousy among scholars increases wisdom").¹⁹

Other forms of economic freedom specifically endorsed by the Talmudic Sages include price competition and promotional activities.²⁰

The interventionist tradition in Judaism

While Judaism essentially fosters an economic system of capitalism, the notion that perfect knowledge permeates the marketplace is rejected. In addition, intervention in the free interplay of market forces for the purpose of promoting its concept of social justice and to restrain undue leverage in the marketplace is called for.

1. Judaism's rejection of the notion that perfect knowledge permeates the marketplace clearly emerges from an analysis of the laws of *ona'ah* (price divergence).

The ethics of the price terms of transactions concluded within the framework of a competitive norm are governed in Jewish law by the laws of *ona'ah*. These regulations provide a taxonomy of grounds for invalidating or otherwise modifying transactions concluded at a price that diverges from the prevailing norm. Analysis of the various details of the laws of *ona'ah* suggest that the basis of the price divergence claim is opportunity cost.²¹

Further evidencing Judaism's attitude that the marketplace is not a self-regulating mechanism is its call for the appointment of market inspectors to insure honesty in the use of commercial weights and measures²² and for the enforcement of a profit-rate constraint in the necessity sector.²³

2. Intervention in the marketplace for the purpose of restraining the profit motive is called for by the Jewish law in the form of imposing a one-sixth profit rate constraint on sellers of essential foodstuff.

The one-sixth profit rate constraint consists of the duty of the Jewish community to impose a price ceiling on essential foodstuff. Rather than imposing a restraint on individual vendors, the one-sixth profit level merely serves as a guidepost in the design of the price ceiling in the essential foodstuff sector.

Analysis of the various details of the one-sixth profit rate constraint suggest that the constraint amounts to nothing more than a restraint on economic rent.²⁴

3. Unrestrained rivalry in the marketplace in the form of competition for choice location, competitive price cutting, or aggressive salesmanship and advertising may result in the ruination of the less inventive and efficient firms. Talmudic decisors dispute whether Jewish law entitles an established firm to restrain its rival from a

competitive tactic that would ruin its livelihood.²⁵ Interestingly, Israeli courts today follow the anti-protectionist school.²⁶

It should be noted that the insulation called for by the protectionist school is limited, as evidenced from the following considerations:

- (a) To qualify for protection against a competitive tactic, a complainant must demonstrate to the court's satisfaction that it is not within his means to counter the tactic without falling below his opportunity cost earnings.
 - (b) The deprivation-generating criterion would not call for umbrella price protection when the competitors involved are geographically separated.²⁷
4. Raising price on the basis of an upward shift of the demand curve is regarded in Jewish law as unethical when the shift is rooted in a changed circumstance, e.g. war, which makes the consumer's need for the product desperate.²⁸ Similarly unethical is the raising of price when the shift is due to an artificially created need by dint of religious law.²⁹

Jewish law places in the realm of the Jewish community's public sector the following functions: (1) security measures; (2) water supply projects; (3) public road repairs; (4) a variety of projects of a religious character, including public education for the young and the establishment of charitable institutions for the poor.³⁰

The "free rider" problem in Jewish law

Given that for the capitalist Pareto optimality forms the basis for assigning the role to the public sector, Judaism's call for a heavy social welfare role for government does not fit well into the capitalist ethic. It should be noted, however, that the Talmudic literature recognizes the "free rider" motive basis for government intervention in the marketplace.

The "free rider" phenomenon finds explicit expression in Jewish law in connection with laws dealing with zoning codes. In this regard, the Mishnah (Baba Batra II:8) relates that to preserve the aesthetic quality of a town, trees must be kept at a distance of at least 25 cubits from its limits. Violation of this zoning ordinance subjects the tree-owner to the penalty of having his tree cut down, with compensation for his loss not recognized. Deference to the amenity rights of the townpeople re-

quires the tree-owner to cut down his tree even if its presence antedates the existence of the town. Nonetheless, in the latter instance, the community is required to indemnify the owner for his loss after removal of the tree is effected. Defending the procedure in the latter instance of first requiring the removal of the tree and only then allowing the owner to exact his compensation claim on the community, the Talmud asserts that reversing the procedure would effectively allow the tree to remain in place indefinitely since “a pot with two cooks is neither hot nor cold.”³¹ Elaborating on the intent of this analogy, R. Solomon b. Isaac (1040–1105, France) comments that given man’s proclivity to avoid or delay payment as much as possible, each member of the community would refuse to inaugurate the collection with his share of the indemnity payment. With the collection process subject to snags, removal of the tree would not be accomplished unless the compensation obligation devolved upon the community only after the tree had already been removed.³²

The relevance of the “free rider” motive for the problem of public taxation policy is explicitly found in the writings of R. Meir of Rothenburg (1215–1293). In a responsum dealing with the concept of unjust enrichment, R. Meir draws a distinction between a private and a communal expenditure. Hence, should A’s private expenditure generate an external benefit to B, B bears no compensation responsibility to A, i.e., B’s captured benefit is not regarded as unjust enrichment. Since A would, in any case, have undertaken his expenditure, and, in addition, B plays no role in making A’s expenditure higher than otherwise would be, denying the latter his captured advantage on anything less than a gratis basis would be Sodomitic (i.e., denying someone a benefit when it involves no cost to oneself). In sharp contrast, should A’s expenditure consist of an outlay for a communal project, B bears compensation responsibility for his advantage. Assimilating the latter case to the former, points out R. Meir, would effectively frustrate the emergence of any communal project. Each resident of the town would rely on the initiative of his neighbours to create the communal project. Once it was completed, the non-participating resident would claim exemption from his financial responsibility on the grounds that the sponsors’ financial commitment would have taken place in any case and was not increased on account of him. Widespread maneuvering of this sort would obviously frustrate altogether the emergence of communal projects.³³

Examination of the various details of the Jewish security tax levy, including its tax base, residency requirement and the variability of the tax formula highly suggest that elimination of the “free rider” motive forms the basic rationale for its inclusion in the purview of the public sector.³⁴

The social philosophy of American Jewry

The aforementioned normative model Jewish religious thought calls for, can, in our view, go a long way in rationalizing the basic economic and political philosophy of American Jewry. Consistent with the normative model, Jews do not oppose the basic concept of capitalism, that is, an economic system based on free entry and competition. Indeed, as Professor Friedman has pointed out, Jews have flourished most under a system of competitive capitalism. What Jews are opposed to is unbridled capitalism. Jewish religious values of social justice and its presumption that perfect knowledge does not permeate the marketplace, lead American Jewry, it can be theorized, to support government regulations of the marketplace and income redistribution programs.

Let us now turn to Professor Friedman’s own thesis that the Jews’ anti-capitalist attitude reflects their reaction to the anti-Semitic stereotyping of them as being primarily interested in money, putting commercial interests ahead of human values. Injecting Jewish religious values and norms into the argument will, we submit, bolster the above thesis.

While Judaism takes a very positive attitude toward the pursuit of a livelihood,³⁵ excessive preoccupation with the acquisition of wealth is looked upon very dimly. Judaism teaches that man must give primacy to the spiritual domain. Wordly pursuits are permitted only a minor and subsidiary claim on man’s time and energy.³⁶ Stereotyping the Jew as being extremely materialistic amounts to attacking him as having failed to live up to the ideals of his religion. What better defense mechanism can the Jew resort to than to become the champion of social welfare programs and other government measures designed to protect the disadvantaged. This social ethic assuages for the Jew his guilt feeling for having been excessively immersed in material pursuits and at the same time legitimizes him in the eye of the Gentile world.

NOTES

1. Free entry advocacy is espoused by the following Talmudic decisors: R. Isaac b. Jacob Alfasi (1012–1103, North Africa) *Rif*, *Bava Batra* 21b; *Tosafot* (twelfth century, France), *Bava Batra* 21b; Maimonides (1135–1204, Fez), *Yad*, Shekhenim VI:18; R. Asher b. Jehiel (1250–1327, Germany), *Rosh*, *Bava Batra* II:12; R. Jacob b. Asher (1270–ca.1343, Germany), *Tur*, *Hoshen Mishpat* 156:10; R. Joseph Caro (1488–1575, France), *Shulhan Arukh*, *Hoshen Mishpat* 156:5; R. Jehiel Michael Epstein (1829–1908, Belorussia) *Arukh ha-Shulhan*, *Hoshen Mishpat* 156:6.
2. *Bava Batra* 21b.
3. *Rosh*, *op.cit.* II:12; *Tur*, *op.cit.* 156:11; *Sh. Ar.*, *op.cit.* 156:7; *Ar. hash.*, *op.cit.* 156:10.
4. R. Joseph Caro, *Beit Yosef*, *Tur*, *Sh. Ar.*, *op.cit.* 156:11.
5. *Ri MiGash*, *Bava Batra* 21b.
6. *Nahmanides*, *Ramban*, *Bava Batra* 21b.
7. R. Joseph Habib, *Nimmukei Yosef*, *Bava Batra* 21b.
8. *Beit Yosef*, *Tur*, *Sh.-Ar.*, *op.cit.* 156, part 3; R. Mordechai b. Hillel on interpretation of R. Abraham Hiyya di Boton.
9. R. Abraham Hiyya di Boton, *Lehem Rav*, p. 216.
10. *Bava Batra* 22a; *Rosh*, *loc.cit.*; *Yad*, *op.cit.* VI:10; *Tur*, *loc.cit.*; *Sh.-Ar.*, *op.cit.* 156:7; *Ar. hash.*; *loc.cit.*; R. Joel Sirkes (1561–1640), *Bah*, *Tur loc.cit.* understands *yoma dishuka* to refer to the weekly market days and not to the elaborate annual fairs. R. Jehiel Michael Epstein (*loc.cit.*), however, understands *yoma dishuka* to refer to the annual fairs.
11. *Beit Yosef*, *Tur*, *Sh. Ar.*, *loc.cit.*
12. *Tosafot*, *Bava Batra* 22a and *Roch loc.cit.*, both on the interpretation of R. Joseph Caro (*Beit Yosef*, *loc.cit.*).
13. R. Joshua ha-Kohen Falk, *Perishah*, *Tur*, *Sh.-Ar.*, *op.cit.* 156 n.11; *Derishah* ad loc; *Sma*, *Sh.-Ar.*, *op.cit.* n.20. R. Falk understands this to be the position of R. Jacob too.
14. *Bava Batra* 22a; *Rosh*, *loc.cit.*; *Yad*, *loc.cit.*; *Tur*, *loc.cit.*; *Sh.-Ar.*, *loc.cit.*; *Ar-hash.*, *loc.cit.*
15. *Rif*, *Bava Batra* 22a; *Yad*, *op.cit.*, *Rosh*, *op.cit.* II:12; *Tur*, *op.cit.* 156:11; *Sh.-Ar.*, *op.cit.* 156:6; *Ar-hash.*, *loc.cit.*
16. *Beit Yosef*, *Tur*, *Sh.-Ar.*, *loc.cit.*; *Rema*, *Sh.-Ar.*, *op.cit.* 156:6; *Ar-hash.*, *op.cit.* 156:11.

17. *Bava Batra* 22a; *Rif* ad locum; *Yad*, *op.cit.* VI:9; *Tur.*, *op.cit.* 156:12; *Sh-Ar.*, *op.cit.*; *Ar-hash.*, *op.cit.* 156:9.
18. *Beit Yosef*, *Tur*, *Sh-Ar.*, *loc.cit.*; *Ar-hash.*, *op.cit.* 156:11.
19. R. Eliezer b. Nathan of Mainz (ca.1090–1170), *Raavan Bava Batra* 21b; *Beit Yosef*, *loc.cit.*; *Derisha ad loc*, note 13. For a variant view, see *Tosafot*, *Bava Batra* 21b.
20. Majority view in opposition to R. Judah, *Mishnah* *Bava Mezia* 60b.
21. For a detailed discussion on the laws of *ona'ah* and the development of the opportunity cost theory as the basis of the claim, see Aaron Levine, *Free Enterprise and Jewish Law* (New York: Yeshiva University, Ktav, 1980) pp. 99–110.
22. *Bava Batra* 89a; *Rif ad. locum*; *Yad*, *op.cit.* VIII:20; *Rosh*, *op.cit.*, V:22; *Tur*, *op.cit.* 231:2; *Sh-Ar.*, *op.cit.* 231:2; *Ar-hash*, *op.cit.* 231:3.
23. *Bava Batra* 9a; *Yoma* 9a; *Yad*, *op.cit.* XIV:1; *Tur*, *op.cit.* 231:26; *Sh-Ar.*, *op.cit.* 231:20 *Ar-hash*, *op.cit.* 231:20.
24. *Ibid.*, p. 91–95.
25. Members of the protectionist school include R. Eliezer b. Joel ha-Levi of Bonn (1140–1225), quoted in *Mordekhai*, *Bava Batra* II:516, and in *Haggahot Maimuniyyot*, *Shekhenim* VI:8; R. Joseph Ibn MiGash (Ri MiGash, *Bava Batra* 21b); R. Moshe Sofer (1768–1839, Hungary), *Responsa Hatam Sofer*, *Hoshen Mishpat* 38. Members of the free entry school of thought include R. Ephraim Zalman Margolioth (1762–1828), *Beit Ephraim*, *Hoshen Mishpat* 26; R. Mordechai Jacob Breisch (contemporary), *Helkat Yaakov*, Vol. 2, no.65; R. Isaac Arieli (contemporary), *Enayim le-Mishpat*, *Bava Batra* 21b.
26. *See Piskei Din shel Botei ha-Din Ha-Rabbaniyim bi-Yisrael*, vol. 4, p. 9; vol. 8, p. 82.
27. *See*, *Levine*, *op.cit.* p. 26–30.
28. *Bava Mezia* 58b; R. Hai b. Sherira (939–1038), *Sefer ha-Mikkah ve-ha-Mimkar*; *Rif*, *Bava Mezia* 58b.
29. *Samuel*, *Pesahim* 30a.
30. *See Levine*, *op.cit.* pp. 131–160.
31. *Bava Batra* 24b.
32. R. Solomon b. Isaac, *Rashi*, *Bava Batra* 24b.
33. R. Meir b. Baruch of Rothenburg, *Responsa Maharam*, no. 39.
34. *See Levine*, *op.cit.* pp. 136–142.
35. *Berakhat* 8a, 35b; *Avat* 11:2; *Kiddushin* 29a; R. Samuel Eliezer b. Judah

- ha-Levi Edels (16th century), *Maharsha Berakhot* 35b and Kiddushin 82a.
 36. R. Judah b. Ila'i, *Berakhat* 35b; R. Judah Loew b. Bezalel, (c.1525–1600, Worms), *N'tivat, Olam*, Vol. 2, *n'tiv h'Osher* chapters 1, 2.

Comment*

S. Herbert Frankel

I. SOMBART REVISITED

My point of departure in this comment is to take up Friedman's reference to the once classic, indeed notorious, book published in 1911 by Werner Sombart under the title *Die Jüdean und das Wirtschaftsleben*.¹

Werner Sombart was born in Germany in 1863 and died there in 1941. He held the Chair of Economics at the University of Breslau from 1890–1906 and later at the Handelshochschule in Berlin. He aimed at making it his life-work to discover and to explain the rise and development of modern capitalism. In 1902 he published *Der Moderne Kapitalismus*,² which purportedly revealed the very essence and spirit of capitalism.

Sombart claimed that his book *Die Jüden und das Wirtschaftsleben* was written as a result of his accidental discovery of objective facts which showed him the importance of the role of the Jews in modern capitalism. Whether or not this was the origin of his views cannot be

*This paper is based on a monograph entitled "Modern Capitalism and the Jews" published by the Oxford Centre for Postgraduate Hebrew Studies, 1983—eds.

proved. It has been suggested, rather unconvincingly, by Bert Hoselitz that it was an act of courage for Sombart to write the book at all “because in the Germany of his day, plagued as it was by a strong and increasing undercurrent of anti-Semitism, no matter what his conclusions were they were unlikely to please anyone and this was precisely what happened.”³ The book was, indeed, denounced both because it was seen as giving comfort to anti-Semites and “by Jew-baiters to support those who wanted confirmation of the viciousness, parasitism and moral depravity which they attributed to the Jews.”⁴

It is just as fallacious to argue that a work must be impartial because it appears to rest on objective facts, as it is to assume that if an opinion is equally attacked from opposing sides it must be true. What motivates an author in his search for the “facts” and determines their alleged “discovery” often takes, as every historian knows, very peculiar twists and turns, as do the conclusions ultimately drawn from them.

Capitalism and the Jews: Sombart’s thesis

Sombart asserted that the Jews had created modern capitalism. Indeed the term Jewish and capitalism were used synonymously by him, as was quite common at the time. Practically all early German (and French) socialists, as Edmund Silberner has shown,⁵ decried Jewry for its putative predominance in trade and finance. Karl Marx’s well-known but usually misunderstood epigram “The social emancipation of the Jews is the emancipation of society from Judaism,” i.e., from commercial calculation, is based on this use of the words Jews and Judaism.

Sombart asserted that capitalism could be traced back to the quality of cold calculation and rationality of the desert nomad, quite foreign to the Nordic peasant. This intellectual disparagement of commercial calculation can still be found in unexpected quarters in the Western world. Sombart saw the “commercial spirit of the Jews” as having overwhelmed the utterly opposite nature of the Nordic. His thesis, although anti-Semitic only by implication, was taken up not only by socialists and anti-Jewish agitators but by conservatives in response to the development of the liberal economic order sponsored by Bismark. After the great crash of 1873, a spate of literature emanating mostly from reactionary quarters inundated Germany.⁶

Urbanism, commercialism, stock speculation, disgruntled industrial workers, economic crisis—in a word capitalism, was declared to be newly emancipated Jewry’s ungrateful response.

Sombart’s reception

Paul R. Mendes-Flohr, a Senior Lecturer at the Hebrew University, has pointed out that it is perhaps paradoxical that these notions of a particular Jewish aptitude for money-trade and commerce were granted academic respectability by philo-Semitic scholars eager to demonstrate that the Jews were deserving of emancipation and full participation in Germany’s liberal economy. It is also significant that when Sombart first published *The Jews and Modern Capitalism* in a serialized form, he was asked to lecture before audiences “recruited mainly from the Jewish intelligentsia.” This is astonishing for, as pointed out, the picture Sombart presents is so constructed that one senses the zealotry and compulsiveness that guided his pen. Indeed, the eminent economic historian Professor David S. Landes,⁷ observed that it is difficult to understand why his book was not dismissed out of hand as pseudo-scholarly work. Be that as it may, the fact remains that for the most part Sombart’s characterization of the economic ethos of the Jew was not radically questioned. This, suggests Mendes-Flohr, “is perhaps explained by the pervasive familiarity and *ergo* credibility of the motifs Sombart embroidered into his tapestry.”⁸ (Although Sombart had earlier embraced socialism, he finally became a staunch Nazi.) In *Deutscher Sozialismus* (1934) he justified the exclusion of Jews from the spiritual and economic life of Germany because he claimed “capitalism was the expression of the ‘Hebraic spirit.’”

Sombart’s ideas on the role of the Jews in the development of modern capitalism have been refuted by so many scholars both Jewish and non-Jewish that there would seem to be no purpose in again raising the issues involved. Oddly enough, however, the ghost of Werner Sombart has still not been laid to rest. Had it been otherwise I should not have ventured to add this little footnote to the long drawn-out discussion of his work.

II. MILTON FRIEDMAN AND SOMBART’S GHOST

My renewed interest in the subject was the result of an unexpected experience. In 1972 I heard echoes of Sombart’s thesis in a lecture by

an economist who is, in our time, if anything even more distinguished than Sombart was in his. I refer to Milton Friedman's paper, now published in this volume.

Friedman's general question is this. How can one explain the movement of intellectual opinion within the West towards general collectivism? Friedman regards the current trend in this direction as a paradox, and its explanation as a major challenge "to those of us who believe in freedom." Why has there been this failure to persuade intellectuals of the virtues of freedom? Until we can find a satisfactory answer to this question, Friedman claims, protagonists of freedom are not likely to succeed in changing the climate of opinion.

Friedman has no answer, as he freely admits, to this general question. His focus is more narrow. He hopes to examine a particular case of the paradox—the attitude of the Jews towards capitalism. He asserts that it can be readily demonstrated both that the Jews owe an enormous debt to free enterprise and competitive capitalism and that, at least for the past century, the Jews have consistently opposed capitalism and have done much ideologically to undermine it. He asks how these propositions can be reconciled. Friedman believes that he can, to a large extent, explain the anti-capitalist tendency among the Jews, but points out that the most important elements of his explanation are peculiar to the special case and cannot readily be generalized. He nevertheless holds the hope that the study of this special case may offer a clue to the general paradox.

It is necessary first to understand what Friedman means by his contention that the Jews owe an enormous debt to capitalism. He means in fact that they owe an enormous debt to the free market. Where it has been free, enabling people generally to enter trades, occupations and professions according to their abilities, Jews have been able to prosper. There were in the past and still are many sectors in which Jews are discriminated against. In these, few Jews will be found and there will also be found privileged classes of persons protected by their relative monopoly position. The same phenomenon occurred in many countries. Where competition and the free market flourished so did the Jews, and Friedman stressed particularly that the record shows that Jews have rarely benefited from authoritarian regimes, except as selected individuals chosen by monarchs or the Church, as in the case of the Court Jews of the eighteenth-century.

Friedman's paradox is why, given the beneficent effects of the free market, did the Jews not support it? Why, on the contrary, and

particularly for the past century, have the Jews been a stronghold of anti-capitalist sentiment? How, he asked, did it come about that in spite of the intellectual explanation, from Adam Smith to the present day, of why the free market was so beneficial have the Jews been so disproportionately anti-capitalist? In passing, it is worth stating that this question could, of course, logically speaking also be asked about innumerable other groups of individuals or sections of society. It could be asked about blacks, or Catholics, or about Asian immigrants or even about men or women as separate groups. Among all of these categories there must inevitably be some, or even a majority, who are socialist or anti-capitalist. Is the existence of these groups therefore also to be regarded as giving rise to a paradox?

Friedman on Sombart

Friedman considered the views of various writers to account for the alleged anti-capitalist mentality of the Jews. He dismissed out-of-hand the attempt to explain it as a direct reflection of values derived from the Jewish religion and culture because Jewish opposition to capitalism and attachment to socialism was a modern phenomenon. In his opinion it occurred only after the Enlightenment and then primarily only among Jews who were breaking away from the Jewish religion. It is curious that he then proceeded to argue that Sombart made out a far stronger case for the contrary view namely that Jewish religion and culture implied a capitalist outlook. He referred to Sombart's view that throughout the centuries the Jews championed the cause of individual liberty in economic activity and that the Jewish religion should have the same leading ideas as capitalism. He quoted Sombart that "The whole religious system is in reality nothing but a contract between Jehovah and his chosen people God promises something and gives something, and the righteous must give him something in return. Indeed there was no community of interest between God and man which could not be expressed in these terms — that man performs some duty enjoined by the Torah and receives from God a *quid pro quo*." "Free trade," Sombart concluded, "and industrial freedom were in accordance with Jewish law and therefore in accordance with God's will."

Friedman was aware of the generally unfavourable reception accorded to Sombart's book and referred to the fact that something of an aura of anti-Semitism had come to be attributed to it but he sug-

gested that there is nothing in it to justify any charge of anti-Semitism. Indeed, he interpreted the book as philo-Semitic and stated categorically "I regard the violence of the reaction of Jewish intellectuals to the book as itself a manifestation of the Jewish anti-capitalist mentality." It is worth noting in passing that Friedman apparently did not realize that Sombart was using the Jews deliberately or unconsciously as a foil to promote socialist, and later national socialist ideas in the service of his fervent German patriotism.

Friedman expressed the view that it is hard to see direct links with Jewish tradition in these attitudes to capitalism, and he approved Nathan Glazer's view that "One thing is sure: it is an enormous simplification to say Jews in Eastern Europe became socialists and anarchists because the Hebrew prophets had denounced injustice twenty-five hundred years ago. . . . The Jewish religious tradition probably does dispose Jews, in some subtle way, toward liberalism (used in the American sense of the word) and radicalism, but it is not easy to see in present-day Jewish social attitudes the heritage of the Jewish religion."

Friedman also dismissed the view that the Jewish anti-capitalist mentality simply reflects the general tendency for intellectuals to be anti-capitalist, this accentuated here by the disproportionate representation of Jews among intellectuals. It was his impression that a disproportionately large number of Jewish intellectuals were "collectivists," and, moreover this explanation did not account for the attitudes of those Jews who were not intellectuals.

The Friedman theory

Friedman finally arrived at a theory of his own. Anti-Semitism produced the well-known stereotype of a Jew as primarily interested in money, who put commercial interests above human values and who was cunning, selfish, and greedy. To this stereotype, it was Friedman's thesis, Jews could have reacted either by accepting the description but at the same time rejecting the idea that the character-traits in the stereotype were really blameworthy or they could have accepted these traits and values as blameworthy but have rejected the stereotype which embodied them in the Jew. Friedman argued the Jews could have accepted their role in the capitalist world and openly defended the beneficence of the free market. Since few of us can escape the intellectual air we breathe, it was hardly to be expected that they would.

Indeed, they inevitably came to share the values and prejudices of the world which despised the “merely” commercial. They were led to say to and of themselves that if Jews are like that, the anti-Semites are right.

The other possible reaction concluded Friedman is to deny that the Jews are really like the stereotype and to do this by explicitly persuading oneself, and not only oneself but the anti-Semites also, that Jews contrary to the stereotype were not money-grabbing, selfish, and heartless but in fact public spirited and concerned with ideas. And, asked Friedman, how better could they do this than by denigrating the free market and glorifying the political process?

This impressionist view of the Jew who overreacts is, of course, whether Friedman realized it or not, the well-known stereotype of the *Salon Communist* (lounge-communist)—the rich man who hides his conscious or unconscious feelings of guilt for being rich by joining the communist cause or parading his communist sympathies for the sake of humanity. Friedman thus applied the guilt feelings of estranged individuals to a group on the basis of race. He explained that he was led to this, surely astonishing, solution of the paradox of the anti-capitalist mentality of the Jews by his experience in Israel, where “after several months” he came to the conclusion that the quickest way to generalize about values in any area in Israel was to ask what was true of the Jews in the Diaspora and reverse it: thus in the Diaspora Jews lived in towns and pursued commerce but in Israel agriculture had much higher prestige; in the Diaspora Jews shunned military service, while in Israel they had demonstrated extraordinary competence in it and so on—he even found that in the Diaspora Jews were excellent cooks while in Israel cooking was generally terrible. It is not astonishing that he reached the conclusion that the main explanations of the paradox of the anti-capitalist mentality of the Jews was to be found (1) in the special circumstances of nineteenth century Europe which linked pro-market parties with established religions and so drove Jews to the Left and (2) in their subconscious attempt to demonstrate to themselves and the world the fallacy of the anti-Semitic stereotype.

III. AN ANATOMY OF THE FRIEDMAN VIEW

Notwithstanding the fact that at certain times individual radical Jews or Jewish groups played an important role in political movements, I

regard Friedman's generalizations as a-historical and as indefensible. I believe that the question posed by Friedman is actually a non-question based on the mythology or fallacy that races and peoples can be regarded as having identifiable general social characteristics or attitudes which determine their behaviour.

But there is an even deeper question. What, one must ask, could have been the cause of Friedman's astonishing generalizations?

Let us turn once again to the case of Werner Sombart. The deeper study of it, I suggest, provides a clue to finding the answer.

Four years after Friedman gave his address, Dr. Mendes-Flohr published his arresting analysis, to which I have already referred, of what I would call the Sombart paradox. He unravelled what accounted for Sombart's extra-ordinary coupling of the Jews with modern capitalism. I say extra-ordinary advisedly—for it is not indeed extra-ordinary that a small and but recently emancipated minority in the modern European nation states should be regarded as having been a prime force behind the capitalist system? Looked at objectively, is not this in itself a most peculiarly impressionistic view of history?

A relevant anecdote

I am reminded of a personal experience which I should like to share with you to illustrate what I mean. About thirty years ago I was engaged in an official investigation in East Africa and was very friendly with a high-ranking, and I should add, a most dedicated member of the colonial government in Kenya. One day he fetched me for a lunch engagement. His car was delayed at a road-junction because a large number of Indian children were rushing out of school to a playground across the road. At this my friend blurted out a highly uncomplimentary epithet about all those children's parents who he said were responsible for the backwardness of the Africans. As it happened I had for some time been examining the "Indian question." The facts bore no relation whatever to this stereotype. The Indians were the visible bearers of an emerging free market economy in so far as they were permitted to operate in it by restrictive laws of the colonial government and by African custom which confined Indians mainly to commercial occupations. Yet they were accused of being responsible for the consequences of the economic changes that the developing free market and capitalism were slowly creating. Similar to Sombart's accusation against the Jews with which I will deal in a moment, they

were accused of being so poor that they could undercut both the Africans and whites and yet so rich, because of their alleged unduly high profits, that *obviously* they were freezing out everybody else because of the money they invested. Moreover it also was *obviously* clear that they were sending their money illegally to India at the same time! Actually they had by being largely confined to commerce developed the most efficient system of commodity distribution East Africa has known, ever, to the great advantage of the indigenous population. I think a study should be written to elucidate the official and unofficial anti-Indian feeling in the African colonial territories. It would, I believe, show that it originated in the realization that the outmoded and paternalistic economic attitudes in Africa were failing. That failure was unconsciously demonstrated daily by the growth of free market activities which government paternalism did not understand and of which, hitherto it had taken insufficient account. But let me return to Mendes-Flohr's analysis, with which my little historical anecdote is not as unconnected as may at first be thought.

The anatomy of Sombart's position

Sombart's *The Jews and Modern Capitalism* formally claimed, as Mendes-Flohr shows, to be a scholarly reevaluation of Max Weber's study on Puritanism and modern economic behaviour. Sombart set out to demonstrate that Weber should really have localized the spirit of capitalism in Judaism because fundamentally "Puritanism is Judaism." It is Mendes-Flohr's thesis that Sombart's study of the Jews' economic life is not merely another Weberesque academic contribution in the debate on religion and economic behaviour or that it was his intention to pay a compliment to the Jews as the progenitors of capitalism but that it was an ideological exercise—in a sense even a personal psychological one. Sombart despised the capitalistic present in which he lived and identifying it as a product of *Judentum*, offered him the possibility of reconciliation with his overriding *Deutschtum*.

Sombart, as Mendes-Flohr notes, "began his scholarly career as a member of the *Verein für Sozialpolitik*, an association established in the wake of the social dislocations engendered by the liberal economic order sponsored by Bismarck's Second Reich. Although many of the businessmen, civil servants and academicians who founded the *Verein* in 1873 were liberals and proponents of *laissez-faire* and a United Germany they were still somewhat sentimentally attached to the

‘idyllic life’ of pre-industrial Germany” (p. 88). Their outlook was still predominantly paternalistic. “They expected from unification and economic progress a spiritual regeneration of their idealized Germany—the *Volksgemeinschaft*” (p. 88). Instead of this they perceived a growing division which they ascribed to the excesses of applied Manchesterism, i.e., those of the English *laissez-faire* liberal economists. Sombart’s first studies showed a close identification with the ideas of the *Verein* and with his father who was one of its founders. Both father and son showed hostility to industrialism. But in the 1880s Sombart, increasingly aware of the rising standards of living of the peasantry and the proletariat resulting from the increased productivity of the modern economy, experienced a personal crisis and felt compelled to assert his identity in the *Verein* as distinct from that of his venerated father. He abandoned patriarchal ideals and embraced more “Leftist” views.

In Max Weber’s view capitalism (i.e., the free market), if properly guided by a politically mature and responsible bourgeoisie, could lead Germany out of its social malaise. By contrast Sombart, in his early writings tried to square the circle dictated by his need to reconcile the obvious benefits of modern industrialism with the “spirit of the idealised past.” He unequivocally rejected capitalism and plumped for socialism. But some ten years later he had developed doubts about the role of the trade unions and the proletariat in the spiritual regeneration of the *Volksgemeinschaft*. How then could the circle be squared now?

Entrepreneurship vs. calculation in Sombart’s capitalism

Over the ensuing years he formulated the ideas contained in *The Jews and Modern Capitalism*. Briefly what Sombart attempted was to split the capitalist spirit into the entrepreneurial on the one hand, and that of the commercial calculating bourgeoisie on the other. Real entrepreneurship, Sombart argued, in its fully adventurous disciplined amoral character and drive for power, had come to be fused in modern capitalism with the bourgeois spirit which he identified with the image of the stereotype of the Jew. As Mendes-Flohr sums up: “the many logical inconsistencies in *The Jews and Modern Capitalism* suggest a compulsive desire to demonstrate that the ‘guilt’ of capitalism, or rather its more deprecatory aspects viz., acquisitiveness, artificiality and practical rationality, lies with the Jews.” It is difficult

not to agree with Mendes-Flohr's conclusion that Sombart's cultural despair found expression in "The Jews and Modern Capitalism" whose basic contention was that not *Deutschtum*—not his idealized United Germany—but *Judentum* was responsible for bourgeois capitalism.

Sombart's evidence

Let me for a moment glance at the kind of historical facts which Sombart relied on and at the fallacious and logically inconsistent way he presented them. Such inconsistencies often betray one. For example Sombart, although admitting the paucity and inconclusiveness of the statistical data associating Jews and commerce nevertheless suggested that one should assume "that since many Jews converted or assimilated, they and their descendants who appear as Christians still retain Jewish characteristics," for "again and again men who contribute to the development of capitalism appear as Christians, who in reality are Jews." Many Huguenots, for instance, were probably Jews, especially "when we take into consideration the numerous Jewish names (i.e., biblical first names) found among (them)." *Post hoc ergo propter hoc*. Because of this "fact" "the contribution of the Jews to the fabric of modern economic life will, of necessity, appear smaller than it was in reality."⁹

With this perspective and alleged historical background Sombart wrote of the golden thread of Jewish wealth from King Solomon to Bismarck's banker, Bleichröder, as if it was one grand bank account handed down from generation to generation. Moreover since the Jew thus clearly had money he was able to lend it and this Sombart asserted paved the way for capitalism. The argument is circular. The "proof" that the Jews had money to lend was the inference that as they lent it they must have had it. As in the case of the Indians in Africa, to which I referred previously, Sombart explains the Jews' alleged ability to undersell by their extreme frugality—an argument which hardly tallies with his previous inference that the Jews had money because eye-witnesses related that the Jews made "ostentatious" and "conspicuous" displays of their wealth. Thus the circle was squared. *Deutschtum*—idealized unified Germany—can be saved by real heroic capitalism as long as it is cleansed of the bourgeois spirit—the spirit of Judaism. In contradistinction to the Jews, who constitute a *Händler-volk* the Germans, with their aptitude for bold enterprise, are in his

view, at least politically a *Heldenvolk*. Only by reasserting its primal heroic spirit represented by the Prussian aristocracy, could Germany be preserved as “the last dyke against the muddy flood of commercialism.”

In 1915 Sombart wrote a war tract in which it is perhaps not astonishing to find that there is a temporary transference of the guilt of bourgeois capitalism from the Jews to the English. In it Sombart, in rejecting the idea of a “European culture,” asks “How could a European emerge from a mixture of a heroic German and a calculating Englishman?”¹⁰

IV. SOMBART AND FRIEDMAN

In conclusion, let me draw some threads together. I have attempted to focus attention on the ironical circumstance that some one-hundred years after Sombart accused the Jews of responsibility for modern capitalism, Milton Friedman accused them of disproportionate intellectual and political support for socialism.

It is astonishing to find that Friedman uses impressionistic evidence or forms of argument which have a striking resemblance to those used by Sombart. Even the thesis put forward by Friedman—that one way for Jews to counter the idea that they are like the popular caricatures or stereotypes of them is to persuade themselves and if possible the anti-Semites that far from being selfish and heartless, Jews are really public-spirited, generous and concerned with ideals rather than material goods—is directly paralleled by Sombart who wrote:¹¹

If we find so many Jews with just the opposite manner of thinking, with what one might almost call an extravagant altruistic sense, a rigorous selflessness and a zealotry against all selfishness, we may then deduce just from these reaction phenomena the existence of the indicated national characteristic.

Indeed, Friedman as well as Sombart, it may be argued, was seeking, in this way, simple explanations of political and economic circumstances which ideologically and emotionally deeply concerned them.

Sombart was concerned about what he saw as the threat to his ideal society by capitalism. Friedman was concerned by what he perceived as the renewed threat of socialism and collectivism. Neither Friedman nor Sombart were able to support their arguments by historical facts or by logical analysis. In this connection it is not only tragic but also

ironical that support for the free market and capitalism, which Friedman advocated as the obvious and certain way the Jews should have chosen, was by Sombart and later by the Nazis the economic crime of which they were accused and for which so many suffered martyrdom. It is just as tragically ironic to find that those who remained for the most part economically unemancipated in the ghettos of Eastern Europe and sought for new hope in socialist and political action finally fared little better.

The significance of the question

But the fundamental issue with which this essay is concerned, is not only that the answers we have examined were wrong but that so too were the questions which gave rise to them. These questions posed apparent dilemmas which were in reality false. As Gilbert Ryle has shown,¹² often thinkers are at loggerheads with one another, not because their propositions do conflict but because they imagine that they do. They find themselves at cross-purposes because they suppose themselves to be giving rival answers to the same questions, when this is not really the case. Such cross-purposes can be characterized by saying that the two sides are hinging their arguments upon concepts which really fall into different categories of thought but which they suppose fall into the same category or vice versa.

Both Sombart and Friedman, as so many others do, used the words “the Jews” and “Judaism” as distinct categories which depict attributes by which Jews can be identified in their economic, political, or social actions as if there were a world of the Jews—a Jewish world or, one could add, a Protestant or Catholic world—as distinct from the real world. I will not here attempt to unravel this philosophical problem. Let me only assure you that there is no need to despair. There is no contradiction between the real world and the apparently different world of Jews or Catholics or what have you—these so-called different worlds are but particular aspects of the one real world—indeed they are what constitutes it. The world of the banker who happens to be a Jew is not a different banking world than that of the Protestant or the Catholic. The physicist who is a black man is not engaged in a different type of physics than one who is white. The world of Jews who are capitalists or socialists does not differ from the world of capitalists or socialists who are Gentiles.

Adam Smith regarded the propensity to truck, barter and exchange as common to all men. To attempt to categorize their economic, poli-

tical and social actions, as if they depend on different natural attributes, does violence not only to language and logical thought but contributes to human tragedy.

NOTES

1. Leipzig: Dunker und Humblot 1911. trans. by M. Epstein in London in 1913 as *The Jews and Modern Capitalism*. Introduction by Bert F. Hoselitz. The Free Press, Glencoe, Illinois 1951. I wish to thank Professor Uriel Tal for his helpful advice in the preparation of this paper.
2. 2 vols. Leipzig 1902.
3. Hoselitz. Introduction to *The Jews and Modern Capitalism*. p. xviii.
4. *ibid.*
5. Karl Marx, "On the Jewish Question," in *Early Writings*, trans. and ed. by T. B. Bottomore, New York 1964, p. 40. Quoted from Paul R. Mendes-Flohr, "Werner Sombart's: The Jews and Modern Capitalism." *Leo Baeck Institute Yearbook*, XXI. 1976. p. 87.
6. Uriel Tal discusses this literature in detail in his book *Christians and Jews in the Second Reich 1870-1914* (in Hebrew), Jerusalem 1969. (An English edition, *Christians and Jews in Germany. Religion, Politics and Ideology in the Second Reich, 1870-1914*, was published in 1975.)
7. David S. Landes, "The Jewish Merchant: Typology and Stereotypology in Germany," in *Leo Baeck Institute Yearbook*, XIX (1974), p. 22. Quoted by Mendes-Flohr *ibid.* p. 94.
8. Mendes-Flohr *ibid.* p. 94.
9. Quotations in this paragraph are from Mendes-Flohr *ibid.* p. 97.
10. Mendes-Flohr *ibid.* p. 106.
11. Quoted from Arthur Mitzman's analysis of Sombart's sociology. Mitzman added: "Sombart's evidence for the prominence of selfishness in the Jewish character is a good example of the Catch-22 logic usually in racist arguments." Arthur Mitzman, *Sociology and Estrangement*. Alfred A. Knopf, 1973.
12. Gilbert Ryle, *Dilemmas*. Cambridge University Press, 1957.

Reply

Milton Friedman

One quibble

I interpret Aaron Levine's comment as supporting my assertion that "Jewish . . . attachment to socialism is, at most, two centuries old." I welcome his extensive and authoritative documentation of that proposition—a documentation that I was and am incompetent to provide.

I have only one quibble with Dr. Levine's comment. He implies that the opposition of "the Jewish religion . . . to unbridled capitalism" is a qualification of the proposition that "Jewish religion and culture implies a capitalist outlook." It is not. Who is for "unbridled" anything—other than a wild horse? Would today's socialists say that they are for "unbridled" socialism? Nineteenth-century Britain and United States, and twentieth-century Hong Kong, are generally regarded as exemplifying free market capitalism—the "salient feature" of which, as Levine correctly notes, is "free entry." Yet in all three, government has been important and has assumed functions that, according to Levine, Jewish religion assigns to the community rather than the market, supposedly because of the Jewish religion's opposition to "unbridled capitalism."

This opposition could indeed have led "American Jewry . . . to support" some of the activities local and state governments undertook in the nineteenth century such as provision to help the poor. It stretches the principles Levine outlines beyond reason to regard them as justifying the kind of "government regulation of the marketplace and income distribution" that have been adopted in recent decades.

No effective criticism

My reaction to Herbert Frankel's comment is in one respect the same as my reaction to Aaron Levine's: it too strengthens my confidence in

the thesis I expressed in my paper, though for wholly different reasons. It does so because so able, scholarly, and knowledgeable a person as Frankel has been able to come up with no effective criticism of the thesis, despite his long-time instinctive negative reaction to it. He has been reduced to attacking Sombart rather than me (every reference to Sombart could be expunged from my paper without affecting its main substance one iota), to using adjectives and assertions without citing any evidence to support them, and to ruling my thesis out of order on what are essentially metaphysical grounds.

To take the final point first, Frankel regards “the questions that gave rise to” my essay as “wrong,” as posing “apparent dilemmas which were in reality false” because I “used the words ‘the Jews’ and ‘Judaism’ as distinct categories . . . as if there were . . . a Jewish world . . . distinct from the real world.” I find this an extraordinary position. There is not “a Jewish world . . . distinct from the real world.” But does Frankel deny that there is a Jewish world that is part of the real world? If so, how is it that he is chairman of the Board of Governors of the Oxford Centre for Postgraduate Hebrew Studies? (His attack on my paper was first delivered as a lecture at that Centre and published by it.) Is there any question at all that there is a Jewish culture, that there is a Jewish people—heterogeneous, diversified, differentiated into many separate groups, some with very different beliefs and culture (e.g., Ashkenazi versus Sephardic; European versus Oriental), but nonetheless with a single identifiable heritage that gives the Oxford Centre its reason for existence?

Common culture and heritage

Frankel states “that the question” I pose is “based on the . . . fallacy that races and peoples can be regarded as having identifiable general social characteristics or attitudes that determine their behaviour.” The word “race” does not appear in my article. There is not a word in it which implies that I treat “a group on the basis of race,” as Frankel asserts, if race is interpreted in a biological sense. I treat Jews as a group formed by a common culture and historical heritage. Is there any doubt that people who are regarded by themselves as Jews and who are classified by others as Jews have some characteristics in common that distinguish them from people who are classified by themselves and others as Lutherans or for that matter as vegetarians? Would it be “wrong” and “false” and a case of treating “a group on the basis of

race” to discuss why it is that vegetarians have certain views in common, or to suggest that their being vegetarians leads them to behave in certain ways that distinguishes them from other people? Would using the words “the vegetarians” imply that there is a vegetarian “world . . . distinct from the real world”? Frankel’s knee-jerk reaction against talking about “Jews” or “Judaism” as a distinct category is itself a phenomenon requiring explanation — which I believe my article in part provides.

As to Frankel’s use of adjectives and assertions in place of evidence, at various points he refers to my argument or conclusions or generalizations as “curious,” “impressionistic,” “astonishing,” “a-historical,” “indefensible.” In no case does he give any evidence to justify the adjectives. He asserts that I was not “able to support [my] arguments by historical facts or by logical analysis,” but points out no errors in logic and refers to no historical facts that contradict anything I said. He claims that “Sombart’s ideas on the role of Jews in the development of modern capitalism have been refuted by . . . many scholars both Jewish and non-Jewish” but gives no citations. The one analysis of Sombart’s work he discusses in some detail, that by Dr. Mendes-Flohr, is, to judge from Frankel’s account, concerned with the sociology of knowledge issue of why Sombart expressed the views he did rather than the substantive issue of whether Sombart’s thesis is correct. After all, the validity of ideas cannot be determined simply from their provenance. Correct views may be expressed to promote objectionable ends.

Some paradoxes

Finally, a few details. I agree with Frankel that “it is . . . fallacious to argue that a work must be impartial because it appears to rest on objective facts.” But it is equally fallacious to suppose that a statement is wrong because it is contained in a work that is not impartial. After all, a paranoiac may have real enemies.

Frankel regards it as “extra-ordinary that a small and recently emancipated minority in the modern European nation states should be regarded as having been a prime force behind the capitalist system.” His comment refers to Sombart not to me, since I did not express this view or use Sombart as evidence for it. My reference to Sombart was solely with respect to his analysis of the compatibility between the Jewish religion and capitalism. However, to be the devil’s advocate, is Sombart’s view really more extraordinary than the idea expressed by

Eric Voeglin that “Israel has been an abiding, ever creative, and indispensable part of Western history” (*Public Interest*, Spring 1983, p. 115)?

Frankel notes that the contrast I stress between the debt of the Jews to capitalism and their opposition to capitalism may hold for other groups—“blacks, or Catholics, or . . . Asian immigrants or even . . . men or women as separate groups.” He then asks, “Is the existence of these groups . . . also to be regarded as giving rise to a paradox?” It most certainly is—especially with respect to the blacks in the United States. It is encouraging that in the more than a decade since my article was written, some black scholars—notably Thomas Sowell and Walter Williams—have recognized the paradox and have explored it in detail. Their work has demonstrated how much minorities such as blacks and Jews can gain from fuller reliance on free markets and private enterprise; how much they have been harmed by governmental measures, even measures explicitly enacted for their benefit. Their work adds significantly to the evidence that has, I believe, encouraged a distinct change in the intellectual climate of opinion, if not toward whole-hearted acceptance of the virtues of competitive capitalism, at least toward far greater scepticism about the beneficence of governmental intervention.

Discussion

Edited by: Kenneth G. Elzinga

Aaron Levine: The central focus of Professor Friedman’s paper concerns the paradox, as he calls it, of why Jews are opposed to capitalism, while they have materially benefited most from this type of eco-

conomic organization compared to any other. The latter proposition, I agree wholeheartedly to; and it has been, of course, demonstrated very ably by Milton Friedman himself that it is correct; this goes as well for the general proposition that capitalism does maximize wealth compared to other types of organization.

However, I would like to take issue with the monolithic statement that Jews oppose capitalism. What I would like to show essentially is what the Jewish religious law type of economic organization would propose, and to show that there are only certain aspects of capitalism that would call for some type of correction. The essential feature of capitalism is of course, free entry and economic freedom. As I tried to show in my paper, going back to the fourth century, there is a very clear cut mainstream view in Jewish theological thought of the importance of free entry—even to the extent, according to one school of thought, where it would result in ruination of a competitor. This is the punishment of the marketplace, and the Jewish tradition would go along with that as well. But in terms of certain types of government intervention, which I think that a free enterprise economist could be comfortable with, I think we would find very much a kinship between what Judaism, as a religion, would call for and what the economists would be comfortable with.

Let me just take three main areas. One would be an enforced charity provision, where we don't rely upon charity as a form of voluntarism. As we discussed yesterday, this could be justified or rationalized on the basis of being a more efficient way of accomplishing charity, as it has some elements of a pure public good.

A second area in which Jewish law calls for an intervention is in areas of economic leverage. I would submit that when we look at the various cases that are involved, it does not really raise a concern for resource misallocation. Take a classical example of this particular phenomenon.

Suppose an individual found himself on an airplane, and the pilot announced that it was about to crash, and someone ran through the aisles selling parachutes. Judaism is concerned about the ethics of pricing in that particular situation. (laughter) And, I submit if we would impose some type of restraint on the pricing of the seller, that it would not really impose much of a problem in terms of resource misallocation.

There is a third type of intervention which Jewish law calls for, with which I again think the free enterprise economist could be comfort-

able. It occurs in instances where imperfect knowledge exists in the marketplace. And here, I think that Judaism adopts, not a naive view of model building, such as perfect competition where we assume perfect knowledge, but rather that people don't have perfect knowledge.

A very interesting type of intervention that is called for is called *ona'ah* in Hebrew. This involves price divergence—that if an individual would buy an article, or sell an article, and the terms of the agreement would diverge from the competitive norm, the individual that was victimized, whether it be the seller or the buyer, may have recourse to modifying the transactions, or, in some instances, nullifying it entirely.

The basis of the intervention here is the presumption that perfect knowledge does not permeate the marketplace. The whole basis of the claim is opportunity cost, that the individual could have bought the article and sold it at a higher or lower price, whatever the case may be, and therefore he's entitled to modify the transaction.

Now, why does Judaism take the view that the marketplace is not permeated by perfect knowledge?

Very much rooted in Jewish religious thought is the notion that market activities could not claim the dominant portion of man's time—that there is the spiritual domain, to which an individual is obligated to devote himself in terms of the study of scripture, and the Talmud, and also the performance of good deeds. And, many of these activities are non-market activities. If there are other claims on his time, and the materialistic drive has to be subsidiary to these other claims, we cannot really expect the market participant to be sophisticated and knowledgeable. So he would be entitled to claim naiveté in dealing in the marketplace. I would suggest that this is the basis of the presumption that imperfect knowledge permeates the marketplace; so there are modifications that are in order.

One other intervention which would be, for the economist, I think the least comfortable of all, but must be mentioned, is that Judaism calls for a profit constraint in the necessity sector. In this respect the Talmud only mentions foodstuff.

However, an analysis of the various details of this law indicates that what it amounts to is really a restraint on economic rent, rather than interfering with the opportunity cost of the seller. The key biblical verse that is associated with this particular intervention is, "Let thy brother live together with you." This means that we expect that the market participant should forgo some of the profit he could earn from

market transactions so that his brother can maintain a decent standard of living. I want to emphasize that it amounts to a control over economic rent, rather than opportunity cost interference.

And that brings me to the final point. Professor Friedman develops the idea of the opposition to capitalism, which I don't think is really monolithic. I think if we would take, for example, Nathan Glazer in his survey of liberalism among American Jews, that you would find that their concern is in those areas I mentioned. The Jews do not reject the essence of capitalism, in terms of free entry, economic freedom, which is the type of system Jews, and everyone else, would benefit from.

But I would just want to add this last factor that perhaps Jews feel a very great psychological need to respond to stereotyping, which we find quite a lot of in the literature. This need is reinforced by the fact that, given the obligations that religion imposes upon the Jew, in terms of what he should be doing, even in terms of allocating his time, that he might feel a little guilty if he was immersed in materialism. The theological outlet would be to put on a very strong image of public philanthropy, in terms of supporting different types of programs that tried to protect the disadvantaged and the poor. This would assuage his conscience, and would be in line, I think, with Professor Friedman's thesis itself.

Milton Friedman: I have really very little to say in response to what Aaron Levine has just said, except to say that, as I have observed the situation, I believe that the opposition to capitalism has arisen primarily among Jews who were emancipated from religion, not among those who retained the orthodox persuasion. Hence, I regard Aaron's remarks as fascinating, and as expanding, and providing in greater depth, support for my rejection of the thesis of Fuchs, that the reason why Jews have been so predominantly anti-market is because the Jewish religion requires them to be. I appreciate and welcome that support. I only want to say one more thing. That is, I am delighted to have discovered, from what Phil Wogaman said here before, that I can now say, "An unJewish order is one in which good men are forced to do bad things." (laughter)

Walter Berns: Jews have benefited in another respect; and that has to do of course, with the connection between liberal democracy and cap-

italism. And it's important I think for this conference to recognize, what is (by some of us) alleged to be the necessary connection between the free market and liberal democracy. In this connection, I would like to recount something that happened to me once. I was asked to go to Jerusalem and deliver a paper on "Religious Aspects in the United States"; and for that assignment, I went back and got George Washington's famous (at least in some circles) response to the Hebrew community of Newport, Rhode Island. And it's a perfect statement of the principles of liberal democracy, because Washington, in addressing this Hebrew community (which had addressed the statement to him, and he was responding) said essentially that, in the United States, the Jews could expect tolerance, not as an indulgence, but as a matter of right. And the Jews, like the Scottish covenanters, would not have to fear Archbishop Laud shoving the Prayer Book down their throats, and lopping off their heads if they refused to open their mouths. The Jews and the Scottish covenanters, and everybody else, could sit under their own fig tree and all that was required of them is that they obey the laws.

Now, that struck me to be a perfect statement of liberal democracy, and I made quite a bit of it in my paper, hoping to take this to Jerusalem. Well, as it turned out, it was like taking coals to Newcastle, because I arrived at the VanLeer Centre, in Jerusalem where the conference was to take place, and there in a great big display was George Washington's letter (laughter) . . . under a kind of plastic cover. It was almost the constitution of the State of Israel, you know.

But, the point I want to stress is that as liberal democracy started, its premises were developed to protect the Jews, and the Scottish covenanters, and the Roman Catholics, and so forth. And, there is, we insist, some of us, a connection between liberal democracy and a particular kind of economic order; and we would suggest that you can go around the world, and look to see whether this connection between these two things, is refuted by any evidence existing in the world.

So, what is important is not that Jews have prospered financially, but that Jews can exist as Jews, as a private group, because religion is no longer the basis of the civil society.

Seymour Siegel: I just wanted to make a few comments. One I wanted to make was made by Professor Friedman himself, orally, just now. But I think it's important to restate it. I think it's just a literary flaw to say "the Jews do this," "the Jews do that." That is wrong, because the Jews as a whole don't do anything, except suffer, I guess. (laughter)

And, it is important to realize, and I want to underscore it in this context, that *no religious Jew that I know of, that is loyal to his or her religious community, was ever a socialist*. And that all the great names, Jewish names, in the socialist movement had all broken with their religious community first.

The paradox, by the way, in your statement is that you don't want to give us credit for Disraeli being a conservative, because he was baptized, but you do give us credit for Marx being a socialist, who was also baptized. (laughter)

Now, the idea that Jewish voters always vote democratic has changed. In the 1980 election, in the United States, a minority of the Jewish voters voted democratic—that is voted for Carter. I count Anderson as non-democratic. The majority did not vote for the democratic candidate. About 45 per cent were for Reagan, about 10 per cent for Anderson, and the rest for Carter.

And the interesting thing about those voting patterns is that it's almost inversely proportional. It's related to, you might call, intensity of religious observance—that is, the neighbourhoods which are strongly orthodox, went for Reagan. But also coupled with that is the fact that the more affluent precincts went more for Carter, than the less affluent ones.

Also, I don't think knowing that people who vote Liberal in Canada or whatever the equivalent is, or Democratic in the United States, do it with the self-awareness that they are somehow casting a vote against the market or against capitalism or against a free economy. They don't see themselves as doing that. They see themselves as casting a vote for compassion—which is a word we should have a conference about, the "compassion monopoly" that some groups think they have.

And I think even deep down, people are aware of the point which has been now confirmed, that no Jewish community has flourished either economically, culturally, religiously, or in any other way, under a socialist economy. And that includes Israel, by the way, which is fortunately not as socialistic as it thinks it is.

And so when Allende came into power in Chile, one third of the Jewish community ran away the next day, or at least as soon as they could. The same was true of Castro's Cuba. Out of the twenty thousand people who lived in that Jewish community, there are only two hundred left, at the moment. Everybody else ran away. This was not for anti-Semitic reasons but rather because of the realization that a community, under a very tight, controlled economy (a community which is made up, in large measure, of people practising the free pro-

fessions, or a business of some sort) just cannot function under those sorts of situations; and therefore, if there is an opportunity to get out, you get out.

Kenneth Elzinga: I was in the peculiar position of having read Aaron Levine's book before I read his comment on Milton Friedman's paper; and I found myself wondering if this was really the same Aaron Levine in both cases. The tenor of his paper, and his comment and remarks today, is that the free enterprise economist could be "very comfortable" with Jewish law. And yet, if you read his book, you find Jewish law is shot through with many more significant constraints on free markets than he mentions in his comment today. In addition to the one-sixth profit constraint on so-called essential commodities, he neglected to mention that the Jewish court would appoint a commission to supervise the prices to meet this profit constraint. Interest was prohibited within the Jewish community, so there could be no organized capital markets.

There were examples in his book of using temple funds to prop up agricultural prices. Middlemen under Jewish law were not entitled to a mark-up. I don't understand how they existed, given that restriction, but that was apparently the law. His chapter on labour markets indicates the vast interference of the Jewish courts in free, or voluntary, exchange for labour services. So, I would have expected, based on his book, that orthodox Jews, or at least those very close to the Talmudic and biblical sources, would have an anti-market tilt, because of this. And, as a free market economist, I would find myself quite uncomfortable with Jewish law.

Aaron Levine: I am glad that Ken Elzinga brought up these other types of interventions. My intent was merely to cite interventions having a major resource allocation impact.

Let me just talk about interest rate regulations and the effect this has on capital resource allocation. And it really has a very limited effect. For example, a view that is widely held is that, if an individual makes available capital to someone for the purpose of allowing him to maintain his job, or to avoid a forced sale of his home, that's regarded in a very broad sense as a business provision of capital, as opposed to a consumer provision of capital. In Jewish law, there is no restraint on the return that may be earned on this type of investment. It's just a matter of form. (We don't have time to go into all the details of how this is arranged so that it does not violate the interest prohibition.)

So, it really amounts to a prohibition when an individual is giving someone a loan that is defined in a very, very narrow sense as a consumer loan; and in this instance, there's absolutely no mechanism available to avoid making an interest-free-loan. But I would submit this applies to a very, very limited number of cases which are trivial in relation to the issue of resource allocation.

David Friedman: My initial reaction, or one of my initial reactions to Aaron Levine's paper, was that he made it sound as though these legal institutions were particularly Jewish. And I was wondering if he knew how much of it either prefigured or echoed medieval Catholic doctrine. In particular, the cancelling of a contract when the price was substantially different from the value of the good, was the doctrine called "Laes enormis" in medieval Catholic law.

On the other hand, in the particular case that he cites of auctioning parachutes, there is a passage in Aquinas—a rather interesting one—where he cites the case of the first grain cart to arrive in a famine stricken area. The grain merchant happens to know that there are other carts of grain behind him on the road. The question is, is he obliged to tell the purchasers. And Aquinas's answer is, "No." Aquinas says that indeed it would be a generous and virtuous act for him to tell them, but that it is not unjust for him to take advantage of the temporarily high value for grain without giving them this additional information.

The impression that I got from Aaron Levine's paper was that he is really not talking about things that are peculiarly Jewish, but about things that are peculiarly medieval. The same thing could be said about medieval Catholic law.

Now, I also wanted to say a couple of brief things about the Jews fleeing Cuba. There are two things going on that are special to the Jews. On the one hand, even if the dictator is not anti-Semitic, the population is overwhelmingly non-Jewish; and it seems to me plausible that in a command economy, being disliked by a majority of your neighbours is much more dangerous than in a market economy.

The other element, though, which I think you ought to note, is that in a sense Jews are more mobile—that is to say, they are part of a world-wide community. They can go to Israel. They can go to New York and, if they like, be part of a Jewish community there. And therefore the larger fraction of the Jewish middle class fleeing than of the Gentile middle class, might simply be due to better opportunities to leave.

Geoffrey Brennan: I want to talk about the other function that the market makes, in terms of the allocation, and this goes precisely to David Friedman's remark. Let's suppose that there are twenty people on the plane and there are only ten parachutes. Now it's true, some very difficult choices have to be made here. We have to allocate ten parachutes among twenty people. And let's suppose that each parachute can only carry one person. It's certainly true that we might be uncomfortable about the market result. We might feel it odious that only the richest people on the plane are the ones that get saved. On the other hand, it is true that some decision making has to be done here. And if we have a command economy, then it is rather more likely, I would have thought, that it might be Christians first and Jews afterwards; (laughter) or Jews first and Christians afterwards (laughter). And I think that's a very important point that we shouldn't lose sight of. There is a sense in which the market is blind precisely because it's an institutional structure which is independent of ethnic backgrounds.

Aaron Levine: I would like to comment on David Friedman's point, that many of the sources and the issues that I discuss here, and also in my book, predate the medieval era, considerably. They're Mishnaic and Talmudic sources, rather than in the Responsa literature. What one finds remarkable, I think, when one investigates these sources, is the degree of detail and nuances that are dealt with in regard to these various ethical issues of pricing in the marketplace.

Paul Heyne: One more point about the parachute before we bail out. I think it's very important to notice that in such a case neither the market nor government is likely to function effectively, because the basis for either kind of transaction will collapse. I cannot imagine people in such a plight agreeing to a rationing by price, or sitting down and forming a committee to allocate parachutes.

Now I think that's an important point, because it gets back to Geoff Brennan's essential point, that when market transactions don't work, don't immediately assume that there exists a can opener out there. It's quite possible that the same social disillusionment that makes the market not work, is going to keep the government from working, too.

Roger Shinn: Several years ago, I had a discussion with Arthur Hertzberg, a famous United States rabbi. He was president of the American Jewish Congress. And what we got together to discuss was the pro-

minence of some Jewish leaders in the neo-conservative movement. I had been in the habit of finding the centre of gravity among Jewish intellectuals a little closer to my opinion, than among the Protestants. And I'd always ascribed this to a superior virtue of Jews. (laughter) I'm very glad that Milton Friedman has given me an alternative external explanation, so I don't have to make that kind of assessment. (laughter) But Arthur Hertzberg's answer was, "Why are you surprised that Jews are learning to do what you've done all the time— vote your interests?"

My real point is a question: I would appreciate it if Aaron Levine or Seymour Siegel would tell us a little bit more about how comprehensive a conception enforced charity was meant to be, and when it was invoked. It could be a very small thing to be used only in emergencies or it could be a universal principle of society. I'd like to know just a little more about that.

Milton Friedman: May I make a comment first on the neo-conservative aspect. I don't take that into account because it occurred since my paper was written. I may say that I hadn't read this paper for ten years, until I came up on the plane, yesterday. (some laughter) And I found very little in it that I would change. I would change something. I think it's probably no longer true that most of the prominent neo-conservatives have come to neo-conservatism from the Left, and from the rather far Left, either Trotskyite or Marxist.

But second, I do not regard the neo-conservatives as defenders of free markets. We must be very careful to distinguish foreign policy aspects from domestic policy aspects. That is, a position of defense of the free market, from a position in which people, who are seeking to achieve their same so-called socialist goals, have concluded that government doesn't work very well in pursuing those socialist goals; and so they are going to achieve those socialist goals by trying to get corporations to exercise the coercion on their behalf and for their goals, that they had earlier sought to get the government to exercise.

Just read what the neo-conservatives write about "corporate responsibility." That's the area in which they are trying to transfer non-market approaches from government to corporation. So I don't at the moment regard that group of Jewish intellectuals as being an exception to what I wrote in my paper.

Obviously, I don't mean to suggest, along Seymour Siegel's line, that all Jews have taken that position; on the contrary it's a very small

minority of Jews that have. It's only that they bulk very large among the people who are of that political persuasion.

Murdith McLean: I would like to come to one of my many areas of complete ignorance. I'd like to ask a little bit about what kind of discussion and rhetoric surrounded, in the founding of Israel, their election of what, in these circles, would be regarded as largely collectivist approaches to these sorts of things.

Milton Friedman: I believe I know the answer to that. And it's very straight forward. There is a very interesting phenomenon. I gave a commencement talk at the Hebrew University when I got an honorary degree there, in which I said two things which are related to this paper.

The first was that Israel probably could never have been founded, except for the socialist ideals of some of its founders. And second, that Israel's faithfulness to those socialist ideas was likely to destroy it. And I think both propositions are true. There is no doubt that the socialist character of the ideals that founded Israel derived from the fact that the founders were mostly from the Jewish community in Eastern Europe. In the European Enlightenment period, the only place where there was a home for Jewish intellectuals was among the more radical left-wing parties, because they were anti-clerical, they were anti-establishment. Now, you realize that there was also anti-Semitism among them. Hannah Arendt documents the existence of socialist anti-Semitism—of Labour party anti-Semitism. But, nonetheless, that was the only place where they could find a home. The ruling parties were fundamentally pro-clerical, pro-established religion, anti-Jewish, anti-Semitic. And as a consequence, if you take the early people who started in Israel, they started with socialist ideals. That's what underlay the establishment of kibbutzim.

If you've ever been in the Israeli kibbutzim, it's a fascinating story. Some twenty years ago we spent a few days in a Jewish kibbutz. And we were fascinated by the contrast between some of the older and original members of that kibbutz, who were among the most idealistic, most admirable characters you could possibly imagine, and the attitudes of their children, and grandchildren, and the newer members of the kibbutz, who were primarily people who had a strong aversion to risk, and wanted to have a secure and sheltered life.

And there was all the difference in the world between these two groups. There were those animated by the religious ideals. But those

who founded the state as a secular state were not those. They were the people who were animated by the socialist ideas and vision.

Seymour Siegel: Well, I think what Professor Friedman said is essentially correct. But again (and this is something that's not too well known), political Zionism, which was the first push towards the establishment of the Jewish state in Israel, was also secular. The great Zionists—like Ben-Gurion or Golda Meir or Weizmann—those were people who again had broken with the traditional Jewish community, which was more messianic in a sense that the re-establishment of a Jewish state should wait for the culmination of history, which is symbolized in the messianic idea—although there were a lot of religious elements who were interested in the holy land as a holy land.

But, as a political state, these were mostly (if not almost exclusively) secular people. That's why I think people are puzzled about the term Jewish, about when you say "the Jews" because you can be a Jew, from the point of view of Judaism, and never darken the door of a synagogue, or even open the Bible. I don't think that's true about being a Christian, and therefore one reason . . . one of the two reasons to have a Jewish state was to have a place where the Jews could function as Jews, independently, and where they could have a chance to found an ideal social order, which was, in those days, identical with socialism. And that viewpoint still persists somewhat.

I would also add that, regarding Israel, the only real supporters of Israel in political terms have been Christian nations. There isn't a non-Christian nation that I know of that is in any way supportive of Israel. I don't know whether that's an accident or not, but that is a fact.

I want to make just one last point here, which is very important. We are discussing two different things in this session and we get them mixed up. One is, "What are the teachings of Judaism concerning these economic questions?" And the other question is, "Why do Jews who either profess Judaism or have some formal tie with it, act politically in a certain way?"

Now, the first question is a very complicated issue, and this is not the place to solve it. A lot of these regulations, even the Bible or the Talmud, reflected different kinds of economies than we have now. They were very much simpler. Certainly the biblical economy was not commercial in the sense that credit was a foundation of the economy. That's why you could have a regulation not to have interest, because, if you have an agricultural economy, I come to you and say, I need a sack of wheat to plant the seeds this year, and the next year when you need

it, I'll give you one too; and then it would be wrong at that point to say, "Pay for it. Give interest," or something of that sort. But as the economies developed into commercial economies, the laws were modified.

Now, the other question about why do Jews act in a certain way. Again, it is broken into two points. One is, how indeed do they act? And there (as I think Professor Friedman pointed out) all the studies that I know of are both either superficial or incorrect—basically because the U.S. Census Bureau is not permitted to ask questions about religion. And therefore there is no reliable statistic about Jews in the United States—either their number, their income, or even their voting patterns. It's all guesses.

And then the question is, why do they, at least empirically or intuitively, seem to act in a paradoxical manner that has been described so well by Professor Friedman? And I would say that he's right in the sense that this paradoxical behaviour partially is due to some ancient teachings, which are either misinterpreted or misapplied, and, I think more important (and I think he made that point very well), is who represents what. What persons, or images, or myths represent which people?

Kenneth Boulding: I am very much interested in the Judeo-Christian origins of Marxism. It is, one of the very fascinating questions that hasn't quite come up. Now, it is after all, sort of the apostolic succession because it was Hegel-Feuerbach-Marx, wasn't it? It is sometimes said that Marxism is the third great Jewish religion after Christianity and Islam. It has these very profound roots, even though, of course, Marx was raised a Lutheran, as you know. I think his first essay was on the doctrine of the Holy Spirit in the gospel of St. John, if I recall, in high school. You never quite recover from having gone to a Lutheran high school. (laughter)

The question I want to ask is about the year of Jubilee. I have always been very fascinated by this, because I have never found out whether it ever happened. There it is, in the Bible. you see. And if they didn't ever do it, fine, but if they did, the five years before must have been very interesting. (laughter)

This was the year in which you forgave all your debts. Well, this in a sense I feel is the origin of the ideology of revolution. Here the Jubilee is a revolution, isn't it? And I am very curious as to whether it ever happened, or whether this was just a sort of ideal that might have

happened. I don't recall any record in the Bible of a description of it happening, so, I am really curious about this.

Milton Friedman: I have very little that I would sum up. I would only like to say that I should welcome any comments from those of you here who are more knowledgeable about the subject of this paper. I did not publish this paper at the time I wrote it because, talking with a number of people about it, some of whom are among the most prominent neo-conservatives I may say, they suggested that they were not persuaded by it; and so I decided I would have to do some more work; but I never did any more work, and I really don't know what more to do.

As I read my paper over on the plane coming up, I felt that I really didn't want to change very much in it. So I don't mind having The Fraser Institute publish it in this form. But I would appreciate very much, from those of you who are more knowledgeable, correction of errors which may be made in it. I do think that the distinction between those who have stuck with the religion, and those who have not, is an important one that I overlooked and should have included in here; and I will try to insert that somehow. But beyond that, I really have very little to add to what's in the original paper.

