

Celebrating the Economic System That Makes Diversity Worth Celebrating

Celebrating our diversity has become a central mission on many of our college and university campuses. Multiculturalism is the organizing theme in a growing number of courses, with the academic order of the day being sensitivity towards those who are culturally, ethnically, and sexually different from us.

There is, of course, much to be said for promoting greater awareness and understanding of the rich cultural diversity in the world. Social and economic activities have gone global, and people must be able to function cooperatively in a culturally diverse environment. But there are dangers associated with the multicultural movement on our campuses. Current events around the globe make clear that emphasizing our differences holds at least as much potential for conflict as for cooperation. The people of the former Yugoslavia are energetically celebrating their cultural diversity with bloody barrages of high-octane fireworks, and similar celebrations are taking place in dozens of other multicultural hot spots around the globe.¹

The problem with much that is promoted under the banner of multiculturalism on today's campuses is that it ignores, and commonly disparages, the social institutions that foster multicultural harmony, while it champions actions that convert

diversity into a means of political combat and a source of social discord.

The private market economy, based on individual rights protected by constitutionally limited government, is now widely acknowledged as the most successful arrangement for producing wealth. Less widely recognized, but equally important, is that private markets achieve economic success by allowing people to thrive on diversity. Private markets motivate people to seek out those who are different from them by turning their differences into opportunities to reap mutual gains through cooperative interaction.

We can best celebrate diversity by promoting a better understanding of the system of private enterprise and limited government that makes diversity worth celebrating. Yet one will look in vain on our college campuses for a multicultural course that highlights the essential role of the market in promoting cooperation across cultural divides. Instead, one finds courses that either ignore the market economy, or, more likely, see it as the means by which those who are not members of the dominant cultural group are victimized by those who are.

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Advocates of multiculturalism see the political arena, not the market place, as the appropriate venue for bringing people together. Unfortunately, the danger is real that by politicizing our differences the multiculturalism taking root on our campuses today is turning diversity into a source of conflict rather than a cause for celebration.

Market activity results in a wide-ranging latticework of social cooperation. Most of what we have is made available to us by the coordinated efforts of a culturally diverse multitude. The advantage of the market over other economic systems in producing wealth is that people who have various backgrounds, interests, and skills, and who are

expand their markets by developing a knowledge of, and sensitivity to, a wide variety of culturally influenced interests and tastes.

The paramount advantage of market activity is that it encourages people to come together, to interact harmoniously, and to learn from their diversity. Indeed, it has long been recognized that the case for the international commerce motivated by market incentives is based as much on the ideals of multiculturalism as on strict economic advantages. The case for multicultural diversity has seldom been made more eloquently than in an 1848 discussion of the advantages of international trade by John Stuart Mill. According to Mill:

It is hardly possible to overrate the value, for the improvement of human beings, of things which bring them into contact with persons dissimilar to themselves, and with modes of thought and action unlike those with which they are familiar. Commerce is . . . the purpose of the far greater part of the communication which takes place between civilized nations. Such communication has always been . . . one of the primary sources of progress. To a being like man . . . it is indispensable to be perpetually comparing his own notions and customs with the experience and example of persons in different circumstances from himself; and there is no nation that does not need to borrow from others, not merely particular arts or practices, but essential points of character in which its own type is inferior . . . It was in vain to inculcate feelings of brotherhood among mankind by moral influences alone, unless a sense of community of interest could also be established; and that sense we owe to commerce.³



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THE MARKET PLACE IS A MULTICULTURAL COLLAGE OF COOPERATIVE BEHAVIOR.

widely dispersed geographically, can profit from their differences by specializing their efforts and cooperating through market exchange. The market place is described quite accurately as a multicultural collage of cooperative behavior. This collage is the direct result of the fact that the private enterprise system penalizes parochialism and cultural isolation by favoring those who

This is not the place for a lengthy discussion of how markets provide both the information and motivation for people with cultural differences to benefit mutually from those differences through commercial cooperation. A long and intellectually respectable literature shows the market as a force for social harmony and cooperation—a literature rich in both theoretical insight and

empirical example. And certainly this literature should be considered seriously by academic proponents of multiculturalism as a means of 1) helping explain the beneficial bonds that exist between culturally diverse peoples, both within and across national borders, and 2) better understanding how those bonds can be extended and strengthened. Not everyone in the academy can be expected to see the multicultural merit and potential in the social institutions of private enterprise. But it is hard to imagine that the potential for the private enterprise system to promote social cohesion is going unnoticed in college courses devoted to cultural diversity. Yet markets and market activity are far more scorned than admired in our college classrooms, especially in those supposedly devoted to multiculturalism.

A full discussion of academic animosity to the market economy would take us beyond the scope of this essay.³ But one important reason for this animosity is the self-interest that is seen as the foundation of market activity. Most academic advocates of multiculturalism do not believe self-interest is a virtue.

To those marching in step with the campus multicultural movement, social cooperation demands genuine concern and sensitivity for others. Desirable social outcomes have to result from intentional action, rather than being the unintentional by-product of callously motivated cash transactions. Since the market place rewards self-interest rather than concern for others, and therefore elevates greed above sensitivity, it cannot be taken seriously as a source of genuine multicultural cooperation.

Few will deny that market activity is driven largely by self-interest. But those who defend the private enterprise system are typically quick to argue that self-interest is ubiquitous, with markets doing nothing to promote self-interest, and quite a lot to

channel it into socially productive activities. In other words, wisdom lies not in trying to alter people's motives, but in accepting them as they are and designing social institutions that transform self-interest pursuits into public interest outcomes. This view is captured in Adam Smith's famous statement on the invisible hand of the market place. According to Smith, although each individual "intends only his own gain . . . he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention . . . By pursuing his own interest he frequently promotes that of society more effectively than when he really intends to promote it."⁴

It is possible, however, to go too far in basing the case for the market on the view that people are motivated strictly by self-interest. No realistic view of the human experience can fail to notice the breadth of concerns that animate human action. People can, and often do, take a deep interest in the welfare of others, and that interest can, and often does, motivate them to actions detrimental to their narrow economic interests. Maybe economists are criticized correctly when they take an extremely limited view of human motivation. And since people can act out of concerns that go beyond narrow self-interest, isn't it possible that an economic system that rewards the pursuit of such self-interest will discourage the pursuit of wider, more noble, pursuits? Possibly. But it is also possible to argue that 1) while the assumption that people are concerned primarily with their economic self-interest may be unrealistic, it is an unrealistically positive view of human nature, and 2) by motivating people to concentrate more on their self-interest, narrowly defined, the free market is making the world safer for multicultural diversity than would otherwise be the case.

Let's accept the plausible proposition that

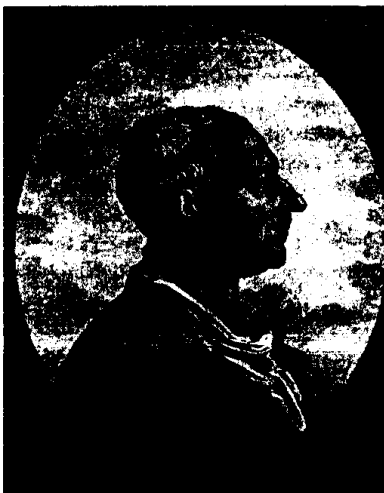
the private enterprise economy, which emphasizes financial gain, causes people to focus more on their own petty concerns than they would under alternative economic systems. Capitalism creates "one-dimensional" men, or so argued the Marxist philosopher Herbert Marcuse. Interestingly, while this is now a well-worn criticism of capitalism, the argument that market economies encourage self-interest has long been considered one of the primary virtues of capitalism, and furthermore, a virtue that should appeal to proponents of multiculturalism.

The currently fashionable view that self-interest is a vulgar characteristic, and that assuming self-interest is taking too negative a view of human nature, is countered by another view, one with a long and intellectually distinguished pedigree. Consider the fact that people, when concerning themselves with the interests of others, are capable of malevolence as well as benevolence. Given the history of man's inhumanity to man, one can make a strong case that the economists' view of human nature is too optimistic.

As the market-based economy visibly began to emerge out of European feudalism in the eighteenth century, a major advantage many writers attributed to the new economic system was that it would cause people to substitute commercial avarice for more disruptive passions, such as the lust for power and conquest. This view was succinctly captured by Dr. Samuel Johnson, the eighteenth-century literary critic, when he observed, "There are few ways in which a man can be more innocently employed than in getting money."⁵ In his famous treatise *Spirit of the Laws* (1748), the French political philosopher Montesquieu stated that "it is almost a general rule that wherever manners are gentle there is commerce; and wherever there is commerce, manners are gentle."⁶ The Scottish historian William

Robertson wrote in 1769, "Commerce tends to wear off those prejudices which maintain distinctions and animosity between nations. It softens and polishes the manners of men."⁷ Thomas Paine, in *The Rights of Man*, referred to commerce as "a pacific system, operating to cordialise mankind, by rendering Nations, as well as individuals, useful to each other . . ."⁸

As a final, and more recent, expression of the view that the absorbing self-interest of the market place serves to suppress the ma-



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licious tendencies in human nature, consider the comment of the famous 20th-century economist John Maynard Keynes:

Dangerous human proclivities can be canalized into comparatively harmless channels by the existence of opportunity for money-making and private wealth, which if they cannot be satisfied in this way, may find their outlet in cruelty, the reckless pursuit of personal power and authority, and other forms of self-aggrandizement. It is better that a man should tyrannize over his bank balance than over his fellow-citizens . . .⁹

One does not want to overstate the peace-

ful impulses that flow from commercial pursuits. In our world of scarce resources, diverse preferences, and unlimited wants, the potential for conflict is always a danger. But it is hard to understand how anyone sincerely concerned with promoting harmonious interaction among those with diverse cultural backgrounds could dismiss with contempt the moderating influence that market activity has on the destructive passions so often inflamed when different cultures rub together.

The case for markets in promoting the objectives of multiculturalism becomes even stronger when we compare the effects of market interaction with those of political interaction. Such a comparison is particularly relevant to our discussion, since the multicultural movement tends to embrace political action as the appropriate means for inspiring mutual tolerance and respect among a culturally diverse population.

In some circumstances the collective interest is best served by actions that are not in the best interest of any one individual to take unilaterally. Under such circumstances, the general welfare can be improved by granting government the power to require everyone to make contributions that otherwise would not be made.

The problem with granting government this power is that, once granted, that power can be used to harm the collective welfare. No matter how productive the market economy, there are always those (both rich and poor) who sincerely feel they are not receiving their due. Indeed, most of us feel passionately that we, or the causes we believe in, deserve more. Those who have a comparative advantage in political action (typically members of rather small groups organized around narrowly focused concerns) that allows them to secure more at the expense of others will have little difficulty rationalizing that action. Unfortunately,

political competition not only tends to be negative-sum (the winners win less than the losers lose), but it also has the potential to turn nasty.

Successful political action is seldom based on blatant appeals to private gain and self-interest. When competing for political advantages one is well advised to masquerade self-interest behind the rhetoric of public virtue and social justice. Those who are adept at assuming a mantle of righteousness, while depicting their opponents as wicked, have a significant advantage in the struggle for political privilege.

The result is often political warfare that pits one vision of fairness and justice against another. Political action can become a conflict over principles that must be resolved categorically, with little scope for compromise. This tendency is strengthened by the desire of political interests to activate broad support for their positions. As opposed to market activity, the connection between political activity and private reward is very tenuous. People are animated in the market place by the prospects of marginal increases in petty benefits, but more is required if people are to be mobilized politically. Noble causes and strong emotions fuel political action, and those who can inspire true believers in the righteousness of their cause achieve the greatest political mileage.

Therefore, as the number of issues decided politically increases, so does the potential for ill will between contending segments of society. Having perceived that the best way to promote a particular objective is by politicizing the issue, people identify their interests with moral absolutes. When decisions are made, those who feel they have lost (which may be both sides) feel not just disappointment and frustration, but righteous indignation that associates evil with those who prevailed and with the process that allowed them to do so.

This process can easily degenerate into

an acrimonious, and deadly, exercise in which emotions are inflamed and the preoccupation shifts from advancing one's own interest through political plunder to that of inflicting harm on the enemy. Evidence for the tragic consequences that can result from the volatile mixture of moral certitude and political power comes in body counts too large to clearly comprehend.

Wars between nations are often motivated initially by the opportunity for negative-sum conquest and plunder. But self-righteous hatred typically prolongs these bloody conflicts far beyond the point that can be justified by any economic spoils, even from the perspective of the winner. And the self-righteous hatred that leads to so much carnage in political struggles between nations leads to an even greater toll in political struggles within nations. It has been well known that the number of battlefield deaths in wars between nations is unprecedented in the 20th century. What is less well known is that governments have murdered far more noncombatants (commonly their own citizens) than have died in combat between governments. According to estimates made by Professor R. J. Rummel of the University of Hawaii at Manoa, there have been about 37 million battlefield deaths since 1900. Over the same period, however, Rummel estimates that governments have killed at least 150 million noncombatants.¹⁰

The ironic thing about the atrocities committed by governments is that they are always committed in the name of noble objectives. Few, if any, political movements in human history have inspired more moralistic fervor than communism. Yet it is estimated that the former Soviet Union killed almost 62 million people between 1917 and 1987, and that the People's Republic of China killed over 35 million people between 1949 and 1987.¹¹

Given America's political traditions of

democracy, individual rights, and constitutional limits on government power, it is easy to dismiss the possibility that political rivalry will degenerate into the type of socially divisive conflict just described. America has been blessed with a remarkable (though not perfect) history of domestic tranquility, thanks to our political legacy and our primary reliance on the market place to allocate scarce resources. Our best hope for keeping social conflict within reasonable bounds is through our recognition of the socially integrating power of the market place and the destructive potential of politicizing our differences. Unfortunately, this recognition is largely absent on our nation's campuses, and totally absent among the most vocal advocates of multiculturalism.

The stated concerns and objectives of the multicultural movement are commendable and worthy of our support. All but the most pathological are concerned about the potential for clashes between the diverse elements of society. But unfortunately, much that is advocated in the name of multiculturalism on our campuses is promoting dangerous social polarization by highlighting and politicizing the differences between various groups.

A basic tenet of the multicultural movement is that people have rights as members of groups that take precedence over their rights as individuals. Indeed, the ideal of individual rights that is the legacy of Western civilization is commonly disparaged as a justification for denying particular group rights.¹² The goal of equal opportunity for individuals is replaced with the goal of equal outcomes among designated groups. When certain groups have suffered from social injustices, eliminating those injustices by protecting the individual rights of members of the groups is not seen as a sufficient remedy. Rather, it is argued, such groups should receive special consideration. Multicultural advocates view their mission as

promoting sensitivity in favor of special claims that victimized groups are seen to have on society, and supporting public policies that mandate granting these claims.

The elevation of the special claims of particular groups over the equal rights of individuals is well documented on our college campuses. What began as a praiseworthy effort to eliminate artificial barriers to higher education for African-Americans has, in the name of diversity, evolved into a controversial attempt to ensure equal educational outcomes over a proliferation of officially designated groups of victims.¹³ It is now common practice to have lower admissions standards for applicants who belong to groups considered underrepresented on campus. At the University of California at Berkeley, for example, African-American and Hispanic applicants are commonly 20 times more likely to be accepted than Asian-American applicants with the same academic qualifications.¹⁴ Preferential group treatment often continues after admission to compensate for the fact that students admitted with lower qualifications often have trouble competing. At Pennsylvania State University, for example, all African-American students, regardless of financial need or receipt of other financial aid, receive cash awards for maintaining minimum grade averages. These financial awards are not available to other students.¹⁵ It has even been argued, and indeed become *de facto* policy on many campuses, that the freedom of expression (certainly one of the most essential rights in an academic environment) should be a right extended only to victimized groups.¹⁶

The political success of ethnic minorities, particularly African-Americans, has not gone unnoticed by other groups on campus. Campus feminists began asserting the special status of women as a victimized group, with Native Americans, the handicapped, gays and lesbians, as well as others

quickly joining in the competition.¹⁷ As victim groups proliferate, the political competition between them intensifies, and the contending groups become more assertive in presenting their cases. With each group finding political advantage in stressing its differences, exaggerating its grievances, and putting forth its demands as non-negotiable moral imperatives, hostility is inevitable between competing groups, and between those groups and other students (an increasing number of whom feel they are being unjustly victimized by privileges going to organized "victims").

Evidence of increased hostility on campuses around the country is plentiful. There has been a steady stream of reported racial incidents on our colleges and universities over the last few years. According to a *Washington Post* editorial in the late 1980s, "The college campus, which a quarter of a century ago became the spawning ground for civil rights activism, now seems to be breeding a new and especially distasteful racism."¹⁸ And interestingly, these incidents have not occurred primarily on Southern campuses where racial intolerance is supposedly strongest. Racial incidents on campus are most likely to occur in the North at those universities which have done the most to promote diversity and multicultural tolerance.¹⁹

The response to campus hostilities has been demands for yet more rights for victim groups, more officially sanctioned and supported separation between ethnic groups, and more programs to elevate multicultural sensitivity on the part of students. In the name of heightened sensitivity, the University of Wisconsin at Milwaukee made available a list of forty-nine "Ways to Experience Diversity," which, among other things, recommended that students "Hold hands publicly with someone of a different race or someone of the same sex as you . . ." A watchdog committee was appointed at Duke University which patrolled campus and

identified those using "disrespectful facial expressions or body language aimed at black students." And the University of Connecticut banned what it termed "inappropriately directed laughter."²⁰ Some university courses devote considerable time to the proper way to refer to those who have achieved victim status, with even the most studious having a difficult time keeping current on a constantly changing politically correct vocabulary.

It is no mystery, except to a few professors and college presidents, why efforts to promote multicultural sensitivity have led to more, not less, hostility on campus.²¹ Organized groups have discovered that victimization is a valuable political asset and that outrage is an effective political currency. Not surprisingly, they are constantly finding evidence of victimization and responding with outrage. Those who attempt to be sensitive and find their overtures consistently rebuked by demands for yet more sensitivity will soon tire of the effort and react with frustration and anger. Other students will, from the very outset, see the entire multicultural enterprise as an opportunity to ridicule both those who are seen to be exploiting it for private advantage and those who are seen as naively taken in by it. Students are indeed developing a sensitivity to their differences. But it is the sensitivity of a raw nerve, not that of understanding and tolerance. The differences between groups are increasingly seen as political clubs with which to bludgeon each other. As such, it would be imprudent to ignore the possibility that many of our campuses will, in the name of multiculturalism, become polarized into warring camps.

If those who are promoting multiculturalism on today's campuses are serious about extending the potential for harmonious and productive cooperation between the diverse elements of society, they

should at least consider the wonders performed in this regard by market economies. Unfortunately, academic advocates of multiculturalism are typically hostile to the ability of the market place to promote socially productive diversity and blind to the socially destructively dynamic their politicized approach to diversity is inflicting on our campuses. Indeed, most of them are convinced that their approach to campus multiculturalism is needed to transform society at large. For example, James Duderstadt, the president of the University of Michigan, sees the multicultural efforts on his campus as "a model of how a diverse and pluralistic community can work for society."²²

In many ways public policy toward cultural, ethnic, and sexual differences is marching in tandem with the multicultural efforts on campus to treat people as members of groups with claims to equal outcome rather than as individuals with claims to equal opportunity. The logical conclusion of this approach to diversity is the balkanization of society, with our differences motivating hostility and self-righteous intolerance rather than peaceful and productive cooperation. Obviously, everyone loses in the long run from such a breakdown in society. But those who will suffer the most are members of minority groups, who have the least political power, and whose interests the campus advocates of multiculturalism claim to champion.

Multicultural diversity can be compared to nuclear power. It is a constructive force under some circumstances, but a destructive force under others. In a political economy directed primarily by free-market incentives, our diversity can be celebrated as a source of social progress. In a highly politicized environment, however, diversity can splinter society into hostile camps, replacing the promise of social progress with the threat of social meltdown. Before going too

far with the celebration of diversity on our college campuses, let's make sure we are not undermining our students' understanding of the economic system that makes diversity worth celebrating.

Notes

1. A recent front page story in the *New York Times* on ethnic wars identified 48 current trouble spots around the world. See David Binder and Barbara Crossette, "As Ethnic Wars Multiply, U.S. Strives for a Policy," *New York Times* (February 7, 1993). 2. John Stuart Mill, *Principles of Political Economy*, Volume 2 (London: John W. Parker, West Strand, 1848), see pp. 119-120. 3. For a discussion of this academic hostility to markets, see Dwight R. Lee, "Go to Harvard and Turn Left," unpublished manuscript available from author. 4. Adam Smith, *The Wealth of Nations* (New York: The Modern Library, 1937), p. 423. 5. James Boswell, *The Life of Samuel Johnson* (Middlesex, England: Penguin Books, 1979), p. 177. 6. Quoted on p. 1464 of Albert O. Hirschman, "Rival Interpretations of Market Society: Civilizing, Destructive, or Feeble?" *Journal of Economic Literature*, Vol. 20, No. 4 (December 1982): 1463-1484. 7. Quoted in Albert O. Hirschman, *The Passions and the Interests: Political Arguments for Capitalism Before Its Triumph* (Princeton: Princeton University Press, 1977), p. 61. 8. Quoted on page 1465 of Albert O. Hirschman (1982), *op. cit.* 9. *The General Theory of Employment, Interest and Money* (London: Macmillan, 1936), p. 374. Also quoted in Hirschman (1977), *op. cit.*, p. 134. 10. See R. J. Rummel, *Death by Government: Genocide and Mass Murder in the Twentieth Century*, (New Brunswick, N. J.: Transaction Publishers, 1994). 11. See R. J. Rummel, *Lethal Politics: Soviet Genocide and Mass Murder Since 1917*, (New Brunswick, N. J.: Transaction Publishers, 1990). Also, Rummel, *China's Bloody Century: Genocide and Mass Murder Since 1900*, (New Brunswick, N. J.: Transaction Publishers, 1991). 12. When a student at the University of Pennsylvania expressed concern in writing that mandatory seminars on racism might violate individual freedom, a university administrator returned her note with the word "individual" circled and the statement, "Arguments that champion the individual over the group ultimately privileges the 'individuals' who be-

long to the largest or dominant group." See Alan Kors, "It's Speech, Not Sex, the Dean Bans Now," *Wall Street Journal*, (October 12, 1989). Also quoted in Dinesh D'Souza, *Illiberal Education: The Politics of Race and Sex on Campus* (New York: The Free Press, 1991), p. 10. 13. For example, in 1988 the California legislature approved a revision in the state's educational Master Plan recommending that "each segment of California public higher education shall strive to approximate by the year 2000 the general ethnic, sexual and economic composition of the recent high school graduates, both in first year classes and subsequent college and university graduating classes." Quoted in D'Souza, *op. cit.*, note 6, p. 262. 14. See D'Souza, *ibid.*, p. 3. 15. See D'Souza, *ibid.*, pp. 3-4. 16. Robert Rabin, a Stanford professor and chairman of the Student Conduct Legislative Council, is reported to have argued that only victimized minorities should have free speech rights, since these protections are not needed by the white majority. See D'Souza, *ibid.*, p. 147. 17. The tendency for the number of special groups to proliferate is indicated by a University of Michigan policy that imposed punishment on "any behavior, verbal or physical, that stigmatizes or victimizes an individual on the basis of race, ethnicity, religion, sex, sexual orientation, creed, national origin, ancestry, age, marital status, handicap, or Vietnam-era veteran status." Quoted in D'Souza, *ibid.*, p. 142. At the University of Arizona, "diversity specialist" Connie Gajewski included "nerds" among those who should receive special consideration in accordance with the University's "Diversity Action Plan." See Charles J. Sykes, *A Nation of Victims: The Decay of the American Character* (New York: St. Martin's Press, 1992), p. 166. 18. "On Campus, Civil Rights and Wrongs," *Washington Post*, (March 23, 1987). Also quoted in D'Souza, *ibid.*, p. 125. 19. See Thomas Sowell, "Multicultural Instruction," *The American Spectator*, April 1993, pp. 47-49. 20. These, and other, examples of promoting multicultural sensitivity on campus are contained in Sykes, *op. cit.*, p. 166. 21. Commenting on the increasing racial hostility on campus after a redoubling of multicultural efforts, University of Michigan president James Duderstadt commented, "I found it very disturbing. . . . It was not what we had predicted." See page 140 of D'Souza, *op. cit.* 22. Quoted in D'Souza, *ibid.*, p. 140.

