

Beyond Marx and Mao

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Politics and Markets: The World's Political-Economic Systems, by Charles E. Lindblom, *New York: Basic Books, Inc., 1977. xi + 403 pp. \$15.00.*

IS A TREATISE on comparative religions believable in which the two heroes are proclaimed to be God and Mammon? This book is not a treatise on comparative religions, but it is avowedly a treatise on comparative political-economic systems, and the two heroes, so the author asserts, are Adam Smith and Karl Marx. Assertions are not necessarily statements of fact, of course, and after reading *Politics and Markets* this reviewer is inclined to believe that certainly not Smith, and probably not Marx, can be considered the author's heroes. Indeed, after rereading Chapter 4 ("Persuasion and Preceptorial Systems"), it is tempting to conclude that the author's true hero is a non-existent, idealized Mao. What Professor Charles E. Lindblom describes as "the humane elements of the preceptorial vision of social organization" appear to this reviewer as a vision of unlimited ideological cloning that would make impossible not only a Lenin or a Hitler, a Leonardo, an Edison or a Ford, but certainly also a Solzhenitsyn. To borrow a ploy from Servan-Schreiber, the title of this book might well be altered to *Beyond Marx and Mao!*

Lindblom seems to be primarily a political scientist and only secondarily an economist. This is meant not as a criticism but as an observation that helps to explain the organization and content of *Politics and Markets*. He is quite correct in emphasizing the key role played by the relations of governments and markets in the study of political-economic systems. To imply, however, that political scien-

tists and economists have failed to recognize the critical importance of that key role by letting it fall between their disciplines seems an overstatement. It is true that the organized, formal study of comparative political-economic systems has little common or generally accepted content or degree of standardization to be found, say, in economic principles, in price theory, in money and banking, or even in comparative government. One may start wherever one chooses; the underlying theme may be descriptive, theoretical, historical, or any conceivable combination thereof. The critical factor is the taste of the author; and, in the final analysis, the decision rests with the consumer or, more properly, with the professor who exercises his authority to compel students to buy. Doubtless the book will be used as a text, although optimism and professional chauvinism compel one to hope not widely by economists.

The approach Lindblom employs consists essentially of elaborating a few principles, formulating some definitions, examining some categories of existing systems with special emphasis upon what he considers to be their weaknesses and imperfections, and ending with what he calls "other alternatives," which turn out to be aberrations from the categories he has previously established. One of these is economic planning—soft planning, indicative planning, or what the French call *planification souple*—in contrast to command-type central planning of the economy. A second is direct worker participation in management decisions in the style of Yugoslavia. The third and last seems to be a revolutionary alteration of the existing political-economic structure of Western civilization by extending the present welfare states, with vastly increased governmental centralization, to a point where the present

form of business corporation and, indeed, all business structures would die, wither away, or be so transformed as to be unrecognizable. It is not really clear whether or not Lindblom actively advocates any one or all of these aberrations. But it is clear that he regards them as at least interesting possibilities to experiment with, to tinker with, in the hope that one of them may prove to be a remedy for what he considers a very alienated and unsatisfactory world.

Leaving ideological differences aside for the moment, some aspects of the writing seem overly turgid: the use of such terms as polyarchic or polyarchy (to mean democratic or democracy) is particularly annoying. Despite economists' use of monopoly and oligopoly, and similar terms, very few have attempted to foist off polypoly for free competition and even then mostly in jest. Epiphenomenal, too, appears often—too often. The English language is rich, perhaps too rich, but the subject matter of this treatise is sufficiently difficult to require the utmost clarity of expression—and even that will not be enough.

In his preface, the author states that this volume is “more empirical” than his earlier work. It is, indeed, empirical only in a very loose sense of the word, for, unlike the empiricism of positive economics, there is no formulation or development of null hypotheses to be rigorously tested and re-tested in order to develop generalizations capable of yielding meaningful predictions. Using the familiar designations of John Neville Keynes, Milton Friedman, and others, this is a treatise involving normative judgments and the art of achieving given politico-economic ends.

But these are mild and insignificant criticisms. My chief differences with Lindblom are ideological and fundamentally irreconcilable. He seldom mentions religion or ethics, let alone God; just how many of the ten commandments he would accept, I cannot tell, but “Thou shalt not steal” is not one of them, for he places a very low value on private property rights. He also places a low value on individuality and spontaneity in the human processes. He favors a high degree of imposed equality of both income and wealth, yet his philosophy is

essentially elitist. And he hates—the word is not too strong—what he calls “the privileged position of business,” although there is no similar concern over the privileged position of professors who, it seems, are predestined to be the scientific elite among the future planners.

The treatment of the liberal tradition seems to me to be quite cavalier. Lindblom cites Friedman's *Capitalism and Freedom* and Hayek's *Road to Serfdom*, for which he is to be applauded, although it is doubtful either book received a very careful reading. A guess might be that the citations were addenda to a pre-existing manuscript, inserted after Friedman and Hayek received Nobel prize awards. No reference whatever is made to, among others, Ludwig von Mises or Alfred Marshall, who are the intellectual predecessors of Hayek and Friedman, respectively. Lindblom rejects the case for classical liberalism on two basic grounds: one is the possible negative effects upon third parties of voluntary, free market exchanges (what economists sometimes call neighborhood effects or externalities—the latter almost as unfortunate a term as polyarchy!); the second is the contention that “the traditional liberal argument is incomplete unless it defends private property as itself consistent with freedom, a point on which it is silent.”

Space does not permit discussing the first objection. Anyone who is interested could do no better than start with Ronald Coase's classical article on “The Theory of Social Cost” in *The Journal of Law and Economics* (1960). The second assertion seems both inaccurate and misleading. The classical liberal ideal rests upon a recognition of the infinite differences among individuals' desires and goals. Only individuals have goals; societies—and governments, and corporations, and universities—do not. The liberal seeks a society operated by voluntary, cooperative agreements among individuals and among voluntary groups and associations, with minimal central direction and coercive power. He wants individuals to be able to use their property (resources and abilities) in order to achieve whatever it is they want to achieve. The basic liberal principles are freedom to engage voluntarily in any activity that does not consciously and coercively

diminish a third party's resources; minimization of coercive power, particularly but not exclusively governmental, and the dispersal of whatever power cannot be eliminated; reduction and minimization of issues to be settled by political rather than economic processes. To the liberal the market is not *the* end, or even *an* end, in itself. The market is a means of attaining greater freedom for the individual in society—the ultimate liberal goal—including the freedom to make mistakes. Of what significance is it if a man is good if he has not the option to be evil? Liberal thought imposes no all-embracing system of ethics. But it certainly is not inconsistent with the Judaeo-Christian ethic or, indeed, with most other religions—with the obvious exception of communism. One is tempted to recommend a reading of Hayek's *Constitution of Liberty* or of his current multi-volumed *Law, Legislation and Liberty*; and to remind Lindblom that Adam Smith was the author of *The Theory of Moral Sentiments* (to which there is no reference in *Politics and Markets*) as well as *The Wealth of Nations*.

Basic differences in fundamental values are not only irreconcilable but can be settled, if at all, only by conflict. Lindblom is the epitome of the modern-day welfare statist or welfare socialist. His normative views, he says, were given fully in an earlier book, *Politics, Economics and Welfare*. Doubtless this is so, for this book is not an attempt to convince the unconvinced of the rightness of his views. Rather, it is intended for those already convinced, for those who are already willing and even anxious to subject themselves to the increasing power of the state. Having found the "truth" such persons find that it is further necessary and desirable to ensure that others will be compelled to conform as well. In short, this is the truth—the gospel truth—according to "Saint" Lindblom, formulated and collected to facilitate further successes of the faithful. One can hope that it will end up in the Apocrypha and not in the Testaments. I believe and hope that God is on the liberal side in the long run. If this book is an example of the persistence, erudition, devotion, and dogmatism of our antagonists, we shall need all the help He can supply.