

Towards a Conservative Economics

W I L L I A M F . C A M P B E L L

MAFFEO PANTALEONI, the great Italian economist, claimed that there were only two kinds of economics, good economics and bad economics. In spite of this warning the argument here is that there is, or at least ought to be, such a thing as conservative economics. The fruits of such a conservative economics would be twofold. First, a conservative economics would approach the problems of public policy more sanely, less shrilly, and less ideologically; second, it would preserve the social scientist and his students from idolatry and bestiality. In a word, justice would be rendered to both men and God.

To forestall one possible misunderstanding, what is meant by conservative economics is not to be equated with a libertarian or classical liberal economics which is what most people would mean by the term "conservative" economics. Whether in agreement or disagreement those who saw Barry Goldwater charging back into the 18th century would have viewed conservative economics as being equated with the classical liberalism of Adam Smith. Those who would discuss the conservative economic advisors of Ronald Reagan would be trying to separate out the relative influence of up-tight fiscalists, up-tight monetarists, swinging supply-siders, and others, all of whom in the final analysis would claim to be the true heirs of Adam Smith.

The kind of conservative economics defended here would take us back to the Middle Ages, or even the ancient Greeks, rather than to the eighteenth century. Indeed, the great temptation for conservatively inclined economics is to wallow in Gothic reveries of nostalgic feudalism and corporate functionalism. Whether the sentimental is avoided is for the reader to judge, but the spirit in which the task is approached is that given by G. K. Chesterton: "In dealing with any historical answer, the point is not whether it was given in our time, but whether it was given in answer to our question."

A conservative economics is one that demands a rational examination of the ends before one discusses the means to achieve those ends. Political economy is concerned with regimes or ways of life, and efficiency can only ultimately be judged in terms of the types of character produced by alternative institutional arrangements. The conservative economist is one who would judge the polity by the tendency of its institutions and policies to promote wisdom, courage, prudence, and temperance. The models for such attributes would be Christ and Socrates. It is obvious that the conservative economist will have to be concerned with the household, church, and schools as promoters of real welfare. The conservative, for example, would favor a voucher plan for education not primarily because it is based on voluntary

choice, but because he believes that, *in fact*, the majority of parents know the good for their children better than the current educational establishment.

Non-conservative economists take a fragment of the good and inflate it beyond its due measure. The satisfaction of most individual appetites is a good, security and safety are often good, self-reliance is normally desirable, but they ought not to be ideologically absolutized. If nothing else, a conservative economics can ensure that the traditional questions of law and polity are not swallowed up by an ideological economics.

II: Fusion or Alliance?

THE POSSIBILITY OF fusion is certainly more than a question of whether two movements can share agreement on particular policies, or of whether dislike of a third element perceived by both as the common enemy can lead to common action. These kinds of realities lead to alliances but not fusion. Fusion can only occur if there is some agreement on first principles. The principles which are shared by both conservatives and libertarians, as well as by many of the common enemy, are liberty and justice for all. But what does it mean to render a man his due, and freedom from what? These are the chief issues.

The answers to the questions depend on the interpretation of the purposes of the law. Here there are possibilities for discussion in the light of the libertarian attempt to snatch the medieval doctrine of just price from the Marxists, and to claim the American Revolution as their own. Libertarians are welcome to claim San Bernardino of Siena and the subjective elements of his theory of value, if they are willing to accept his devotion to the Holy Name of Jesus, his willingness to personally punch out homosexuals, his advocacy of sumptuary laws, and his understanding that the just price is not defined in terms of free markets or voluntary exchange.

Libertarians are also welcome to the American Revolution with its curious mixtures of classical and Christian republicanism, both of which in their own ways would have connected liberty with virtue. The American's hatred of the claim of sovereignty, whether Parliament or George III, which goes back to

the Middle Ages, would not have stopped short of consumer sovereignty or self-sovereignty, and was perfectly compatible with the local authorities promoting virtue through the use of law and coercion. The possibility of fusionism depends on a correct understanding of the American Federalist experiment and a willingness to go back to that delicate balance between substantive due process and the police powers of the state and local governments. The crucial issue is not whether the police powers of the state and local governments have in fact been exercised prudently or wisely, but whether or not one's social science can admit this as a theoretical possibility of the function of law.

The relationship between conservatism and libertarianism will essentially depend on the opening moves of the libertarian. Will he start with the conventional economic problem of scarcity or an analysis of the nature of man? If the latter, what is the nature of man and in what does his good consist? The purpose of this paper is to describe what a conservative economics might be, both in terms of what it is and what it is not. Certain opening moves are rejected that flow from the contemporary discipline of economics and also from certain forms of classical liberalism. Whether these are the same opening moves of libertarianism, and therefore whether fusion is possible, is a matter for the libertarians to determine.

III: Economics between Democracy and Tyranny

MODERN ECONOMIC ideologies gravitate between what the ancients would have called democracy and tyranny. Although we shall try to separate various aspects of these regimes, we cannot escape the implications of Aristotle's observation in the *Politics* (1312b): "Democracy is antagonistic to tyranny, on the principle of Hesiod, 'Potter hates Potter,' because they are nearly akin, for the extreme form of democracy is tyranny; and royalty and aristocracy are both alike opposed to tyranny, because they are constitutions of a different type."

There are essentially three kinds of fallacies to which philosophically inclined economists are prone. Two of them are essentially connected with tyranny. The first has to do with what the tyrant does to his population (one cannot call

them citizens for this implies a public order in which men participate). The privatization and individuation of men is the most obvious connection between economics and tyranny. The second connection to tyranny is the more subtle question of what motivates the tyrant himself. Here we are confronted with an heroic ethic stemming from the honor-loving part of the soul which is the real appeal of many forms of classical liberal economics.

Sandwiched in between the bestialized population and the honor-loving tyrant is the form of democracy which quivers in both directions. In democracy the honor-loving part of the soul manifests itself in a way which can only be explained by the use of aesthetic categories. Hayek perhaps maintains the Aristotelian categories when he describes it as a Constitution of Liberty. In comparison to modern forms of egalitarianism, it is honor-loving and aristocratic, but at root it is opposed to the claims of magnanimity.

IV: The City of Sows and Consumer Sovereignty

WHAT THE TYRANT does to his population is essentially liberate them to follow their private desires, as long as they remain purely private. The tyrant cannot put up with the pursuit of honor, excellence, and virtue. This leads to the reductionist fallacy of bestialization. Plato's *City of Sows* is a picture of one version of a libertarian paradise where everyone peacefully and harmoniously minds his own business. Most modern economists, including Chicago, Virginia, and Austrian branches, tend to be drawn in this direction by the rigors of a methodological subjectivism which requires that all aspects of man's nature be squeezed through the sieve of subjective utility functions. Pigs have utility functions, and, although to my knowledge economists have not yet constructed them for pigs, they are busily at work on rats. One can only guess at what will happen if it is found that utility functions cause cancer!

The major fallacy of tyranny is the reductionist effort to reduce the population to the level of the beast. The appetitive aspect of man's existence is one which he shares with the beast. But man cannot be reduced to this level without doing an injustice to the other parts of

the soul. The attempt to understand reason and the honor-loving part of the soul as simply appetite or neutral utility is not to deal with man as he is.

The immediate goal here is to locate this reductionist effort in the discipline of economics itself. In the next section we will focus on the imperialistic attempt made by modern economics to expand to the areas of the state, law, society, and the family. The attempt to subjectivize these areas by reducing them to economic categories is part of the ideological thrust of contemporary economics which can be resisted by a conservative economics.

The major problems of social science revolve around the relationship between private interests and the public good. Economics as a modern social science has tended to look on this relationship as one of constructing the public good out of the raw material of private interests. The public good in this view is ultimately reducible to some irreducible components of private interests, be this called the will, utility function, or desire. Since the time of the marginal revolution, neo-classical and general mainstream economics has tended to conceive itself to be "democratic" in the sense that all wants and desires are taken to be equally worthy of being satisfied. In the modern world, therefore, tyranny becomes simply identified with the government imposing its will on the free choices and exchanges of private individuals.

To what end or purpose is this construction? It is usually conceived as an answer to the problem of scarcity. What is the problem of scarcity? In almost any elementary textbook we are assured that it has something to do with "infinite wants" or "insatiable wants." Men, take them as they are and take them all, do not have enough means to satisfy all their wants. Already of course it is tacitly assumed that all these wants deserve to be satisfied. If this was not assumed, then there would be no "social" problem of scarcity, but only individual problems and each economist would have to choose his own clientele on whatever grounds he finds satisfactory.

The fundamental question for a conservative economist is what kind of creature is man? In what kinds of thoughts and actions does his happiness, if any, consist? This approach is fun-

damentally radical surgery since it rejects using "the economic problem of scarcity" as the beginning point of economics. Almost all modern economics, whether modern liberal or classical liberal, starts off with such an assumption. It is the first analytical principle of most economic textbooks. It is the kind of sickly abstraction from which one would have thought methodological individualism would have spared us. It is a strange problem that no one experiences.

For the medieval Christian thinkers such insatiable desire was called greed and avarice; for the ancients it was called *pleonexia* and was at the root of both injustice and tyranny. It was a problem, not a promise. The beginnings of the modern period of economics were grounded in the rejection of the earlier understandings of justice and the universalization of tyranny to every man and not restricted to a few leaders. Instead of "Every Man a King" as Huey Long would have put it, albeit not with Socratic intent, we have a view of "Every Man a Tyrant."

Although nominally democratic in its formulations, the doctrine of consumer sovereignty has been most interestingly presented by Ludwig von Mises in a manner which brings out its basis in tyranny. Instead of every man a king, a sovereign in that sense, von Mises gives us the picture of the consumer as a sovereign in the tyrannical sense: arbitrary, subjective, whimsical. According to Mises the consumers "make poor people rich and rich people poor. They determine precisely what should be produced, in what quality, and in what quantities. They are merciless egoistic bosses, full of whims and fancies, changeable and unpredictable. For them nothing counts other than their own satisfaction."¹

We will briefly return to this theme of the motivation of the tyrant in the section on Promethean self-reliance. Here we wish to stress its role in conventional economics, even though conventional economists have innocently forgotten the provenance of such doctrines. The fact that careful theorists throw off the baggage of infinite wants with a flick of Occam's razor, and the fact that it plays no significant role in elementary textbooks is irrelevant when considering its symbolic role. Such anachronisms illustrate the fact that modern economics was indebted to modern political philosophy which

was in turn based on a tyrannical intention toward human nature.

The conservative economist refuses to play the fool for the tyrant. The social scientist has an obligation to search for the objective truth of things which overrides his obligation to cater to the whim of a tyrant, whether it is a collectivist state, a liberal welfare state, or the sovereign will of the consumers.

It is ironical that many supporters of capitalism and many of its bitterest foes both at base have a view of man which treats him as a pig whose desires are not to be questioned. Many defenders of capitalism wallow in a subjectivism grounded in the fact-value distinction, and insist that in its essence freedom cannot admit of any objective moral good for man unless it be freedom itself. The foes of capitalism who often engage in Arcadian, Golden Age dreaming, also envisage an animal-like existence where there is simple desire and plenty for everyone. The extirpation of pride and vanity will come about through equality and the destruction of the wealth objects in which conspicuous consumption and production manifest themselves. Society has corrupted man.

The answer to both types of irrationalism can be found in reflection on the City of Sows in Plato's Republic. The City of Sows is simultaneously both an Arcadian primitivist's dream and an economist's dream. The City of Luxury which destroys the idyllic simplicity of the City of Sows is a Mandevillian Grumbling Hive. Rousseau chose one, Mandeville chose the other and economists have chosen both. The City of Sows is the healthy city only on the assumption that man is like an animal in the simplicity of his desires. The spirited or honor-loving part of man has not entered the picture to cause strife and conflict. Ambition does not raise its ugly head to cause a divergence between the pursuit of private goods and public goods. It can be called the economist's dream because in the City of Sows men mind their own business, engage in a useful division of labor to satisfy their needs, permit specialization and the production of capital goods, to promote free trade since it is recognized that "they must produce at home not only enough for themselves but also the sort of thing and in the quantity needed by those others of whom they have need."² Domestically the question is raised "how they

will exchange what they have produced with one another? It was for just this that we made a partnership and founded the city." Adeimantus responds, "plainly," he said, "by buying and selling." Socrates adds, "Out of this we'll get a market and an established currency as a token for exchange." Tradesmen, merchants, and wage earners all come in to satisfy men's wants. It all sounds like a libertarian paradise, but the simplicity of all this is broken up by Glaucon's insistence that there seem to be no relishes in this society. Luxury raises its ugly head and we get the movement into the feverish city where strife, conflict, war, and imperialism are realities. The City of Sows satisfied the animal pleasures of man's existence which he shares with many of the non-rational animals. The City of Luxury is where the honor-loving and ambitious part of the soul enters. Plato does not argue that we can simply go back to the City of Sows; nor does he argue that we should try to domesticate the City of Luxury by institutions to neutralize man's pride and vanity, which is the solution of the classical economists by which we get more cake and eat it too. Plato's point is that both these components of man's nature—the appetitive and the honor-loving—require reason to temper them and control them.

Before proceeding to see how economics imperialistically expands this vision of the world, let us conclude this section by examining John Stuart Mill's romantic response to these problems. In examining the pig-like philosophy of utilitarianism which was forced down his throat by his father, James Mill, and his friend, Jeremy Bentham, he stated in *Utilitarianism*: "It is better to be a human being dissatisfied than a fool satisfied. And if the fool, or the pig, are of a different opinion, it is because they only know their own side of the question. The other party to the comparison knows both sides."⁸

Socrates would probably be inclined to say, "romantic nonsense." It would be better to be a pig satisfied than Socrates dissatisfied. The one fulfills his nature and the other one does not. The fact is that the pig and man have different natures, and no honest man who lives the life of a pig is truly found to be happy, or, at least, Socrates had not really met one. Mere assertion would not do, which is why dialogue forms and *ad hominem* arguments are so often used. If Socrates had thought that by playing the fool,

he would have really been happy, he would have done so. But the fact is that Socrates was not some frustrated romantic hero wallowing in the tragedy of his life, but felt that he was truly the richest and happiest of men.

V: Economics and Imperialism

IT IS THE CASE that pragmatically there are large areas in the marketplace where the doctrine of consumer sovereignty does no harm. In fact, it was probably the existence of such areas that prompted the medieval scholastics to formulate their doctrine of the just price to be normally equivalent to the current market price. But it is a mistake to make of economics an all-inclusive social science and to reduce rationality to a question of means-end to an arbitrarily posited will. In the Middle Ages the economic realm of contracts and property was part of the law, and economics was understood to play a distinctly subordinate role.

Modern economics is neither anarchistic nor is it natural rights oriented. It certainly does have "public goods," charity markets, externalities, and theories of public choice, but all these are ultimately subordinated to the maximum satisfaction of individual preferences; they arise from some mechanical difficulty of meshing or expressing private preferences. The public good, if the term is allowed at all, is a construct, an artifact devised by clever social scientists.

Such an expansion of economics beyond its normal boundaries has resulted in the public choice theory, the law and economics movement, and, more recently, all societal relations, no matter how personal and intimate. A conservative economics will accept any fruits of such efforts if they help explain the way the world works. In this sense there is only good economics and bad economics. But the conservative economist would be very wary of such terms as efficiency, optimization, and Pareto-optimal when they stem from the root concept of consumer sovereignty. These areas, although not exclusively pursued by those with classical liberal leanings, have certainly received most of their impetus from such origins. Let us explore what happens when economics attempts to apply its radical subjectivization of the good to such areas as the law.

A conservative view of the relationship between law and economics would, in contrast, be one where law was the master and economics the servant. In the modern view as reflected in the law and economics movement, economics becomes the master and law the servant. We have come full circle. Economics now imperializes the law; its Marshall plan, so to speak, is efficiency.

How adequate is this modern view of the relationship between law and economics? If the metaphors may be slightly switched from the master-servant relationship, the union between law and economics raises the question whether or not the union is one of cohabitation, seduction, or marriage. Cohabitation, the present state of modern thinking, is a mode of being only possible after seduction has lost its allure. Seduction, after all, is only interesting if the object being seduced is intrinsically good or at least thinks it is good.

Although the seduction model is of course much more interesting than mere cohabitation and convenience, we must first see the cohabitation view and its metaphysical grounding. Richard Posner's *Economic Analysis of Law*⁴ may serve as a model of the fruits of the cohabitation view. These fruits, particularly in the positive realm of understanding how laws actually work, are independent of the source of their genesis. Illegitimate offspring are often useful and good citizens. In Posner's Chapter 28, "A Note on Jurisprudence" he claims that the basic theme of the book has been "the profound relationship between legal and economic order. If there is such a relationship, it may be possible to deduce the basic formal characteristics of law itself from economic theory;..." (Posner, p. 393). At first it sounds like two equal partners, legal order and economic order, existing side by side in a profound relationship, but then he slips into the chauvinism (whether male or female chauvinism is irrelevant) of economics. Cohabitation does not preclude chauvinism or the aggressive dominance of one partner by the other. Although he claims that "The basic function of law, in an economic perspective, is to alter incentives" he does not in this chapter (two pages) on jurisprudence indicate whether or not there is a basic function of law in a "legal perspective." The "Problem" raised at the end

of the chapter is: "Can the idea of 'justice,' as it is used in discussions of law and legal rules and institutions, be deduced from the economist's idea of efficiency? If not, are justice and efficiency incompatible?" (p. 395). By putting the word justice in quotation marks and not putting the word efficiency in quotation marks Posner certainly suggests that the legal idea of justice is at best an ideological construct or something which can only be provided a solid base in the clear concept of economic efficiency. It is much the same procedure that the public choice theorists use when they talk about the "public good."

Posner in his Preface starts to make explicit what he means by the economist's idea of efficiency. He says: "The relentless if not complete suppression in the book of the jargon of modern welfare economics ('Pareto optimality' and the like) is designed to prevent the student from confusing economic analysis with the mastery of a vocabulary." (p. x) Notice that all he intends to do is to avoid the jargon, not the substance of Pareto-optimality.

The substance of Pareto-optimality is the vision of man maximizing his utility (*i.e.*, subjective satisfactions) in a framework where an improvement in welfare means one person is better off and no one is worse off. Cost is 'opportunity cost' which perhaps is incorrectly defined by Posner as "the benefit foregone by employing a resource in a way that denies its use to someone else." (p. 3) Cost is always subjective and exists only in the eye of the beholder and is not beholden to someone else; Posner's formulation sounds almost like a hangover from an Aristotelian or Platonic concept of justice where one tried to objectively view other men's needs and capacities and calculate the benefits which would really accrue to them from the use of their resources. The rigors of subjectivism have in general been better handled by the Austrians than by the Chicagoans, *i.e.*, the tendency to anarchy and the existence of no coercive legal framework is stronger in the former than in the latter. If utility is subjective, if there is no possible objective comparisons of utility, then there is no possible "social" definition of efficiency, and no objective grounds for a coercive legal order.

Posner wishes to avoid the cul de sac of subjectivism and appears to give a hard-nosed

definition of efficiency and value. He claims that "Efficiency is a technical term: it means exploiting economic resources in such a way that human satisfaction as measured by aggregate consumer willingness to pay for goods and services is maximized. Value too is defined by willingness to pay." (p. 4) Does he really mean a money measure of something similar to GNP? In this case one runs into the problem that this could be increased by the monopolists raising price and soaking up what was previously hoarding or an excess demand for cash balances. Or the problem, which Posner might relegate to the problem of existing distribution of income, if individual A is willing to pay \$1,000 to murder B and B is only willing to pay \$500 to prevent it, then efficiency is increased by A killing B.

Let us be fair to Posner. He makes clear that the economist cannot tell us whether "consumer satisfaction should be the dominant value of society," (p. 5) *i.e.*, whether A should kill B. The economist must also assume whether or not the existing distribution is just.

Here we have an existing escape clause which can save the system from any seeming absurdities in application. Theoretically it does save the appearances; the smooth machinery can never crank out a wrong result because the escape clause is there to catch you. No one wants a society in which one individual can murder another for pleasure. There are two ways out of the dilemma: Pareto-optimality requirements where unanimous consent is required before any action is taken, and no injury is ever done because implicitly compensation and then some has already taken place. This has the advantage of being a purely generalized and theoretically complete solution, within a subjectivist framework. Unfortunately, it has the disadvantage of being in cloud-cuckoo land as far as practical application is concerned. It may function like Plato's philosopher-king as a benchmark of the ideal society, and as an instrument of critique of already existing institutions, but it is not likely to be implemented tomorrow by any existing society.

Although not so general as Pareto-optimality, the distribution of income proviso is an *ad hoc* means of doing the same thing. Any objective moral good can be assured by changing the distribution. Give more to the man to be

murdered and he can buy out the murderer; remember what Robert Walpole was alleged to have said, "Every man has his price." If it is unjust or unfair for yachts and diamonds to be produced when poor people are starving, then the obvious solution is a redistribution of income and wealth so that such absurd results do not occur. If people want a theocratic society, this is possible through redirecting the flow of income to priests and the church. It is in this spirit that Posner would want to say that he is making no value judgments, and not precluding any moral claim or even discussion.

Although theoretically brilliant the escape clause is offered in the spirit of "let's get around the difficulty and get on with the work at hand." It is not offered nor could it be taken as a practical proviso to be implemented by actual institutions. Before an individual or a society takes action it is not going to require income-distribution impact-statements without paralyzing itself. Furthermore, what mechanism is there to resolve the differences between individuals' evaluations of the distribution of income when there is disagreement? Are we back to Pareto-optimality or the willingness to pay? But that is where the problem came from in the first place.

Posner knows quite well that most social scientists do not believe in an objective concept of justice, no matter how passionately they may feel about the existing distribution of income or wealth. But he is enabled to convince each reader that he can proceed safely without fear of damage, knowing full well that he can work out whatever concrete results he wants to via the escape clause.

The possibility should be raised that economics would be better off if it quit making elaborate escape clauses for embarrassing theoretical problems caused by its adoption of the fact-value distinction. Let us inquire into the problems of good and evil without hiding behind the persiflage of "subjective preferences." It may be messy and it may involve casuistry, but at least it has the virtue of intellectual justice: render to each problem its due.

Edmund Burke has described the utmost limits that the social scientist as well as the practical politician should go in catering to the wants of the people: "As to the opinion of the

people, which some think, in such cases, is to be implicitly obeyed,...when we know that the opinions of even the greatest multitudes are the standard of rectitude, I shall think myself obliged to make those opinions the masters of my conscience. But if it may be doubted whether Omnipotence itself is competent to alter the essential constitution of right and wrong, sure I am that such *things* as they and I are possessed of no such power. No man carries further than I do the policy of making government pleasing to the people. But the widest range of this politic complaisance is confined within the limits of justice. I would not only consult the interest of the people, but I would cheerfully gratify their humors. We are all a sort of children that must be soothed and managed. I think I am not austere or formal in my nature. I would bear, I would even myself play my part in, any innocent buffooneries, to divert them. But I will never act the tyrant for their amusement. If they will mix malice in their sports, I shall never consent to throw them any living, sentient creature whatsoever, no, not so much as a kitling, to torment."⁵

VI: The Beautiful Face of the Honor-Loving Part of the Soul: Democracy

ALTHOUGH MANY MODERN economists play the tyrant in their reductionist efforts to treat man as an animal or as an undifferentiated bundle of desires, not all do. And it is precisely here that the temptation to lapse into less naive forms of error is evident. The City of Sows is animal-like in that it assumes the essential innocence of human appetites. But men are not simply animals. There is an honor-loving part of the soul. The desire for variety and splendor raise their powerful heads. The feverish city, the City of Luxury, with its demands for relishes destroys the tranquility of the City of Sows.

The City of Luxury has its own political economy: the political economy of individual liberty. The roots of classical liberalism are deeper than the superficiality of individual preferences. It is rooted in the honor-loving part of the soul. G. M. Trevelyan has argued persuasively that most dry-as-dust historians and antiquarians are at heart poets and romantics. Similarly, many followers of the dismal science are enthusiasts over beauty. Ironically they love

beauty and aesthetic categories as much as Ruskin.

Issiah Berlin's description of John Stuart Mill captures the spirit of this type of political economy: "For him man differs from animals primarily neither as the possessor of reason, nor as an inventor of tools and methods, but as a being capable of choice, one who is most himself in choosing and not being chosen for; the rider and not the horse; the seeker of ends and not merely of means, ends that he pursues, each in his own fashion; with the corollary that the more various these fashions, the richer the lives of men become, the larger the field of interplay between individuals, the greater the opportunities of the new and unexpected; the more numerous the possibilities for altering his own character in some fresh or unexplored direction, the more paths open before each individual, and the wider will be his freedom of action and thought."⁶

Here the good is seen to consist in variety, and dignity rests on the self-chosen uniqueness of each individual. Life is conceived of as a masked ball. We are getting closer to the psychology of infinite wants.

Many followers of classical liberalism object to the priority of preferences or utility functions which is the basis for the City of Sows discussed earlier. Liberty, for them, is not simply another preference among many, but a moral good. Man should not sell his birthright for a mess of pottage; he should not be allowed to sell himself in slavery. The spirit of outrage that one encounters reminds one of Algernon Sidney's reaction to the interest that Louis XIV expressed in Sidney's horse; he shot the animal because it was "born a free creature, had served a free man, and should not be mastered by a king of slaves."⁷

The term *odium theologicum* is not too strong to describe the outrage of those who find the dignity of man to consist in individual liberty. One enemy of liberty is the drive toward equality by the omniscient welfare state. At the end of Milton Friedman's *Free to Choose* television sequence on equality, Friedman makes perfectly clear that one cannot serve two masters, presumably equality and freedom, at the same time. The original words of Christ about the two masters were of course God and Mammon. Friedman then went on to say that

his God was Freedom. He said precisely what he meant. Whatever his own private theological convictions might be, he certainly does not serve equality as an intentional end, nor does he serve Mammon.

We can find another example of the *odium theologicum* by examining the rhetoric of a book by Rowley and Peacock⁶ which defends a liberal welfare economics against the intrusions of Pareto-optimality and the priority of preferences. The Paretian hegemony is a "professional misdemeanour which forms the basis for the established dictatorship. In its most serious form, the misdemeanour amounts to a policy of presenting a value-based dogma as value-free, immutable and incontestable in the hope that those who endorse its internal logic will not inquire too closely as to its fundamental assumptions—the oldest technique of the religious fanatic." (p. 1) "Orthodox Paretian welfare economics has had a good run. It is still very much on the advance, and indeed it still threatens to establish a complete stranglehold over the economics profession.... Their attempt to develop a welfare economics consensus and to stamp out those who do not accept its teachings as undemocratic or illiberal not only is fundamentally misguided but indeed paves the way to intellectual serfdom." (pp. 22-23) "First- and second-order conditions take on the role of bread and wine in their professional communion." (p. 160) "For in no other way can we penetrate the citadel and assault the inner temples of a dogma that has protected itself with the moat of mathematics and the portcullis of set-theoretic logic." (p. 3)

A conservative economist could tarry quite long in these pastures due to the fact that the classical liberals have effectively struck at a common enemy—deadening equality, conformity, and the boredom of the welfare state. But what is to replace all this? According to these two authors the "true nature of liberalism, which is not concerned...with the primacy of individual preferences, but rather with the maintenance and extension of individual freedoms, defined as the absence of coercion of certain individuals by others." (p. 2) They claim to be in the tradition of John Stuart Mill who "are not convinced of the existence of objective immutable truth, but believe that a good society is one that is uncertain of its truths and

dedicates itself, not to an ideal, but to an eternal search." (p. 79)

What is the view of the nature of man in which such an eternal search for an object, the discovery of which is perpetually prohibited, becomes enticing? One is reminded of the Gnostic and Manichean impulses which lay at the bottom of the forms of romance literature and the troubadours influenced by Catharism in the early Middle Ages. The joy was in the frustration and the suffering. In lamentation we find our being. To speak bluntly it is that view of man's nature (or lack of, it) which has culminated in the counter-culture of our day and the emphasis on life styles bound up in such phrases as self-realization and self-actualization.

There have been recent attempts to write this philosophy of doing your own thing into the Constitution as one of the last gasps of substantive due process. It is ironical that those who support the metaphor of the free market-place of ideas seldom support the free market for goods and services. There is no question that Aaron Director and Ronald Coase are both correct in twitting the modern-day civil libertarian with inconsistency and/or self-interest. Self-interest because most liberals are intellectuals in the Hayekian sense of second-hand dealers of ideas. But neither Coase nor Director deals adequately with the question of why the priority of freedom or liberty in either goods or ideas.

One answer to the question is simply to assume that liberty is the highest good. Friedrich von Hayek comes perilously close to this resolution of the difficulty. Liberty is a meta-legal principle for Hayek, something comparable to an imperative demanding substantive due process. It also appears to be beyond discussion. According to Hayek: "An effective defense of liberty must...of necessity to be inflexible, dogmatic and doctrinaire and must not make concessions to considerations of expediency. The quest for freedom can be successful only if it is considered a general principle of political morality, the application of which in the concrete case does not need a justification."⁹ In *Rules and Order* Hayek states that "freedom can be preserved only if it is treated as a supreme principle."¹⁰

Whatever substance there is in Hayek's principles, it surely is freedom. Perhaps the contrast between a classical liberal approach to

economics and a conservative approach to economics is that the former is concerned with the formation of characters, while the latter is concerned with the formation of character. The key to the difference between the two is the interpretation of what it means to define justice as minding one's own business. The classical liberal view of liberty tends in the direction of idiosyncrasy while the conservative view would emphasize centrality. One emphasis is on originality and uniqueness and the other is on imitation.

The modern view of liberty is defined in terms of the freedom of choice and the absence of externally imposed coercion. In Isaiah Berlin's two concepts of liberty, this is negative liberty. Positive liberty or self-control, or temperance, or ultimately the formation of good character, was the primary concern of the ancient political philosophers. For example, Socrates in the *Gorgias* asserts that "every man is his own ruler." Callicles asks him, "What do you mean by his 'ruling over himself?'" to which Socrates responds, "A simple thing enough; just what is commonly said, that a man should be temperate and master of himself, and ruler of his own pleasures and passions."¹¹ In the *Republic* the man who is kingliest is described as "king of himself," and the tyrannical soul is described as "necessarily always poverty-ridden and insatiable."¹²

The concern of the ancients with self-tyranny as the loss of true freedom is the kind of matter that economists not only find it difficult to understand, but if they do understand it are adamantly hostile to such claims. There is much justification for such fears in that modern busybodies often smuggle in their lust for power under such rubrics. There is no question that many totalitarian and authoritarian regimes have been justified in the cloak of virtue and the public good; but if the substance of a concept must be rejected because someone has misused a term for political purposes, then we can only recall Madame Roland's, "O liberty, liberty, what crimes are committed in your name!"

Those who are preoccupied with the threats to external freedom in the contemporary world usually feel themselves constrained to refuse to admit the possibility that this loss is ultimately rooted in the loss of inner freedom. Examine for example the treatment given by Lord Robbins,

in his pamphlet, *Liberty and Equality*: "I think much confusion has been caused by the use of the word liberty, which essentially involves freedom of choice and action, with such other uses of the word freedom. To identify liberty with freedom from material want may easily import conceptions which destroy the idea of liberty as it is properly used. And the confusion is not saved by the argument that 'true liberty' can only be achieved when certain other conditions are present. As well say that a man has not 'true freedom' in this sophisticated ethical sense if he uses his liberty in undue indulgence of the lusts of the flesh or in spending a disproportionate amount of his time listening to pop music. I know few examples of more muddled thinking than the so-called positive conception of liberty."¹³ Note that for Robbins that the muddle occurs not simply in the confusion of different concepts of liberty, a point well taken, but that the very concept of positive liberty itself is muddled.

Robbins should reflect more seriously about the possibility that the attacks on liberty which he is worried about derive precisely from the social and educational consequences of the doctrine of treating the positive conception of liberty as intellectual nonsense. Education has to do with the proper ordering of manners, customs, and laws, which flow from one another.

Plato's discussion of the origins of over-regulation and over-legislation in the *Republic* is still as relevant today as when it was written. Socrates says: "And, in the name of the gods, what about the market business—the contracts individuals make with one another in the market, and, if you wish, contracts with manual artisans, and libel, insult, lodging of legal complaints, and the appointment of judges, and of course, whatever imposts might have to be collected or assessed in the markets or harbors, or any market, town, and harbor regulations, or anything else of the kind—shall we bring ourselves to set down laws for any of these things?"

Adeimantus: It isn't worthwhile to dictate to gentlemen. Most of these things that need legislation they will, no doubt, easily find for themselves.

Socrates: Yes, my friend, provided, that is, a god grants to them the preservation of the laws we described before.

Adeimantus: And if not, they'll spend their lives continually setting down many such rules and correcting them, thinking they'll get hold of what's best.

Socrates: You mean that such men will live like those who are sick but, due to licentiousness, aren't willing to quit their worthless way of life.

Adeimantus: Most certainly.

Socrates: And don't they go on charmingly? For all their treatment, they accomplish nothing more than to make their illnesses more complicated and bigger, always hoping that if someone would just recommend a drug, they will be—thanks to it—healthy.

Adeimantus: Yes, the affections of men who are sick in this way are exactly like that.

Socrates: What about this? Isn't it charming in them that they believe the greatest enemy of all is the man who tells the truth—namely, that until one gives up drinking, stuffing oneself, sex and idleness, there will be no help for one in drugs, burning, or cutting, nor in charms, pendants, or anything of the sort.

Adeimantus: Not quite charming. Being harsh with the man who says something good isn't charming.

Socrates: You are not, as it seems, a praiser of such men.

Adeimantus: No, indeed, by Zeus.

Socrates: Therefore, if, as we were just saying, the city as a whole behaves like that, you won't praise it either. Or isn't it your impression that the very same thing these men do is done by all cities with bad regimes, which warn the citizens they must not disturb the city's constitution as a whole, under pain of death for the man who does; while the man who serves them most agreeably with the regime as it is, and gratifies them by flattering them and knowing their wishes beforehand and being clever at fulfilling them, will on that account be the good man and the one wise in important things and be honored by them?"¹⁴

Plato's description of the flatterer, the type of man who usually surrounds tyrants and democratic politicians, is chillingly close to most economists understanding of themselves, whether democratic socialists, welfare state liberals, or classical liberals defending the beauties of the market.

The conservative economist is the one who

does not engage in flattery. He is able to reprove the luxury and self-indulgence which as Plato saw is surely a feverish condition. The connection between means and ends that is the concern of the economist is not between any ends, but the end of the happy and virtuous man. Therefore the name of economist cannot be denied to men such as Solon and Cato the Elder, who at least saw the problem, if not always the solution.

VII: The Ugly Face of the Honor-Loving Part of the Soul: Tyranny

THE DEEPEST SUBSTRATUM of classical liberalism which a conservative economics would do well to steer clear of is one which appeals to an heroic ethic. Affective persuasion of classical liberal economics has very little to do with hot-dogs and baseball games, and a great deal to do with the honor-loving part of the soul. The democratic rejection of excellence and magnanimity, a strategy required by a clever tyrant to keep sedition and competitors down, is in turn rejected. The bold self-made man becomes the hero. Self-reliance becomes the key virtue. The tyrants do not become tyrants by wallowing in their subjective appetites. They are hard men with an ascetic cast who pull themselves up by their own bootstraps. The successful businessman and heroic entrepreneur become the models to be imitated. The ethic of the "truly productive" compared to the unproductive, lazy and shiftless is a standard theme of modern economics which receives many variations depending on whether one is a liberal, socialist, positivist, or Marxist. The temptation here is to take the healthy revulsion against sloth to Promethean lengths. A conservative economics is one based on the experience of gratitude and not the steely hardness of a Promethean ingratitude.

A Promethean ingratitude, the desire to be the creator instead of a creature, is more clearly seen in socialist and collectivist ideologies. But it is also evident in the tendency of rights-oriented theories to be scornful of history, tradition, and culture. The world must be made anew by sovereign man. The absolutization of property rights and contract, whether social or individual, represent the triumph of the will. Entitlement theories in economics and property

rights, whether individualist or socialist, may differ on who deserves to get what, and who are the exploiters but they have similar fundamental appeal to the honor—loving part of the soul which has fixated on “one’s own.”

In the social contract framework of Hobbes and Locke there is a deprecation of history and nature which man, through his cleverness, can essentially remake. Man can shape according to his labors and efforts what a miserable providence, if any, has thrown him into. Reality is bleak and prosaic at best. Man’s comfort is the best that is attainable.

A conservative economics has a great deal of respect for one’s own, family, blood, private property, territory and nation, but it refuses to spin theoretical systems on them as absolute

principles. Sovereignty cannot be vested in human authorities. Only the good is sovereign. The natural law is therefore relatively simple: do good and avoid evil. The rest is casuistry and prudence.

The distrust of sovereignty stems from a fear of idolatry and also a love of the goodness of creation. The traditionalism and patriotism of the conservatives stems from the response of stewardship toward a good creation. Private property, individual freedom, and the family are institutional devices by which the good citizen within the constraints of the law can fulfill his duties and obligations. The Garden of Eden and the Golden Age are reminders that the patrimony is good and puts upon us the obligation to transmit it prudently and lovingly improve upon it.

¹Ludwig von Mises, *Human Action* (Chicago: Henry Regnery Co., 1966), p. 270.

²Plato, *Republic*, ed. Allan Bloom, (New York: Basic Books Inc., 1968), 371a.

³John Stuart Mill, *Utilitarianism*, ed. Oskan Piest (New York: The Liberal Arts Press, 1957), p. 14.

⁴Richard Posner, *Economic Analysis of Law* (Boston: Little, Brown, and Co., 1972). Except for rearrangement and the dropping of the “Problem” (p. 395 in the 1st ed.), there is no change worth noting for our purposes here in the second edition of Posner’s book.

⁵Edmund Burke, *Speech at Bristol Previous to the Election, 1780*, in *The Philosophy of Edmund Burke*, ed. Louis I. Bredvold and Ralph G. Ross, (Ann Arbor: University of Michigan Press, 1967), p. 14.

⁶Isaiah Berlin, *Four Essays on Liberty* (London: Oxford University Press, 1969), p. 178.

⁷*Encyclopaedia Britannica*, 9th ed., Vol. XXII, p. 34.

⁸Charles K. Rowley and Alan T. Peacock, *Welfare Economics: A Liberal Restatement* (New York: John Wiley & Sons, 1975).

⁹Gottfried Dietze quotes this from a 1961 German article by Hayek and notes that it is a “significant change” in the priority which it gives to liberty. Cf. Dietze, “Hayek on the Rule of Law,” *Essays on Hayek*, ed. Fritz Machlup (New York: New York University Press, 1976), p. 111.

¹⁰F. A. Hayek, *Rules and Order* (Volume I of Law, Legislation and Liberty), (Chicago: University of Chicago Press, 1973), p. 57.

¹¹Plato, *Gorgias*, (491d), ed. B. Jowett, (Oxford: Clarendon Press, 1953).

¹²Plato, *Republic*, 580c. The tyrannic soul is characterized in 578a.

¹³Lord Robbins, *Liberty and Equality* (London: Institute of Economic Affairs, 1977), p. 7.

¹⁴Plato, *Republic* (425c-426c).