

# Reason Papers

*A Journal of Interdisciplinary Normative Studies*

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## **Dedication**

David L. Norton, who was a friend, contributor to a supporter of this journal and its editors, died on July 24th, 1995. He was 65. As Mary, his wife and collaborator reports, he died nobly and in peace.

His major work, *Personal Destinies, A Philosophy of Ethical Individualism* (Princeton, 1976), is an absolute philosophical gem. He poured his soul into that work and it shows. He lived his philosophy through and through. He was the lone heroic figure to some of us on the contemporary philosophical landscape, a rare giant in a land of far too many clever, sophistic but souless dwarfs. We have no better way to express our admiration and love for David than to quote two of the most memorable passages from his sagacious and inspiring masterpiece, *Personal Destinies*.

Beneath the accretion of contravening epochs and cultures a vestige of the original eudaimonistic intuition endures today, I believe in the individual's residual conviction of his own irreplaceable worth. But this small conviction is wholly unequipped to withstand the drubbing it takes from the world, and from which all too often it never recovers. At its first appearance it is buffeted by alarms and commotion, and trampled beneath the scurrying crowd. Propped upright it is conscripted to this cause or that where roll call is "by the numbers," truth is prescribed, and responsibility is collective, the individual's share being determined by arithmetic apportionments. What remains is a merely numerical individuation, deriving its fugitive worth from the collective whole of which it is a replaceable part.

The individual's small intuition of his own irreplaceable worth, however, is the intimation of an individuation of an altogether different sort from the merely numerical, namely, qualitative individuation that renders each person unique in his (in the Greek term) arete, or personal excellence.

The Editors



## Articles

# Theory and Autonomy\*

Ann Hartle, *Emory University*

Only a theory can save us now. Or so it would seem if we accept the claims of many professional philosophers and social scientists. The social sciences<sup>1</sup> have come to replace philosophy as the discipline whose task is the most comprehensive account of the human: 'theory' claims to replace philosophy. Philosophy itself then becomes meta-theory.

In his critique of the social sciences, *The Battle for Human Nature*, Barry Schwartz notes that "a significant part of what used to be taught as moral philosophy is now taught under a different name: social science."<sup>2</sup> Within moral philosophy itself, the same kind of replacement has occurred. The task of moral philosophy is understood to be the construction of moral theories. In *Whose Justice? Which Rationality?* MacIntyre describes what he is doing as the construction of a theory about the kind of rationality inherent in tradition. The moral philosopher is a "theorist"<sup>3</sup> and the solution to our epistemological crisis is a new theory.<sup>4</sup> Further, the individual who must make some decision is mirroring what the moral philosopher as theorist has to do; he must construct "a deductive system through which he or she can discover true answers to [moral] questions."<sup>5</sup> For Barry Schwartz, "deciding on what should be depends upon having a moral theory. . . ."<sup>6</sup> There seems to be rather general agreement that only a theory can save us now.

The notion that *all* philosophy is theory or theory construction pervades and is even assumed in much contemporary philosophical discussion. The task of the philosopher does not differ in purpose or method from the other sciences;<sup>7</sup> it differs only in the breadth of its framework.<sup>8</sup> Philosophy is, at best, a theory of theories. Or in other terms, philosophy is a "second reflection" on the objects of science, art, and morality.<sup>9</sup> Finally, the claims of theory-construction have spread to all forms of thought: all thinking is 'theorizing'. For Churchland, "folk psychology" is a theory. We are never outside some theory.

The attempt to replace philosophy with theory, both by the social sciences and within the professional discipline of philosophy itself, can be seen, in part, as the most recent version of the attempt to deny the significance and uniqueness of the philosophical task. The social sciences claim to be superior to philosophy, to be able to accomplish what philosophy has failed to do. As E. O. Wilson puts it: "ethical philosophy must not be left in the hands of the merely wise."<sup>10</sup> The critics of philosophy deny to philosophy even the description of "the *search* for wisdom."

\* An earlier version of this paper was presented to the Luce Faculty Seminar of Emory University.

I wish to thank the participants for their helpful remarks.

What I intend to do in this paper is to examine the notion of 'theory' in order to reveal what I regard as one of its most troubling aspects. I want to show that theory does not and cannot replace philosophy. Rather, it is an imitation of philosophy, a counterfeit and impostor. I will begin by clarifying what is meant by 'theory' as that term is intended by those who understand themselves to be in the business of constructing theories. I will then focus on one essential move within the process of theory-construction, a move that is generally referred to as 'abstraction'. It is here that the task of theory-construction reveals most clearly its questionable relation to reality, especially to the human world. Then, I will turn to the issue of autonomy in order to bring to light an essential difference between philosophy and its counterfeit. In the final section, I will attempt to draw out some implications concerning what genuine philosophy is, against the background of the deficiencies of theory as an account of the human.

### *Theory*

The terms 'theorizing' and 'theory' are often used imprecisely and unselfconsciously simply to mean thinking and thought without any implication concerning what the precise nature of that activity and its products might be. But when these terms are defined by those who see themselves as theorists, we can notice several almost universal characteristics.

It is in terms of three of these characteristics that I define the notion of theory that I want to examine, criticize, and contrast with what I take to be genuine philosophy. First, a theory is a self-contained, consistent web of sentences. But what distinguishes a theory in the precise sense from any other kind of account is that the sentences of the theory are related to each other by virtue of the univocal meaning of the terms. Each so-called "theoretical term" has a *univocal* meaning. Second, these theoretical terms are arrived at by a process that is usually referred to as "abstraction." Abstraction in this sense is not, for example, the abstraction of the universal from many particulars. It is rather an abstraction first from metaphorical meaning and ultimately from literal meaning. Third, what counts as "reality" is held to be constituted by the theory, hence by the mode of thought called "abstraction."

This specific sense of 'theory', then, is very different from the traditional notion of the "theoretical" as that notion emerges in the ancient distinction between the theoretical and the practical. The theoretical is grounded in the activity of *theoria*, a kind of vision of reality, and is ultimately a kind of wondering contemplation. In contrast to theory, the theoretical is not a constitution of reality but a beholding of reality and an attempt to provide a complete account of that reality. The completeness and the finality for which the theoretical strives requires the most comprehensive and "concrete" account. Theory, on the other hand, is necessarily partial (and therefore always revisable) because abstraction deliberately and systematically leaves behind those aspects of things which cannot be accommodated within its univocal web of meaning.

A theory is a set of sentences that are related to each other, a kind of network in which at least some of the relations are logical relations. MacIntyre refers to a deductive "system," Quine to a "fabric." For some theorists, and certainly for the social scientists, a theory is related to "data" or to "observation." But the nature of this relationship is open

to debate. The data may be sensory input or stimuli, but this input is more or less already formed by the theory and thus more or less close to the "object" in question. For Quine, a theory is like an arch, grounded in sensory stimuli.<sup>11</sup> For MacIntyre, "there are no preconceptual or even pretheoretical data." It is impossible to describe actions "except by employing some particular theory-informed or theory-presupposing scheme of concepts."<sup>12</sup>

Despite disagreement about the degree to which the data are "given" or the degree to which even perception is "theory-laden," there is general agreement that a theory is a virtually self-contained system, scheme, or web. Each science is such a system and so-called ordinary life, ordinary language, everyday ordinary experience all take place "within" a theory.

Since all thinking is theorizing, rationality is taken to be just this move from data to theory. For the time being we might say that the 'data' are the theorist's link with reality; the data are the touchstone, the "hard evidence" on which the theory is based. Quine's metaphor of the arch with its feet in concrete observation or sensory stimuli suggests this way of seeing the matter. (It turns out that this link with reality is not quite so clear-cut, but I will return to this question later.) Social scientists consistently make their claim to rationality by appealing to the fact that their sciences are grounded firmly in hard data.<sup>13</sup>

As the theorist ascends from data to theory he finds regularities in the data that were not immediately apparent. Churchland defines 'theorizing' as finding regularities that lie behind or underneath the superficial regularities.<sup>14</sup> MacIntyre constructs his theory of traditions by finding the deep regularities in the four traditions he discusses.<sup>15</sup> The theory of evolution finds 'natural selection' to be beneath or behind the data and sociobiology finds "maximizing inclusive fitness" even further beneath the data.

The terms of a given theory are, for the most part, referred to as "theoretical terms." Such terms as 'believe' and 'want' are theoretical terms within the theory that is "folk-psychology." 'Natural selection' is a theoretical term within the theory of evolution. Theoretical terms have their meaning relative to the rest of the theory. They are not directly related to objects, to things, or to observation. Here again there is some disagreement about the nature of observation and the status of observation terms, but there is general agreement concerning the notion that theoretical terms have their meaning only in relation to the rest of the theory and not on account of any "direct" relation with what is observable.

It is at this point, I think, that we can begin to see what the relationship is between a theory and "reality." (Theorists themselves often use the term 'reality', so my use of it here is not intended to hold the theorist to a standard of reality that he himself would not accept.) In his analysis of the theory of evolution, Goudge puts quite clearly the character of what are generally referred to as theoretical terms. The theory of evolution "is abstract in character and requires for its formulation concepts which cannot be correlated with what is directly observable."<sup>16</sup> "Theoretical constructs" are "abstract ideas" which have no direct empirical interpretation. "They nevertheless play an important role in the framework of the theory. Their scientific admissibility depends on the fact that they occur in statements which have a systematic or deductive connection with observation state-

ments which refer directly to empirical data. Because of this systematic connection, theoretical constructs have scientific meaning conferred upon them."<sup>17</sup>

### *Abstraction*

It is not entirely by accident that Goudge uses the term 'abstract' to describe the theory and its theoretical constructs. Theoretical terms are, at least in certain decisive cases, reached by a process that is either explicitly or implicitly a process of abstraction. The terms 'abstract' and 'abstraction' have a wide variety of meanings and within the philosophical tradition alone these meanings can be significantly different. 'Abstract' can mean, for example, 'immaterial' or 'general', and the process of abstraction can refer to the move from particular to universal or from things to numbers. Moral philosophers have criticized the tendency to abstract from history and from circumstances; the abstract is often contrasted with the concrete.

For my purposes, I need to discuss three meanings of 'abstraction', two of which are discussed by the theorists themselves and the other of which the theorists actually do, more or less knowingly. Both Quine and Churchland refer to propositions as "abstract objects" and both want to eliminate these abstract objects or any need to consider them. Quine refers to the "disreputable origins of abstract discourse" in our evolutionary history. Such discourse must have had survival value but no longer does.<sup>18</sup> For Gibson, so-called 'concepts' are nothing but partial abstractions,<sup>19</sup> but the abstraction of the invariants is not an intellectual act of lifting out something that is mental from a collection of objects that are physical.<sup>20</sup> The point here is that, on the whole, theorists agree in rejecting any notion of abstraction that entails or implies an immaterial agent or any form of existence that might be immaterial.

But, on the other hand, the terms 'abstract' and 'abstraction' are typically used to refer to certain aspects of thinking. Quine claims that physics is more abstract than zoology because it entails a "more ruthless abstraction from differences in detail."<sup>21</sup> Philosophy then is even more abstract, seeking the "most general traits of reality."<sup>22</sup> In Churchland's description of how a computer network "learns" to distinguish between rocks and mines, he refers to the "internal pattern or abstract organization" that is characteristic of mine echoes as opposed to rock echoes.<sup>23</sup> Although Gibson denies that knowing and perceiving are kinds of "lifting out," he refers to knowing in terms of 'abstraction' and to perceiving in terms of 'extraction.'

So for the theorists in question, there is good abstraction and bad abstraction. But this good abstraction is never really explained. It seems to be the crucial step in the process of thinking but it is never directly addressed. When Quine reaches the point of stating his teaching concerning the logic of quantification, he puts it this way: "The doctrine is only that such a canonical idiom can be *abstracted* and then adhered to in the statement of one's scientific theory. The doctrine is that all traits of reality worthy of the name can be set down in an idiom of this austere form if in any idiom."<sup>24</sup> Churchland describes what happens in the formation of our most general, abstract plans and intentions: "Cells in the primary cortex project to cells in the secondary cortex . . . and these secondary cells are responsive to more complex and abstract features of the sensory input than are the cells

in the primary cortex. Secondary cortex, in turn, projects into the . . . tertiary or association cortex. Cells in the association cortex are responsive to still more abstract features of the original sensory inputs. . . . It would appear that the brain's most abstract and integrated analysis of the sensory environment takes place in the association cortex between the several sensory areas."<sup>25</sup> In each case, this is as far as the account of abstraction goes. And the account cannot go any further on the theorist's own terms, partly because the stimulus-response explanation cannot be adequate to what is in need of explanation and partly because the theorist is engaged in another kind of abstraction of which he is more or less aware--the kind of abstraction that produces theoretical constructs.

In order to display this kind of abstraction, we can look to what is regarded as the most important theoretical term in the theory of evolution, i.e., 'natural selection'. Natural selection belongs to the theoretical framework of evolutionary theory, that is, it is not directly observed but is inferred from what is observed. Futuyma refers to mutation and natural selection as the "theoretical mechanisms of evolutionary change."<sup>26</sup> 'Natural selection' is a theoretical term that has its meaning fixed by its role in the framework of the theory. I will follow Goudge's account of how this term became a theoretical term:

The term 'natural selection', like many other scientific expressions, has its roots in ordinary, non-scientific discourse. The word 'selection', for example, before it became part of the language of biology, had an established meaning in everyday language, where it designated a kind of purposive activity performed by human beings; the activity involved choosing some object . . . from a number of available alternatives. This is the sense in which Darwin first used the word . . . when discussing the effects of the breeding of domestic plants and animals. By 'artificial selection', men exercised a deliberate choice of the parents of each generation. Darwin then proceeded to employ the term 'natural selection' to designate a process which goes on 'under Nature', quite independently of human intervention. In this new context, 'selection' ceased to have a literal meaning, as Darwin clearly saw, and became a metaphor.

But the move from the literal to the metaphorical turned out not to be sufficient. For the evolutionary theorist "a sounder policy is to disregard the metaphorical significance of 'natural selection' and take it as a technical expression whose meaning is fixed by its role in the framework of evolutionary theory. The expression can then be freed from its associations with the idea of conscious choice which arise from the use of 'selection' in everyday discourse. . . ."<sup>27</sup>

The kind of abstraction that results in theoretical terms is an abstraction from metaphor. And this procedure is common in evolutionary theory and the social sciences that depend upon it. For example, we can speak of the strivings for survival and reproduction as two 'purposes' in a metaphorical sense.<sup>28</sup> The notion of adaptation "makes implicit use of the concept of 'purpose' or proper function."<sup>29</sup> We can say that reproduction is the link that connects the individual members of successive generations in an unbroken series provided we keep in mind that we are speaking metaphorically and that expressions such as 'the continuity of all living things' cannot be taken literally.<sup>30</sup> A living thing may be defined as "any semiclosed physical system that *exploits* the order it already possesses, and the energy flux through it, in such a way as to maintain and/or increase its internal order."<sup>31</sup> Organisms "serve the interests of their genes," but the interests of the organism

can clash with the interests of genes. DNA "communicates" with protein to instruct and guide its growth and behavior.<sup>32</sup> Genes have "purposes."<sup>33</sup> In pair-bonding species, males "know" where their genes are.<sup>34</sup> Gluttony is explained by the fact that the control centers in the brain "think" that the surplus of food will end.<sup>35</sup> There were selective pressures for more complex brains: a problem-solving capacity, an information storage capacity, and even abstract thought were "needed" at various times in the course of evolution. The term 'soul'<sup>36</sup> is a metaphor for our subjective experience.<sup>37</sup> Even Gibson, who resists so much of what is commonly accepted in the social sciences, refers to 'extracting' (the extracting that constitutes perception) as a metaphor.<sup>38</sup>

I am not now criticizing the sciences for the use of metaphor. What I am concerned with here is the status of these metaphors with respect to theory and to "theoretical terms." Terms or expressions are taken over from so-called ordinary speech and are used "in special ways" to convey scientific ideas. "At first these expressions have a predominantly figurative or metaphorical meaning in their specialized contexts. Repeated use, however, tends to alter the meaning so that the metaphorical aspects disappear. The expressions then become wholly technical terms whose significance is determined by their role in scientific discourse."<sup>39</sup> The expression starts out at the literal level, then becomes a metaphor, and then turns into a theoretical term. At that point the term is entirely cut off from its literal meaning. The term 'natural selection', for example, has no literal meaning. But it is supposed to refer to 'reality'.

The theorist's response might be that what I am calling the literal level is really just another theory. But the metaphorical level presents problems for the theorist's answer. The metaphorical level makes sense only if there is a literal level. "We can only recognize that an utterance is a metaphor if we know that it should not be taken literally: and this, of course, requires familiarity with the literal meanings of at least some of the words and phrases deployed in the utterance. Equally obvious is the fact that we cannot understand or be appropriately affected by a metaphor unless we are acquainted with the literal meanings of the terms used within it."<sup>40</sup> The literal meaning does not disappear when the word is used metaphorically. The metaphor is dependent upon the literal meaning. The literal level, then, is in some sense primary. The theoretical depends upon the metaphorical and the metaphorical on the literal. The theorist kicks away the linguistic ladder by means of which he ascended and stands in mid-air.

Further, the procedure of disregarding the metaphorical meaning of a term and then using it as a theoretical term with a certain, univocal meaning is ultimately arbitrary. "When a technical word is coined to designate some nonlinguistic phenomenon, or when a word . . . is taken over from ordinary speech and used to designate the phenomenon, a new semantic rule is required" to specify the range of application of the word. The formulation of the rule is "a human decision," and there is no point in complaining that this is arbitrary, "for there is no other or better way of arriving at semantic rules."<sup>41</sup> As Churchland admits: "the abuse of accepted modes of speech is often an essential feature of real scientific progress."<sup>42</sup> Within the context of criticizing certain notions of "abstract numbers," Frege describes the magical effects of abstraction: if you find that some property of a thing bothers you, you simply abstract from it and "in your possession of these miraculous powers you are not far removed from the Almighty."<sup>43</sup>

The procedure of arriving at theoretical terms in this way is not unlike what Quine means by 'analysis' and what Derrida refers to as 'erasure'. All presuppose that the literal level (or so-called ordinary language) has the same origin as the technical vocabulary, that literal meaning is arbitrary, a human decision.

When Quine explains what he means by offering an 'analysis' or 'explication', he says that "we do not claim to make clear and explicit what the users of the unclear expression had unconsciously in mind all along. We do not expose hidden meanings, as the words 'analysis' and 'explication' would suggest; we supply lacks. We fix on the particular functions of the unclear expression that make it worth troubling about, and then devise a substitute, clear and couched in terms to our liking, that fills those functions. Beyond those conditions of partial agreement, dictated by our interests and purposes, any traits of the explicans come under the head of 'don't-cares'. Under this head we are free to allow the explicans all manner of novel connotations never associated with the explicandum."<sup>44</sup>

Derrida's procedure of 'erasure' entails putting a cross through the word and thereby marking the absence of any signified. He thus takes himself to destroy any metaphysical baggage that normally accompanies the word. "There are, however, very definite problems for the reader in this procedure. For it is never clear what remains to be grasped when once a word appears under erasure. . . . Derrida recognizes the difficulty and invents the notion of a trace in order to circumvent it. In using a word under erasure, he concedes, one exploits its literal meaning in order to convey a specific sense, but having done so, one immediately disowns this meaning. It is this trace or 'echo' of its literal meaning which gives provisional sense to the utterance: a sense which is instantaneously withdrawn and denied."<sup>45</sup>

For Derrida, there really is no literal meaning. Whatever seems to have a determinate meaning must be metaphorical. There is no literal meaning because the so-called literal meaning "is always a function of the use to which we choose to put our words."<sup>46</sup> The vocabulary of science, then, is just one vocabulary on a par with all others and science can claim no special ability to impart "literal truths." Derrida sees through to the theorist's problem here.

For Quine "the positing of . . . extraordinary things [like molecules] is just a vivid analogue of the positing or acknowledging of ordinary things: vivid in that the physicist . . . posits them for recognized reasons, whereas the hypothesis of ordinary things is shrouded in pre-history." We cannot speak of the motives for this "archaic and unconscious hypothesis of ordinary physical objects" but the positing in ordinary language does not differ in function and survival value from that of physics.<sup>47</sup>

But in spite of the fact that the theorist wants to deny any special status to the literal level, he recognizes the primacy of literal meaning because he claims to impart "literal truths." For Quine, relativity physics is "the literal truth."<sup>48</sup> For Churchland, "Folk-psychology is literally a theory."<sup>49</sup> The "literal application" of such concepts as 'witch' has been permanently withdrawn and the concepts of folk psychology await a similar fate.<sup>50</sup>

The theoretical term simply becomes a literal term, takes on a literal meaning. Although it is two (arbitrary) steps removed from the original literal level and although it is supposed to have its meaning only in relation to the theory, it is the only speech that is truly precise, that refers directly--non-metaphorically--to reality.

Theoretical terms refer precisely and directly to what is real. The distinction between appearance and reality is fundamental here. For Churchland, "it is the job of science to throw back the enveloping shadows and reveal to us the inner nature and secret workings of the mind."<sup>51</sup> Futuyma claims that learning about evolution teaches one how to think, i.e., to see past superficial appearances to the reality beneath.<sup>52</sup>

The notion at work here is that the appearances are superficial and do not reveal the inner nature of the thing in question. Appearances can, in fact, be downright misleading. In this respect, the social sciences would seem to be simply following the example of the physical sciences. The study of human reality, it is said, need be no different from the study of physical objects. Churchland criticizes what he calls the "traditional view," i.e., the view that "once one is considering the states of one's own mind, the distinction between appearance and reality disappears entirely. The mind is transparent to itself, and things in the mind are, necessarily, exactly what they 'seem' to be."<sup>53</sup> The argument for dualism that is based on introspection is deeply suspect "in that it assumes that our faculty of inner observation or introspection reveals things as they really are in their innermost nature." But other forms of observation do not reveal things as they really are: "The red surface of an apple does not look like a matrix of molecules reflecting photons at certain critical wavelengths, but that is what it is."<sup>54</sup>

### *Agency*

It is important to consider here the kind of rejection of appearances that characterizes the social sciences: what is being rejected, how is this rejection accomplished, and what, finally, is the relation between appearances and reality for these sciences? The rejection of appearances is at least in part the rejection of agency, and it is accomplished by means of the kind of abstraction already discussed. The social scientist might respond that his rejection of agency is no different from the rejection of the notion of agency in physics. But it seems to me that the social sciences cannot defend themselves in this way because the relationship between appearance and reality for the social sciences is not the same as that for the physical sciences.

If we consider the rejection of the very term 'progress' from the theory of evolution, we can begin to see these features of the rejection of appearances. Huxley was willing to use the term 'progress'. He preferred to take over the familiar word *progress* rather than to coin a special term. But contemporary evolutionary theory finds this unacceptable. Defining 'progress' "in strictly biological terms" would require the exclusion of all elements of value from it. "Popular thought has often regarded progress and evolution as identical . . . since in ordinary usage the terms 'progress' and 'evolution' . . . do have an area of common meaning." The proposal to define 'progress' in strictly biological terms must begin from ordinary usage and attempt to proceed to a more precise meaning. But this attempt fails. As one critic of the attempt puts it: either the word is simply adopted



"as a label for biological phenomena which would be less misleadingly designated by a technical term having no analogue in ordinary language; or the attempts do not succeed in getting rid of the evaluative features of the concept but simply retain these features in a covert form." The procedure of abstraction, which is supposed to work in such cases as 'natural selection', does not succeed here because "the concept in its everyday use has an evaluative connotation which even a philosophical re-definition has to retain."<sup>55</sup> In spite of (or because of) the area of common meaning shared by the terms 'progress' and 'evolution' in everyday language, the notion of 'progress' cannot be retained in biological discourse.

If we consider the concept of 'purpose' we see the rejection of appearances even more clearly. And this rejection of appearances is a rejection of agency in nature. It is important to note that the theorist does not deny the appearance of agency in living nature. Goudge often speaks of the appearance of design.<sup>56</sup> In fact, he claims that "the general effect is that of a well-arranged scheme, exhibiting a remarkable degree of design. If one turns from the overall effect to the detailed characters of animals and plants, one is further struck by the fact that nearly all these characters appear to serve some purpose in the life of the organism."<sup>57</sup> We are not entitled to affirm or deny that there is purpose in nature, but we can speak of "ostensible design or plan" and of "apparently purposive forms of behavior."<sup>58</sup> Schwartz expresses the same notion: "Natural selection provides an unintelligent, non-teleological mechanism to account for what seems to be highly intelligent and goal-directed characteristics of organisms in the natural world."<sup>59</sup> It is "natural" to say that selection 'produces' effects and "this mode of speech readily suggests the idea of an *active force* at work."<sup>60</sup>

But this appearance must be rejected: "The system *seems* supremely purposeful, but this is only an appearance." Words like 'purpose' or 'interest' are only convenient anthropomorphisms "used to explain a process that involves no volition or intention on the part of agents."<sup>61</sup>

In his description of the Western "folk-model" of the mind, D'Andrade points to one of the major disagreements between this folk model and the academic (psychological) model. The disagreement centers around the question of motivation. The term 'motivation' has its roots in the folk model but has come to have a specialized meaning: 'motivation' does not refer to a phenomenological state or process, i.e., it does not refer to the conscious experience of the person. "Instead, motivation refers to a condition of deprivation or arousal of the 'organism' that is only variably correlated with phenomenological experience. . . . Most psychologists consider motivation to be a real rather than a hypothetical state of the person but not a state that the person is necessarily aware of." The psycho-analytic model, on the other hand, regards unconscious states and processes as the center of the causal system. D'Andrade concludes that "even though the academic and psychoanalytic models have their origins in the folk model, both are deeply at variance with the folk model. That is, the folk model treats the conscious mental states as having central causal powers."<sup>62</sup> Schwartz expresses this somewhat differently. For the behavior theorist "'Intelligent' action is not the result of planning and foresight; it is the result of selection of behavior that works by the principle of reinforcement."<sup>63</sup> The sociobiologist says that one must look beneath the surface for the true source of behav-

ior--inclusive reproductive fitness. We may want to deny this, but we only deceive ourselves. In the words of R. D. Alexander: "Selection has probably worked against the understanding of such selfish motivations becoming a part of human consciousness, or perhaps being readily acceptable."<sup>64</sup>

My point here is *not* to defend the notion that there is final cause operating in nature, that our minds are transparent to us, or that our motives are fully understood by us. My point is that the social sciences do not reveal to us the *causes* of those appearances. The appearances may be, in fact, misleading, just as the experience of seeing the sun move across the sky is misleading. But the astronomer can show us *why* we have that experience, and the social scientist cannot tell us *why* we have the experience of consciousness, of motivation, of action. The appearance of agency is systematically rejected in the social sciences. The terms in so-called ordinary language which express agency are declared to be metaphors.<sup>65</sup>

Even Gibson ultimately falls back on the stimulus-response account of perception. He insists that "perception is not a response to a stimulus but an act of information pickup,"<sup>66</sup> that our perceptual systems are active, not passive.<sup>67</sup> But when it comes to explaining what this information pickup is, he refers to "extraction" as a metaphor and he likens it to 'resonating' or 'being attuned to'.<sup>68</sup>

The social sciences cannot get beyond the stimulus-response account of human action. For Quine, "words mean only as their use in sentences is conditioned to sensory stimuli, verbal and otherwise. Any realistic theory of evidence must be inseparable from the psychology of stimulus and response, applied to sentences."<sup>69</sup> Churchland defines intelligence as "the possession of a complex set of appropriate responses to the changing environment."<sup>70</sup> E. O. Wilson defines mind as the summed activity of a finite number of chemical and electrical reactions.<sup>71</sup> Action, both intellectual and moral, is reduced to behavior.

One reason why the social scientist cannot get beyond the stimulus-response account, even when he wants to make room for human action, is that he sees action only in terms of force. Gibson notes that "animate objects differ from inanimate objects in a variety of ways but notably in the fact that they move spontaneously." Like inanimate objects, they can be moved by external forces, "but they can move actively under the influence of internal forces."<sup>72</sup> The view that action is "internal force" leads to claims such as this: "When we have characterized the biology of moods we will have characterized the major forces behind behavior."<sup>73</sup>

The human being as the object of the social sciences is, then, simply passive, subject to forces both external and internal. His responses to stimuli must always be selfish; he only deceives himself if he believes that he ever acts for other reasons and from other causes. And as Oakeshott claims: "The myth of the necessarily egocentric agent is a denial of agency."<sup>74</sup> Agency is denied both in nature (by the theory of evolution) and in man.<sup>75</sup>

*Autonomy*

But the agency and autonomy, which are denied to man as the object of the social sciences, are supposedly returned to him by these same social sciences. The claim is that we can be autonomous agents only through theory. Theory frees us from nature and gives us the power to truly direct ourselves.

Man is distinguished within nature by the fact that he is "the only living thing who is able to formulate a theory of evolution"<sup>76</sup> and this "pure knowledge is the ultimate emancipator."<sup>77</sup> The human species can change its own nature through the science of genetics,<sup>78</sup> and the "genetic analysis of behavior can lead to an increase not only in human welfare, but in human freedom."<sup>79</sup> Finally, the purposiveness which was so thoroughly expunged from nature is reintroduced. The theory of evolution is itself adaptive. The theory has enabled man to grasp important truths. "As long as he was ignorant of these truths or embraced false beliefs about the world and himself, he was faced with the problem of adapting to an environment which was a mixture of illusion and reality."<sup>80</sup> Until now, "man has not guided the overall course of his own evolution. And he has obviously not guided his own social and political history. What has happened in both these areas has been very largely blind! What *can* happen in the future has at least the possibility of being 'planned', since man has arrived at the point where his knowledge makes him increasingly able to modify, or even to direct (within certain limits) his own physical and cultural evolution. Should he ever succeed in doing so on a sufficiently grand scale, the evolutionary process will be purposive in a way that it has never been before."<sup>81</sup>

Only through theory can we be free agents. Everything depends on getting the right theory. The replacement of moral philosophy by moral theory reveals the same notion. In his discussion of the way moral philosophers have dealt with the question of abortion, Philip Abbott notes that "the philosopher's imagination is set loose to explore every possible moral dilemma *except* those which people confront in their everyday lives. The philosopher's response is that we cannot confront the human condition *directly*. . . . Philosophers have moved into the world of fantasy [talking robots, human cats, and Martians] in the same way and with the same verve that social scientists moved into the world of quantifiable facts. We are admonished to liberate ourselves, both from what are viewed as merely personal feelings and the superficiality of unordered reality in order to steel ourselves for the consequences of the real objectivity of method."<sup>82</sup>

The appearances must be denied if we are to be truly autonomous. The appearance of autonomy must itself be denied. Here again we see the character of the relationship between appearance and reality with respect to theory and its abstractions. The appearance of autonomy is not caused by real autonomy and is not explained by it. What we experience as agents, what makes us wonder about agency in the first place, is mere illusion, not simply misleading but thoroughly deceptive.

This explains, at least in part, why the theorist despises rhetoric.<sup>83</sup> Respect for the art of rhetoric assumes that, as agents, we can control ourselves and that this self-control is, in part, accomplished by reason speaking to and persuading the passions. But, for the theorist, this assumption rests on an illusion. We never really control ourselves; we control

only the environment. Schwartz criticizes the behavioral sciences because "the principles of behavior theory are restricted to operants and reinforcers whose sole relation is the contingency imposed by the environment."<sup>84</sup> But, in the end, he himself does not escape this limitation: "The social conditions in which people live can make them selfish and greedy. . . . But social conditions can be altered and, with them, selfishness and greed."<sup>85</sup>

The social sciences' claim to rule in the human world relies on a view of human passion that reduces the passions in man to mere animal impulse. This reduction is implicit in the stimulus-response account of action and its identification of action with behavior. But human nature is not identical with animal nature with respect to the passions. And the social sciences themselves reveal an implied recognition of this: one of their chief concerns is the restraint of human aggression and this restraint would not be such a problem if human aggression were merely animal. As Niebuhr maintains: "Human nature knows no animal impulse in its pure form. Every biological fact and every animal impulse, however obvious its relation to the world below man, is altered because of its incorporation into the human psyche. . . . Man has difficulty in controlling the vital force of the sex impulse not because nature has endowed it with an impetus beyond the requirements of human life; on the contrary the sex impulse is controlled with difficulty because it is *not* embedded in a total order of natural process in man as in animal life. Each physical impulse, freed of the restraints which hedge it about in nature, can therefore develop imperial tendencies of its own."<sup>86</sup> "This boundless character of human desires is an *unnatural* rather than natural fruit of man's relation to the temporal process on the one hand and to eternity on the other."<sup>87</sup> Aristotle puts it differently in the *Politics*: "Men do not become tyrants to get in out of the cold."

Theory cannot speak to the passions. Character cannot be formed by theory. Such a mistaken view produces men who, "convinced of their own benevolent motives, . . . mistake the exercise of these for moral conduct."<sup>88</sup> Deliberation and rhetoric are, at best, ignored by the social sciences. And this is as it must be for the social sciences can recognize no distinction between persuasion and force. (Seduction is rape.) Ideas can only be stimuli in the environment to which the human organism responds or responses in the organism to external stimuli, either external forces or internal forces. There is no essential difference between persuading a man--addressing him as a free, intelligent being--and physically compelling him, except that the latter is generally more efficient.

### *Philosophy*

Against the background of the deficiencies of theory as an account of the human, I now want to draw out some implications concerning the character of genuine philosophy.<sup>89</sup> I will focus my remarks about genuine philosophy on the issues of abstraction and univocal meaning. Philosophy is the activity that manifests the desire to say everything about everything. This is why the abstraction of theory is so unsatisfying. What philosophy seeks to avoid is, precisely, abstraction. I am not claiming that philosophy can accomplish this task and realize this completeness, but to abandon this task is to abandon philosophy. Even if theory is the best we can do, it is not philosophy.

The notion of an adequate account as a web of univocal meanings falls short of this philosophical ideal. In his Foreword to Owen Barfield's *History in English Words*, W. H. Auden refers to the attempt to create "a language in which, as in algebra, meanings would be unequivocal and misunderstandings impossible" as an "unphilosophical day-dream."<sup>90</sup> Auden explains that "we use words for two quite different purposes; as a code of communication whereby, as individual members of the human race, we can request and supply information necessary to life, and as Speech in the true sense, the medium in which we gratuitously disclose ourselves."<sup>91</sup>

The ideal of univocal meaning is a mathematical-scientific ideal which perhaps reveals the origin of theory in the origin of modern philosophy itself. The requirement of univocal meaning entails the belief that "nothing is really puzzling and that therefore there cannot be anything unclear that we can legitimately want to say. This belief is connected with another, namely, that one speaker does not *communicate* with another unless both understand what is said. In one sense of the word understand', this statement is a tautology; but it becomes questionable when 'understanding' is taken in the Cartesian sense of 'clear and distinct perception' according to which we cannot be said to understand a truth which remains mysterious."<sup>92</sup> Philosophy, on this view, must culminate in solving problems, not in wondering contemplation.

Univocal language is essential to the scientific task of manipulation and control. "Scientific language is technical language. This means that it is like an instrument in the hands of the user. Words are instruments which men use, and of which the user can determine the meaning."<sup>93</sup> Abstraction is the process by which meaning is fully specified, not by revealing the given depth of meaning, but by eliminating undesirable meanings. Univocal meaning serves the interests of technique. This is why theory can promise us salvation.

## Endnotes

1. I use the term 'social sciences' in this paper to refer to what others have called the 'behavioral sciences' or the 'human sciences'. In some respects, 'social sciences' is less accurate than either of these other names, but I use it because it remains the designation for a group of sciences within the university. I realize, however, that the methods and the subject-matter that I discuss cut across the boundaries of a variety of disciplines, some of which would not describe themselves as "social" sciences. I also recognize that what I describe here are trends in these sciences but that not all social scientists are in agreement with these trends. Finally, while the theory of evolution might be said to belong to the science of biology, I discuss it because the social sciences claim to base themselves, in large measure, on the theory of evolution.

2. Barry Schwartz, *The Battle for Human Nature: Science, Morality and Moral Life* (New York and London: W.W. Norton and Company, 1986), p.17.

3. Alasdair MacIntyre, *Whose Justice? Which Rationality?* (Notre Dame: University of Notre Dame Press, 1988), p.174.

4. *Ibid*, p.362.

5. *Ibid*, p.174.

6. Schwartz, *Battle for Human Nature*, p.239.

7. W.V.O. Quine, *Word and Object* (Cambridge, Mass: The MIT Press, 1960), p.3.

8. *Ibid*, p.161.

9. Andre Mercier, *Roseau Pensant* (Berne: Peter Lang, 1988), pp.124, 127, 140-142.

10. Edward O. Wilson, *On Human Nature* (Cambridge, Mass: Harvard University Press, 1978), p.7.

11. Quine, *Word and Object*, p.11.

12. MacIntyre, *Whose Justice?* p.333. Hubert L. Dreyfus provides a similar account of the characteristics of 'theory' in his "Holism and Hermeneutics," *Review of Metaphysics* 34 (September 1980): 4-6, 8.

13. This kind of rationality is distinguished from "argument".

14. Paul Churchland, *Matter and Consciousness*, rev. ed. (Cambridge: The MIT Press, 1988), p.164.

15. MacIntyre, *Whose Justice?*, pp.8, 354.

16. T.A. Goudge, *The Ascent of Life* (Toronto: University of Toronto Press, 1961), p.16.

17. *Ibid*, p.64.
18. Quine, *Word and Object*, p.123.
19. James J. Gibson, *The Ecological Approach to Visual Perception* (New Jersey and London: Lawrence Erlbaum Associates, 1986), p.261.
20. *Ibid*, p.249.
21. Quine, *Word and Object*, p.275.
22. *Ibid*, p.161.
23. Churchland, *Matter and Consciousness*, p.160.
24. Quine, *Word and Object*, p.228.
25. Churchland, *Matter and Consciousness*, p.160.
26. Douglas J. Futuyma, *Science on Trial: The Case for Evolution* (New York: Pantheon Books, 1983), p.203.
27. Goudge, *Ascent of Life*, p.96.
28. *Ibid*, pp.196-97, 205.
29. *Ibid*, pp.97-98.
30. *Ibid*, p.36.
31. Churchland, *Matter and Consciousness*, p.173.
32. Robert A. Paul, "The Individual and Society in Biological and Cultural Anthropology," *Cultural Anthropology* 2 (1987): 85.
33. Melvin Konner, *The Tangled Wing: Biological Constraints on the Human Spirit* (New York: Harper and Row, 1982), p.265.
34. *Ibid*, p.268.
35. *Ibid*, p.370.
36. *Ibid*, p.49.
37. *Ibid*, p.130.
38. Gibson, *Ecological Basis*, p.246.

39. Goudge, *Ascent of Life*, p.15.
40. David Novitz, "Metaphor, Derrida and Davidson," *The Journal of Aesthetics* (Winter, 1985): 101.
41. Goudge, *Ascent of Life*, p.138.
42. Churchland, *Matter and Consciousness*, p.31.
43. Gottlob Frege, *Posthumous Writings*, ed. Hans Hermes et al. (Chicago: University of Chicago Press, 1979), p.69. See also, Gottlob Frege, *Collected Papers on Mathematics, Logic and Philosophy*, ed. Brian McGuinness (Oxford: Basil Blackwell, 1984), p.343.
44. Quine, *Word and Object*, p.258.
45. Novitz, "Metaphor," p.106.
46. *Ibid*, p.105.
47. Quine, *Word and Object*, p.22.
48. *Ibid*, p.253.
49. Churchland, *Matter and Consciousness*, pp.59, 61, 66.
50. *Ibid*, p.44.
51. *Ibid*, p.83.
52. Futuyma, *Science on Trial*, p.220. Also see Ulric Neisser, "From Direct Perception to Conceptual Structure," *Concepts and Conceptual Development*, ed. Ulric Neisser (New York: Cambridge University Press, 1987), pp.21-22: categorization at the basic level is by appearances, but scientific categories are ultimately authoritative.
53. Churchland, *Matter and Consciousness*, p.75.
54. *Ibid*, p.15.
55. Goudge, *Ascent of Life*, pp.181-91.
56. *Ibid*, p.24, 113.
57. *Ibid*, pp.60-61.
58. *Ibid*, p.194.
59. Schwartz, *Battle for Human Nature*, p.195.



60. Goudge, *Ascent of Life*, p.119.
61. Paul, "Individual and Society", pp.84-85.
62. Roy D'Andrade, "A Folk Model of the Mind," *Cultural Models in Language and Thought*, ed. Dorothy Holland and Naomi Quinn (Cambridge: Cambridge University Press, 1987), pp.139-40.
63. Schwartz, *Battle for Human Nature*, p.145.
64. Quoted in Schwartz, *Battle for Human Nature*, p.209 (no citation given).
65. See Konner, *Tangled Wing*, pp.133, 180.
66. Gibson, *Ecological Basis*, pp.56-57.
67. *Ibid*, pp.149, 244.
68. *Ibid*, p.249.
69. Quine, *Word and Object*, p.17.
70. Churchland, *Matter and Consciousness*, p.173.
71. Wilson, *Human Nature*, p.1. The social scientist may use the terms 'action' and 'agency', but he is really always describing a passive process. The claim is made, for example, that genes are agents, "the real actors," and that they "possess the power of causation" (Paul, "Individual and Society," 84-85). With respect to human beings, acting is held to be practically synonymous to having consciousness by those who sense the inadequacies of the stimulus-response account (84). But consciousness is not identical with action. It is described as a kind of self-observation and the active dimension of consciousness itself remains to be explained.
72. Gibson, *Ecological Basis*, p.41.
73. Konner, *Tangled Wing*, p.104. See Charles Taylor, "Understanding in Human Science," *Review of Metaphysics* 34 (September 1980): 36, for an explanation of how the focus on 'behavior' in political science is "an attempt to characterize human action in neutral terms" and "to analyze away the language of desirability."
74. Michael Oakshott, *On Human Conduct* (Oxford: Clarendon Press, 1975), p.53.
75. It is worth noting here that human agency is assumed in the theory of evolution: human choice is the literal level from which the theoretical meaning of natural selection is arrived at through abstraction from the metaphorical meaning (Goudge, *Ascent of Life*, 192, 205). Then this human agency is declared to be a metaphor by the social sciences that take themselves to be in harmony with evolutionary theory.

76. Goudge, *Ascent of Life*, p.137. See also Konner, *Tangled Wing*, p.435; Churchland, *Matter and Consciousness*, p.142; and W.H. Murdy, "Anthropocentrism: A Modern Version," *Science* 187 (2 March 1975): 1169.
77. Wilson, *Human Nature*, p.96.
78. *Ibid*, p.208.
79. Konner, *Tangled Wing*, p.105.
80. Goudge, *Ascent of Life*, p.207.
81. *Ibid*, p.205. See also 144, 209, and Murdy, "Anthropocentrism," p.1171; Futuyma, *Science on Trial*, p.110.
82. Philip Abbott, "Philosophers and the Abortion Question," *Political Theory* 6 (August 1978): 318-19.
83. See, for example, Konner, *Tangled Wing*, pp.168-69; Futuyma, *Science on Trial*, p.178; Gregory Bateson, *Mind and Nature: A Necessary Unity* (New York: Dutton, 1979; reprint ed., Toronto and New York: Bantam Books, 1980), p.150; MacIntyre, *Whose Justice?*, pp.56, 57, 62, 67, 70, 86-87. For MacIntyre, rhetoric is non-rational. The theorist's attitude toward rhetoric also points up the assumptions concerning the relationship between soul and body, or mind and body, that are inherent in the theorist's claims to rule.
84. Schwartz, *Battle for Human Nature*, p.131.
85. *Ibid*, p.312. In contrast, Wolfensberger insists that the goal of the education of the retarded is self-control. See Wolf Wolfensberger, *The Principle of Normalization in Human Services* (Canada: National Institute on Mental Retardation, 1972), pp.63, 139, 146, 151, 162, 163.
86. Reinhold Niebuhr, *The Nature and Destiny of Man*, 2 vols. (New York: Charles Scribner's Sons, 1943), 1:40.
87. *Ibid*, p.253. See also p.179.
88. Oakeshott, *Human Conduct*, p.65. It is worth noting that the notion of theory that I have been discussing gives rise to two opposite conclusions: that there is no true agency or autonomy except through theory and that theory and action are opposites, that true autonomy is only manifested in actions for which one has no "reasons." These two opposite conclusions might be characterized as rationalism and irrationalism; both lead to disastrous consequences in the real world. Charles Taylor, in his "Interpretation and the Sciences of Man," *Review of Metaphysics* 25 (1971), provides an account of the way in which the theoretical and the practical are related in our understanding of ourselves. See especially pp.16, 47-48, 51.

89. I am indebted in some respects to Oakeshott's characterization of philosophy in *Experience and Its Modes*. My own analysis of "abstraction" is, however, quite different from his, although it may be compatible with his.

90. Owen Barfield, *History in English Word* (Lindisfarne Press, 1985), p.9.

91. *Ibid*, p.7.

92. Michael B. Foster, *Mystery and Philosophy* (London: SCM Press, 1957), p.17.

93. *Ibid*, p.54. Gian-Carlo Rota writes of the "mathematicizing philosophers' that they mistakenly infer that philosophy would be successful in solving its problems if it dealt with unequivocal statements. Gian-Carlo Rota, "The Pernicious Influence of Mathematics upon Philosophy," *Synthese* 88 (1991): 165-78.

# Toward a Liberal Theory of Ideology - A Quasi-marxian Exploration

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## Summary

This paper sketches a theory of "ideology" of broadly marxian type, but at once more general and more modest. Ideology is at work when there is an interest on the part of the rulers in bamboozling those they rule: acceptance by the ruled class of those ideas serves to support and enhance the power of the rulers. It also explains how this is not only possible but probably inevitable in a liberal democracy. It does not claim that ideological motivation necessarily invalidates all claims made by the rules, or that its hold on the society is all-pervasive, or that ethical and political philosophy (say) are undermined because of its operation. It does suggest that liberal democracies are likely to be both less liberal and appreciably poorer as a result of the operation of ideological factors.

## Introduction

One of the more suggestive but not very satisfactory components of Marx's general theory was his theory of "ideology". As he expounded it, the ethics, religion, and philosophy (and maybe some other things), of a given "era" were part of a sort of conspiracy by the "ruling class", which he and his followers called the "bourgeoisie" and identified with the "capitalist" class. The effect of this conspiracy was to keep the masses in their place, construed somehow. Along with this went an implication that ideas used for this purpose were either false or perhaps meaningless. Being part of the ideology undermined their status as independent claims to truth. This seems to have led to Marx's tendency to reject ethics and ethical theory as meaningless shams, among many other things. Perhaps most unsatisfactorily of all, the scope of his claims was such that Marxism itself looks rather like one of the things that ought to have been undermined by his theory - surely an embarrassment for any self-respecting social theory.

The theory sketched here is not put forward essentially as an interpretation of Marx, though it does owe much of its inspiration to him; hence the subtitle 'quasi-marxian'. I shall, at any rate, be concerned to indicate where the proposal is and where it is not in agreement with (what I understand to be) Marx's version. It is, however, put forward in its own right. Nothing that follows should be understood to depend conceptually on anything's having been said or thought by Marx. (Since, as will be evident, I have no use whatever for Marx's economics or for his socialist political theories, the latter caveat is no doubt a welcome one to some).

The exposition here has two aims. First, there is the aim of generalizing the idea: making it independent of Marx's critique of capitalism, for instance, and in principle

applicable to any number of specific social configurations and economic arrangements. The second aim is to develop a modest but, I think, reasonably important application to our own day. There is ample room to suggest that a substantial ideological component affects, as a quite inherent side effect of our political system, the politics (and thus the economics) of the liberal-democratic societies that are dominant in our era.

### **Ideology Theory: Basics**

The essential components of an ideology theory would seem to be these:

- (1) a "ruling class" (which we will call 'R', for 'rulers'), distinguishable from a "ruled class" (we will call it 'C' for 'citizens');
- (2) a recognizable set of interests of R, *in conflict with* the interests of C, such that R is interested in its being the case that C has certain beliefs, which
- (3) are either false or meaningless, and which
- (4) R has the power to induce C to believe.

The central claim of the theory, then, is that in the political systems in question, rulers have an interest in, and the power to, bamboozle their subjects on matters of importance to the latter; and that, because they do, there is an appreciable probability that the idea and information disseminated by those rulers on those matters is both open to suspicion and likely to be worthwhile suspecting on the part of the citizens.

Let me caution that it need *not* be part of the burden of an ideology theory that the phenomena captured by it be all-pervasive or irresistible or even merely overwhelmingly dominant. In particular, for instance, nothing requires that *all* of the ideas which R would like C to believe are either false or contrary to C's interest. What is required, for an ideological theory to have scope, is only that *some* have those characteristics. Moreover, it is not flatly assumed that ideology is unjustifiable, overall. Perhaps in the grand perspective of all things, Plato's Big Lie might be benign after all? What is argued is only that the phenomenon of ideology in the sense we hope to capture here is important, and affords, so far as it goes, a *prima facie* significant kind of criticism of the operation of any polity in which it is a significant factor.

### **Ideology and Conflicting Interests**

The leading idea of any such theory is that ideas are *used as tools on behalf of the interests of the rulers*, and are so used in such a way as to go *against* the interests of the ruled - or at least, against their interests as *they* conceive them. Of course, when we say that "ideas" are so used, what we mean is that their *propagation* is so used. The reason why A tries to induce B to believe p is not because A *believes* p (or not only because of that; we must allow for the - rather important, I think - cases in which A also believes it), nor that it would be *useful to B* to believe p, but rather that it is *useful to A to have B believe p*.

Thus, to make the theory plausible, we need to show that the rulers whose behavior we are considering do have such an interest and that it is indeed contrary to the interest of subjects. The latter is essential, for, to remind the reader, it is by no means maintained that *all* ideas circulated by rulers involve this kind of conflict. If that were so, things would be far worse than they are; indeed, it is reasonable to suggest that they would be downright impossible. (How do you run a post office if *everything* the clerk tells the user is false or meaningless?). It is just that where the interests of R and C are at one with respect to p, and p is true, then we do not have "ideology" - we simply have education, enlightenment. One could use the term 'ideology' more broadly, shorn of any requirement that the ideas in question be either false or contrary to the interest of the subordinate class, but that seems rather pointless.

In saying such things, we imply that there is, in the cases in question, a *conflict of interests* between R and C. In attributing such conflicts, we have to be cautious about the sort of interests we have in mind, and the sort of evaluations being made.

First, we had better distinguish between a person's *interests*, generically, and her *self-interest*. We may be, and usually are, interested in all sorts of things, typically including various other people. When I am (positively) interested in you, then the fact that you do well, in the respects I am interested in, serves my interest as well, so far as it goes. It does so by serving this particular other-regarding interest in you.

There is an extremely important, and very difficult, question whether my interest in you must at some point or other be based on your self-interest. The thesis that they must would say, for instance, that if I claim to be positively interested in your welfare, then what I am interested in is that certain states of you obtain which are in your interests *tout court*: e.g., my interest that you will be fed is an interest in a state of you that can be defined independently of my interest. Of course, there could also be negative other-regarding interests: if I am a sadist, I might be interested in you starving or being tortured to death.

There can also be other-regarding interests whose objects are definable independently of the interests of the persons in whom the interest is taken. I could be interested in your having a characteristic about which you simply do not care, one way or the other.

Is it conceivable that I should have an interest in an irreducible relation between me and you, not definable independently of either of us? Some have talked as though some important personal relations, such as love, are like that. But - luckily - we need not pursue this further here. What matters is that for purposes of making good claims about ideology, we must specify interests of the ruled in a plausible, recognizable way, such that the range of ideas focussed on in the claim works contrary to their interest, in the sense that acceptance of them will motivate action (or inaction) on the part of C that is suboptimal from C's point of view.

Conflict of interest between one person and another obtains when what is in one person's interest is such that if it is realized, then the resulting state of affairs would be against the other's interest. In a straight zero-sum game, A's gain is B's loss, and vice versa. In most of the situations of interest to political philosophy, though, this special case

is not what is going on. Rather, it is that if x is done, then the result is worse for B and better for A, whether or not A actually *identified* his interest with B's loss. One not only hopes, but really supposes, and plausibly so, that modern "rulers" in the liberal democracies do not positively hate their subjects.

### Establishing Motivation

This requirement that the theory be able to characterize the opposed interests in a plausible way is an important one, for one of the main responsibilities of a theory of ideology is to provide plausible accounts of the motivations of the actors. Absent this, its purported explanation of the phenomena it considers would not be plausible. In Marx's case, for example, his theory is unable to explain why capitalists are supposed to be "interested" in doing down the proletariat, for that is an aim that makes no inherent sense in capitalist society, especially at the "class" level.

This point is an extremely important one, and it is worth pausing for a moment to consider the failure of Marx's own theory in regard to the motivational question. Marx supposed that there was a general conflict of interests between owners and workers, a conflict leading the owners to "exploit" their workers by paying extremely low wages. Now, owners do, of course, have an interest in minimizing their costs, which include wage costs. True. But on the other hand, they also have an interest in selling to as many people as possible. The latter interest requires that those people, the potential buyers, have enough income to buy the goods that the owners wish to sell to them. So which of these two interests is the greater? It doesn't take a lot of insight to see that the latter interest is the greater, by far. If nobody can afford his goods, the capitalist will go out of business no matter how badly he treats his own employees. But if everybody can afford them, on the other hand, then he will be able to afford to pay his employees well and still make money. A Marxian could counter this by claiming that capitalists were too short-sighted to see this, but if one takes that line, it goes counter to his insight that we should be talking about *objective* interests. Besides, Marx's standard case (rightly) was that of *mass* production. A mass-producer who doesn't see the wisdom of having millions of ready buyers able to buy has to have quite a lot less savvy than even Marx's theory can feel comfortable positing.

To put the point more generally, while we might try crediting people with a general interest in dominating others for its own sake, this does not seem a plausible view. What makes a lot more sense is when the domination in question results in some *independently specifiable* gain for the dominator. Thus the hold-up man may or may not want simply to dominate his victim, but if he's picked the right victim, then the result of his domination will be a considerable increase in the dominator's disposable income. And that does make sense. Almost no matter who the dominator is, it is understandable that he would be interested in increasing his disposable income - the class of potential dominators is very large indeed if that is the motive.

Note that there is no intention, and no need, to elevate pecuniary motivation to the status of an *a priori* truth. What makes money a plausible object of desire is precisely that it is *not* intrinsically valuable. Rather, it's that it can be exchanged for almost anything,

and so its *extrinsic* value is extraordinarily widely based. It was reasonable for Rawls to have classified income and wealth as "primary goods". For him to so classify domination, on the other hand, would have been, I think, bizarre. Such a hypothesis would have to be defended by resorting to spelunking in the murky caverns of depth psychology - not a move to be commended to the aspiring social theorist.

### Liberalism and Ideology

Another point of importance here is: who evaluates people's situations? Clearly it is possible for A to think that x is good for B when B does not himself think so. This could happen either because A believes some matter of fact that B doesn't, though such that if B did know it, then B would come to agree that x was good for B; *or* it could be due to a "basic value disagreement" between them. Suppose - to take an example dear to this writer's heart - they disagree about the intrinsic value of Mozart's quartets. A might think that B was better off listening to Mozart even if B manifestly hated it. But while he could think this, he has, according to the liberal, no business acting on that view. In the liberal view, the view about A's interests that is definitive for social purposes is A's. Each person is taken to be the ultimate authority on his or her own interests. (This might be distinguished from the claim that a person is the "best" judge of them. There is room for reasonable, as well as unreasonable, disagreement about that).

I shall, then, be advancing a Liberal theory of Ideology. The theory is that some people, the "ruling class(es)", tend to propagate half-truths and untruths to the ruled, who in consequence act so as to solidify, expand, and/or enhance the private interests of the rulers. Like all ideology theories, this one is Thrasymachean, except that Thrasymachus insisted on *defining* justice as 'the interest of the stronger party' - or anyway, so Plato's translators have him saying. That's silly. Of course what is in the interest of the stronger party isn't by definition just; but the rulers do it anyway. This is not necessarily because they are evil but merely because they are *people*, and thus can be expected to have a natural bias toward their own interests. In the theory being expounded here, the rulers propound as "just" various ideas and bits of information which are in fact either vacuous or false, and do so because it serves their interests as private persons that those things be generally believed, and are able to get people to accept them precisely because they are the rulers. From the liberal point of view, of course, this is a *misuse* of the ruling power. But conservatives could hold otherwise, in various ways that we needn't detail here.

An interesting further question is whether we should suppose that people have an interest in the truth, so that anyone attempting to induce someone to believe a false proposition is thereby working against that person's interest. If we were Plato, of course, we could just posit this. But - being liberals - we aren't, so we need an explanation. However, for present purposes we need only point out that what the class being bamboozled is being bamboozled *about* are things in which they have (other) interests. An intrinsic interest in knowing, for its own sake, while not altogether implausible, is fortunately unnecessary.



## Ideology and Truth

We may distinguish, for present purposes, three theses concerning the relation between ideological employment and truth that have been associated - rightly or wrongly - with Marxian ideology theory.

- (a) Crucial to ideology theory is the general idea that the use of ideas for "ideological" purposes *calls their truth into question*. (Or it may call their meaningfulness into question, but this has the same effect: if a sentence is meaningless, it is certainly not true, whatever else it may be).

Two further theses are, I shall argue, not crucial to it, but certainly have been major components of the Marxian versions. They are:

- (b) that certain *kinds* of ideas - notably moral ones - are *inherently* "ideological".

If we combine these two theses, and add that the prevailing ideas of an epoch are put into circulation by its rulers, then we arrive at the conclusion

- (c) that all normative ideas, or more precisely all normative moral and political ideas, are *inherently false or meaningless*, owing to their being hopelessly "ideological".

My proposal is that we should basically accept the first thesis, but, with some qualifications, reject the second and third.

(1) The fact that A's conveying of theses p to person B has that motivation on A's part is certainly *ground for suspicion* about p. But it is not in general a *sufficient* ground, and certainly not a logically sufficient ground for convicting p either of falsehood or meaningfulness. If A's *only* reason for saying something to B is to put B at some sort of disadvantage, then A is saying this for reasons having nothing to do with its truth. In this case, then, *his saying it* provides *no presumptive evidence* for its truth. This is important, for ordinarily when someone sincerely says something, this *does* provide such evidence. Obviously, it does not provide conclusive evidence. No one is infallible, people make mistakes, and so on. Nevertheless, people normally talk about things they know something about, and speak with a view to conveying information. And very often, the fact that some person whose motives we have no particular reason to suspect has said something is just about the only "evidence" the hearer has to go by. In the cases we have in mind, however - cases which include the ideological ones with which this paper is concerned - the truth is *randomly* correlated with the spontaneous statements of the "ideologist", that is, with those whose motive in speaking is, say, private profit or the promotion of some cause rather than the supplying of information.

Even so, though, that simply doesn't prove that p is false, nor that it is meaningless. It isn't just that the monkeys-typing-the-encyclopedia scenario is logically possible, but rather the fact that our inherent conceptual organization as information-managers is strongly enough oriented toward truth that it's just not plausible to suppose that everything said by an ideologist would be false. All it shows is that there is genuine reason for

suspicion. Given the character of our information source, *p* might very well be false, and that we therefore should not rely on *A* as a source of information about the matters *p* is concerned with. Independent verification is recommended.

In fact, as we all know, there are many kinds of statements that can lead us astray. There is, for example, the famous trilogy of "lies, damn lies, and statistics". In fact, the typical case in the modern world for the sort of theory I am sketching lies in the third class. More broadly, this is the class of "half-truths"<sup>1</sup> - characteristically much harder to detect than outright lies, often enough. Not always, to be sure - it depends a lot on how gullible *B* is and how much perceived ideological authority *B* is inclined to attribute to *A*. Hume's simple fisherfolk or unlearned peasantry will swallow stories of miracles that a more discerning individual would attach no credence to. Outright lies had better be addressed to those in a state of, as we may put it, epistemological destitution, or to those who are strongly motivated to believe *some* story and ill-equipped to check it out in the time available.

As to "damn lies", we might, for the sake of elegance, classify outright mystification in this category - things like religion, or Hegel's theory of the State. Being propositions that make no evident sense, though somehow imparting an uncomfortable feeling of profundity, they are obviously useful to the aspiring tyrant. What's more, because of their obscurity, they intrigue the scholarly and the philosophical so much that it is likely to be quite some time before the basically empty character of these propositions emerges in the light of rational reflection.

Statistics, however, are another matter. They are the new growth industry for the aspiring tyrant. The field is rife with possibilities. Ordinary people, even those with considerable education, don't understand statistical reasoning very well, and are easily led to believe what is false when it is presented in statistical guise. This remains true even - indeed, especially - when the "statistical" claims are expressed in nonstatistical terms. For example, high on the current list are claims to the effect that substance *x* is "dangerous", or "can lead to" such familiar evils as cancer, heart disease, etc. Indeed, the terms 'true' and 'false' become misleading in the area of statistics, where half-truths and tenth-truths are the problem, rather than simple "untruths". The false proposition that the Ruler, in the mouth of his agent, the civil servant, wishes to leave the public persuaded of is "this stuff is so dangerous as to constitute a good reason why *we* [that is, the government] should do something about it". Meanwhile, the true propositions that are all he has going for him are such as "this stuff leads to death in about one case in two hundred million". If the cost of the proposed program to deal with the stuff is the equivalent of, say, ten deaths in two hundred million, then it is not in the interest of the public to support that program. But who in the government is going to appreciate that point, subversive as it is to the (well-paid) involvement of the rulers?

A significant part of what I take to be the Marxian program that I do accept here, then, is the assumption that the particular purveyor of *p* need not be "lying" at all. He may be quite sincere in supposing that *p* is true. Yet the fact that he says it, given his interests, is nevertheless ground for caution. As the Marxists put it, this is a matter of the objective situations of the persons concerned, and not necessarily or primarily a matter of their

phenomenological surface motivations. The fact that your believing *p* would be in the purveyor's interests is an important point about the situation, and gives you reason to check it out. When the scientist dutifully reports that there is a serious problem about *x*, the public looks at his scientific credentials - but not the fact that he only gets his research grants if it seems that there *is* a "serious problem about *x*". Needless to say, the number of "serious problems" will skyrocket under these conditions. Yet the scientist may be perfectly serious when he says this.

A part of the Marxian program that I emphatically reject, however - if indeed it was his, which may be debatable - is the one that got him into most trouble: namely, the idea that the occurrence of an idea, especially a normative one, in these contexts *ipso facto* demonstrates either its falsity, or its lack of independent meaning. This is just a mistake, so far as I can see, but it is a very serious one. *Some* of the ideas that occur in these contexts may well be meaningless, in some suitably garden-variety sense of 'meaning': religious views, for instance.<sup>2</sup> But I assume that typical normative assertions, for instance, are meaningful, and their use in such contexts has no tendency to show that they are not. To repeat: their occurrence in these contexts is merely ground for suspicion, not for outright rejection.

However, the suspicions thus engendered can only be checked out if there are independent grounds for doing so. If, somehow, the very meaning of what you say is *totally* contingent on the context in which it is functioning as "ideology", then perhaps that renders it meaningless; at least it would seem to render it hopelessly untestable. An example might be afforded by the case of preachers and mystics who get people under their power by sheer force of animal magnetism, personal charisma. The person who succumbs to this power might find it impossible to explain what 'p' is supposed to mean, and might insist that either you take it or you leave it, for no independent check is possible, even in principle. ("I *know* that my Redeemer liveth - but don't ask me how I know it!") Cases like this are important for normative political purposes. Their main importance is that an enormous number of people do have beliefs of just that kind, and those beliefs characteristically imply (so he thinks) positions on public policy matters.

I take it to be clear that no public policy should ever be founded on claims having only that status; yet democracy, especially, provides no check whatever on the voter whose vote is subservient to his religious interests. This last is itself a normative claim, of course. But then, that normative claims in general, and political and moral ones in particular, are (that is, can perfectly well be) meaningful and susceptible to rational analysis and discussion independently of their occurrence in any ideological contexts, is a general presumption of my proposal, in marked contrast (at least apparently) to the Marxian version of the theory.

In fact, I suggest, there is no more reason why ethical or other normative propositions should figure as values of *p* for ideological purposes than factual, scientific, or even logical or mathematical ones. This is by no means to marry ethical naturalism. Let's grant that at the bottom of any practical argument we must have some normative premises. But those are just the *major* premises; the minor ones, as Aristotle noted, are and indeed must be of a factual character - for if they weren't, we would lose all connection of the basic value

premises with outputs to action. Now, what matters to A, our aspiring ideologue, is only that A can bamboozle B to the *practical* effects he wants by means of making the particular claim in question, and nowadays ideas with a "scientific" ring to them are at the top of the list. Marx's own shabby economic analysis, indeed, is, in my view, a fine example of the action here. Its claim to be "scientific", in contrast to the hopelessly "utopian" theories of its rivals, were a major source of its remarkable power to bamboozle, and they were in fact used to induce millions of people to act in ways that were deleterious to those people, though highly conducive to putting and keeping the Rulers, such as the members of the Communist Party, in power.

### Specifying the "Rulers"

This brings us naturally to the question of just who is the "ruling class?" Here we need to make a distinction between what we may call the *general* and the *special* forms of our theory. The general form doesn't have to be specific about this. It merely says that the ruling class are whatever people rule in the sense of 'rule' that the theory has to explicate. Having the power to make people do things, and in particular, enough to make it possible for them to get away with bamboozling people, in particular the power to make it quite probable that when they tell people that p, those people will believe p, is of course essential if the theory is going to work. Just which people the latter are is a matter for detailed empirical investigation. But the formal power to "make people do things", as I put it, is of course possessed by the government, by definition. Whoever is in the ruling class, the rulers should be!

*Special* instances of the theory would then need to supply specific values for the ruling-class variable, claiming that this or that group is in fact the ruling class, whether or not it looks like it. Marx, notoriously, proposed that the "capitalist" class were the culprits, by virtue of "owning the means of production". The special theory briefly sketched in this paper rejects Marx's analysis as not only completely off-base but as being itself ideological, in the sense relevant to theories of this type. Specifically, his version is (1) independently wrong - its arguments fallacious, its assumptions either false or meaningless, and quite unsubstantiated by the evidence, if evidence is allowed to be considered; yet (2) very much in the interests of a certain class, to wit the class of leaders and bureaucrats that would be spawned in systems formed under the influence of advocates of his views - and (3) against the interests of the people - specifically of the class of producers, broadly speaking, by which I mean to include, as Plato does, *both* the "proletariat" *and* the "bourgeoisie", even though ostensibly out to serve those interests. Whether Marxists deceived themselves is, on the construal developed here, beside the point; that they deceived those over whom they came to have so much power is central.

### Liberalism - A Primer

It is fashionable these days to suppose that any and all questions, including what used to be regarded as sheer questions of definition, are deep and dark, requiring elaborate, evasive, and "iffy" answers. Certainly liberalism is among the topics so treated. Nevertheless, I shall offer a thumbnail sketch of the basics of liberalism, in its most general sense.

There are two defining features. First, and obviously necessary but, definitely not sufficient, is that the *sole* purpose of government is to *serve the governed*. Government exists *exclusively* for their good. Members of government are, of course, people, and *inter alia*, good government, if that is possible, would serve their interests along with everyone else's. However, that is not to be from the claim of Thrasymachus, that the smart ruler exploits his position to the maximal advantage of himself.

It must, of course, since it is concerned with *all* the people, aim to promote the *common* good, not the good of any particular class.

The other condition is the *differentia* of liberalism. According to it, the good of the people is determined *by* those people themselves. More precisely, the good of any individual, for political purposes, is a matter on which that individual himself is the *ultimate authority*. Others may advise, suggest, attempt to persuade, even reprimand, but when it comes to identifying A's good, we must in the end consult A, not anyone else.

Condition (1) may not be beefed up. The ruler needn't be Thrasymachus. He may instead be Plato, in some version or other - equipped with a political outlook, a view of human nature, ideas of what life is all about. But Liberalism says that when he acts as a ruler, these views of his have *no special status*. He may not formulate government policy on their basis any more than on the basis of his own pecuniary interests. The government, must, as the modern theorists put it, be neutral as between any and all such views or theories: it may attend only to the interests of all individuals.

In so saying, the liberal is, of course, putting forth a theory himself. But it is not a theory of the same type - not a theory of how each person should live his life, but rather, a theory about how an agency entrusted with power over all ought to use that power, on the basis entirely of the interests of those they exercise it over in their on-going relations with each other.

Naturally there is disagreement about just how the liberal idea is to be realized. But what has been said is sufficient for identifying what is objectional about Ideology in government.

### **Liberal Ideology Theory**

In the version put forth here, then, the culprit class consists, in the first instance, literally of the rulers, that is, the holders of political power. Of course, in a democracy, these rulers are supposed to be, and in a quite straightforward sense really are, "the people", though at any given time, of course, only the majority or perhaps even more likely, a plurality. However, the set concerned may be reasonably expected to be rather larger than that. Just as Marx had to distinguish between the capitalists and their lackeys and dupes in order to accommodate the apparently extensive number of persons not officially capitalists whom yet he would have wanted to count as serving their interests, so we make here a similar distinction. Specifically, we mention the following:

- (a) officials, elected or otherwise (but especially otherwise), and the subordinates in their bureaucratic domains, who may be viewed as one sort of "lackey" class;
- (b) the majority voters, who give them their power, and so may be accounted among the primary conspirators, in one sense, even though they (along with the rest) are also ultimately fellow members of the bamboozled class. And finally, we have
- (c) the set of persons who in one way or another benefit by being aligned with the former classes: educators in publicly owned school or university systems, welfare recipients, trade unions benefiting from legislation entrenching their positions, journalists, and so on.

In a democratic election, the voters vote for some or other policy in the expectation that if they get their way, the rest of the people will be obliged to pay for some privilege or benefit collected by those who voted for it. This makes them the primary culprits, in a weak sense. As a refinement, however, we can identify, within the majority in question:

- (b1) the class of immediate beneficiaries of the proposed policy, which is not likely to be an outright majority nor even necessarily a majority of the majority who voted in the legislators (who in turn make the hoped-for policy a reality) but who have a strong interest in bamboozling the rest of the voters into accepting the ideological basis for this beneficiary class' preferment by the proposed policy; and
- (b2) the rest of the majority that ends up supporting them. Together, this class - which is a democracy is the ultimate ruling class, of course - sustains and empowers the (a) class, which in its turn may usefully be divided into
  - (a1) a small class of elected *legislators* and, in some systems, elected highest administrators or judges who enact, enforce, or interpret the "laws"; and
  - (a2) the rather large class of appointed officials who administer the policies in question at the lowest, middle, and next-to-highest levels, that is, the *bureaucracy*.

It is especially this latter class, a2, in whose interest it is to propagandize for the causes allegedly served by the policies in question. Bureaucratic imperialism holds sway. Ministers want larger ministries, their underlings want more secretaries and gofers, and all want job security, which is much promoted by convincing the public that they are Doing Good. And, indeed, convincing themselves while they're at it - who wants a civil servant who is insincere, after all?

A further effect should be noted. In a democratic system, the legislators are elected. But everybody gets the vote - both the civil servants and the rest of the populace. So once the civil servant class gets very large, and a very large fraction of the populace owes its living to The System, if we assume that people vote in their own perceived interests, we get the result that the legislature will be elected to a large extent by the very people who benefit from the sort of legislation that entrenches and expands the civil servant class. Even if civil servants are not in a majority, yet if they vote as a block, their influence on

the election will often be decisive. Where they are an absolute majority, as is readily conceivable (and probably true right now in Canada, for instance), their hold on the system will amount to an unbreakable hammerlock. Big Government in a democracy is thus self-perpetuating, regardless - within very wide limits - of its real contribution to the public good.

### **Sources of Ideological Control**

Finally, if we ask why this class is very likely to succeed, the short answer is that even though in liberal democracies there is a free press, yet the government's power to influence is quite enormous. As time goes by, of course, because of the last point made above, they will largely be preaching to the converted. Few bureaucrats are of the view that we should greatly reduce employment in *other* parts of the bureaucracy. And if, say, the Universities are all financed entirely by the State, it will not be surprising if policies involving an expansion of State power are very popular, and if many of them are readily brought to agree that the State is a doer of great good for the public, which would - of course! - suffer if left to their own devices. So people pointing to embarrassing counter-examples or the lack of any real evidence for proposed policies are readily shunted aside as voices crying in the wilderness. "Political Correctness" prevails, and considerations of independently confirmable truth are largely shunted aside.

Fleshing out such a theory on the empirical side would involve further detailing of the methods by which the ruling class in a democracy has scope and power to mislead the citizens in its own interests. We are here, of course, only setting forth broad outlines, within the confines of a journal-article length paper.

### **Summary**

This brief presentation is intended only to show how the general idea of ideology can be generalized out of its original Marxian setting, where it did not fare very well, and used to analyze political situations of the kind that Marxists did much to bring about, as well as to the familiar more or less liberal democracies that predominate in today's world. The conclusion drawn in the latter case is that democracy offers great scope for the operation of ideological factors in affecting the shape of policy and the design of institutions. And that it is not going to be easy to rectify the results, for the same reasons. Liberal democracy can be expected to give us a society much poorer, and a great deal less liberal, than people might have hoped, or indeed still imagine.<sup>3</sup>

## Endnotes

1. I thank an anonymous reader for the Canadian Philosophical Association, to which this paper was first presented, for the suggestion that I increase the amount of attention paid to the category of half-truths. That, indeed, is where the main action is.

2. Lest I be thought to be displaying an anti-religious bias here, I point out that the "suitably garden-variety sense" in which religious claims are meaningless is the one needed for public affairs: *public* confirmability, on the basis of *publicly* observable evidence. Perhaps we get some insight into Marxian "materialism" in this respect if we think of it as calling for a "show-me" attitude when flummery is in the socio-political offing.

3. This paper was originally presented at the annual meetings of the Canadian Philosophical Association, at the University of Prince Edward Island, Charlottetown, P.E.I., in June, 1992. Thanks are due for helpful comments from anonymous readers and discussants.



# Ayn Rand on Units, Essences, and the Intrinsic

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## I

The various features of Ayn Rand's epistemology have received little critical scrutiny from contemporary philosophers, even less than her defense of rational egoism and laissez-faire capitalism.<sup>1</sup> It is important for those who consider Rand's ideas worth studying to rectify this situation, if for no other reason than the fact that Rand herself regarded her metaphysical and epistemological views as fundamental and her views in ethics and political-economic philosophy as derivative. This is clear from her remark that:

I am not *primarily* an advocate of capitalism, but of egoism,... and I am not *primarily* an advocate of egoism but of reason. If one recognizes the supremacy of reason and applies it consistently, all the rest follows. This - the supremacy of reason - was, is and will be the primary concern of my work, and the essence of Objectivism.<sup>2</sup>

Rand obviously needs an account of how reason - our conceptual faculty - works. In *Introduction to Objectivist Epistemology*<sup>3</sup> she developed the central component of such an account, her theory of concepts. "Since man's knowledge is gained and held in conceptual form," she wrote, "the validity of man's knowledge depends on the validity of concepts."<sup>4</sup> In other words, Rand was fully aware that her position stands or falls with its theory of concepts.

In this article I intend to discuss certain troublesome features of this theory and draw some consequences. Specifically, I will consider Rand's concept of a *unit* and argue that it contains a serious ambiguity. This ambiguity will lead to problems for her position on the status of *essences*; the result will be that the arguments she brings against the position she describes under the name *intrinsicism* do not justify her rejection of it. A couple of general remarks are in order first, though. Though taking Rand seriously as a philosopher, this article reaches a conclusion she explicitly rejects and repudiates; hence it might seem the work of another typical "modern philosopher." It is unfortunate that if Rand has been regarded negatively by academics, the feeling was mutual. She never passed up an opportunity to take swipes at "modern philosophy." Her immediate followers (except for David Kelley) have mostly continued in this same vein.<sup>5</sup> But maybe Objectivists and "modern philosophers" can learn from one another. If common ground exists and can be identified, potentially fruitful exchanges between Objectivists and non-Objectivists become possible - contingent, of course, on the willingness of each side to recognize the legitimacy of the other's position, if stated in good faith.<sup>6</sup> This, at any rate, is the intended spirit of the present discussion.

## II

According to Rand, concept formation involves both integration and differentiation; it involves an integration of percepts on the basis of at least one common characteristic which differentiates them from all other existents. Rand defined a *concept* as "a mental integration of two more units possessing the same distinguishing characteristic(s), with their particular measurements omitted."<sup>7</sup> Two or more entities are regarded as *units* and "isolated according to a specific characteristic(s) and united by a specific definition."<sup>8</sup> Omitted measurements "must exist in *some* quantity, but may exist in *any* quantity"<sup>9</sup>; that is, the differences between individuals subsumed under a single concept are unspecified. The concept *unit* is extremely important; Rand calls it "the entrance to the conceptual level of man's consciousness. *The ability to regard entities as units is man's distinctive method of cognition*, which other living species are unable to follow."<sup>10</sup> It is worth noting, though, that units do not exist as such; to regard something as a unit is a specific act of human consciousness:

A unit is an existent regarded as a separate member of a group of two or more similar members. (Two stones are two units; so are two square feet of ground, if regarded as distinct parts of a continuous stretch of ground). Note that the concept *unit* involves an act of consciousness (a selective focus, a certain way of regarding things),...<sup>11</sup>

Yet the decision to regard entities as units is not arbitrary but rather

a method of identification or classification according to attributes which a consciousness observes in reality... Thus the concept *unit* is a bridge between metaphysics and epistemology: units do not exist *qua* units, what exists are things, but *units are things viewed by a consciousness in certain existing relationships*.<sup>12</sup>

In other words, units *qua* units are ontologically dependent on consciousness; the existents so regarded are independent.

On closer inspection, however, an ambiguity has emerged. For if we look at Rand's examples, it is clear that she has used the term *unit* in two different senses. In *one* usage, units are derived solely from invented standards of measurement. Yards on a football field, for example, are units in this sense ("two square feet of ground"). Outside the rules of football, there is nothing special about these patches of ground which suggests or justifies individuating them in this particular way. The length was optional; it could have been meters, for example. In a *second* usage, units are physically distinct existents in which the basis of identification as such is inherent in them, usually because we can identify at least one attribute which the items can be seen or shown to share, and which do not depend on rules of human invention (aside, of course, from the trivial sense in which all languages and systems of classification are human inventions of a very special sort). Consider Rand's own examples of tables. There are certain things which we can say are true of all tables: they are all items of furniture consisting of a flat surface on which smaller items can be placed, and have at least one support. Each table, individually, has these parts; remove them, and one no longer has a table, only parts of a table. So units in this sense are indivisible existents. Or consider samples of typical substances such as gold. Initially we

do have the option of individuating units on the basis of observation again, depending on our purposes, so that our units are, say, gold nuggets or gold coins; but these are not indivisible entities in the fundamental sense of indivisibility. Split any item made of gold in half and one still has two pieces of gold. At the micro level, however, we can individuate so as to identify indivisible existents: atoms of gold. Rand seems to have overlooked the crucial concept here: *indivisibility*. Units in the fundamental sense of this term cannot be divided up into existents more basic than themselves and still retain their identity. Hence patches of ground are not really units in the most fundamental sense of this term. Divide a patch of ground in half, and one has two patches of ground. Split an atom of gold and one has not gold but two more basic chemical elements.

In that case, an entity's status as a unit is not derived from a standard of measurement or system of notation; on the contrary, in the case of the gold example scientists have developed systems of classification according to discoveries such as the internal structure of the atom which led to the realization that, to all indications, the most basic components of everything we call *gold* have 79 protons in their nuclei. So in the case of patches of ground, "units" depend on systems of notation which are, in the last analysis, optional; in the second, systems of notation and classification depend on entities' status as indivisible primaries whose indivisibility does not depend on human contrivances. In the gold example, the use of atomic numbers is a consequence of scientists' having identified what it is for something to be a chemical element, versus what it means for something to be a sample of a particular chemical element.

### III

Rand might reply here that the latter usage - and the insistence on a distinction here - falls into the error of *intrinsicism*. In *IOE* she distinguishes her position from this one, which has its roots in the Aristotelian theory of essences:

...Aristotle held that definitions refer to metaphysical *essences*, which exist *in* concretes as a special element or formative power, and he held that the process of concept-formation depends on a kind of direct intuition by which man's mind grasps these essences and forms concepts accordingly.

Aristotle regarded "essence" as metaphysical; Objectivism regards it as *epistemological*.

Objectivism holds that the essence of a concept is that fundamental characteristic(s) of its units on which the greatest number of other characteristics depend, and which distinguishes these units from all other existents within the field of man's knowledge. Thus the essence of a concept is determined *contextually* and may be altered with the growth of man's knowledge.<sup>13</sup>

For Plato, of course, essences were universals or Forms existing in a nonspatiotemporal, ideal realm; in no sense were they ontologically dependent on their instantiations as concrete particulars. In Platonist epistemology, essences are therefore not "grasped" through a study of concrete particulars but a process of "recollection" which is primarily intellectual. In Aristotle's philosophy, essences served at least two isolable purposes, which, taken together, may avoid this final result of Plato's. The first purpose was to

provide a basis for classifying existents, identifying which natural classes to place them in. The second was to identify the "nature" of these items, i.e. attributes the possession of which is a necessary condition for a given existent to be the kind of thing it is. This second sense provides the justification for the classification. Aristotle, then, was the first essentialistic realist. According to him, classifications are possible because nature comes to us divided up into kinds; what we must do is learn to identify these kinds by identifying the essential attributes of their concrete particular instantiations. This conceptual framework provided him the guidelines for the invention of several sciences.

Thus Rand can contrast her position with that of both Plato and Aristotle. Both, in their different ways, regarded essences as *intrinsic*, "as special existents unrelated to man's consciousness."<sup>14</sup> For Rand essences, like units, do not exist as such but are products of a uniquely human way of defining kinds; the identification of the essence of something is *contextual*, and depends on the state of one's knowledge of a kind; it is supplied by a definition. The Appendix to the new edition of *IOE* adds to this thesis of the *contextual* nature of essence identification: "When you know more, you select a different essential characteristic by which to define the object, because you now have to differentiate it more precisely."<sup>15</sup> The point is, it is *us*, human agents, which are doing the selecting and differentiating; the world does *not* come to us automatically divided up into kinds. As David Kelley puts it, "[Rand] is not a realist in either the Platonic or the Aristotelian sense. She holds that abstract properties do not exist as such - as abstract - apart from human conceptual processes."<sup>16</sup>

Given this, what prevents Rand's position from lapsing into a form of subjectivism, a form of the claim that essences are products of consciousness? What prevents Objectivism from "assuming that reality must conform to the content of consciousness, not the other way around"?<sup>17</sup> Her answer is that neither Platonists nor Aristotelians - not to mention nominalists - regarded concepts as *objective*. According to Rand:

Objectivity begins with the realization that man (including his every attribute and faculty, including his consciousness) is an entity of a specific nature who must act accordingly; that there is no escape from the law of identity, neither in the universe with which he deals nor in the workings of his own consciousness, and if he is to acquire knowledge of the first, he must discover the proper method of using the second; that there is no room for the *arbitrary* in any activity of man, least of all in his method of cognition - and just as he has learned to be guided by objective criteria in making his physical tools, so he must be guided by objective criteria in forming his tools of cognition: his concepts.<sup>18</sup>

To regard concepts as *objective* means to regard them as

neither revealed nor invented, but as produced by man's consciousness in accordance with the facts of reality, as mental integrations of factual data computed by man - as the products of a cognitive method of classification whose processes must be performed by man, but whose content is dictated by reality.<sup>19</sup>

This raises a wide variety of questions which invoking the adjective *objective* won't by itself answer. Wallace Matson, for example, feared that "the phrases *mental integration* and *produced by man's consciousness* bear within them the seeds of subjectivism."<sup>20</sup> His

ensuing discussion raised the issue of whether Randian concepts can be anything other than Cartesian or Lockean "ideas." The crux of the issue turns on the cash value of saying that concepts are *produced* as opposed to invented. So let us frame our query this way: if there are no intrinsic essences, then by what means is the content of a concept dictated by reality, and to what extent? To judge the adequacy of Rand's answer we have to take a closer look at concepts as she conceives them.

#### IV

According to Rand, concepts are formed by specific acts of consciousness on the part of individual persons. Accordingly, it is necessary to distinguish between the process of concept-formation and the product. This she does. The process, she says, is one of integration and differentiation according to the similarities and differences one immediately perceives.<sup>21</sup> The product is an open-ended higher-order unit which *all* the concretes of a particular kind can be subsumed, not merely the ones observed:

A concept is not formed by observing every concrete subsumed under it, and does not specify the number of concretes. A concept is like an arithmetical sequence of *specifically defined units*, going off in both directions, open at both ends, and including *all* units of that particular kind.<sup>22</sup>

And "In order to grasp a concept, [an individual] has to grasp that it applies to all entities of that particular kind. If he doesn't, he is merely repeating a word."<sup>23</sup>

Let us consider both in the light of the intrinsicism question. It should be clear that the process is, by its very nature, dependent on consciousness. The real questions then are, to what extent is the product also dependent on consciousness, and to what extent is its content "dictated by reality?" Rand's statements are actually equivocal. On the one hand, concepts look to be context-dependent:

Concepts are not and cannot be formed in a vacuum; they are formed in a context; the process of conceptualization consists of observing the differences and similarities of the existents *within the field of one's awareness* (and organizing them into concepts accordingly). From a child's grasp of the simplest concept integrating a group of perceptually given concretes, to a scientist's grasp of the most complex abstractions integrating long conceptual chains - all conceptualization is a contextual process; the context is the entire field of a mind's awareness or knowledge at any level of its cognitive development.<sup>24</sup>

This suggests a view of concepts as mind-dependent entities whose content depends on the amount of experience and level of knowledge of the persons who have formed them, and whose reference class changes accordingly with changes in experience and level of knowledge. However, on other occasions Rand's description of the content of concepts reaches for something more ambitious:

Concepts stand for specific kinds of existents, including *all* the characteristics of these existents, observed and not-yet-observed, known and unknown.

It is crucially important to grasp the fact that a concept is an "open-end" classification which includes the yet-to-be discovered characteristics of a given group of existents. All of man's knowledge rests on that fact.<sup>25</sup>

This says that concepts are the results, not just of a familiar inductive inference from a statement about a given range of particulars of a specific kind within a specific context to one about all the particulars of the kind, but of a leap from those attributes of those particulars which are known to a description which, if completed, would include both known and unknown attributes (unknown, that is, at the time of concept-formation). To my mind, this suggests views of concepts as quasi-Platonic entities, quite contrary to Rand's further remark that "concepts are not...a repository of closed, out-of-context omniscience..."<sup>26</sup>

She cannot have it both ways. The position she takes on how concepts are formed suggests the former route, that concepts are not merely formed in a context but are themselves contextual entities which change in response to demands made on them. This suggests a response to a query above. Similarities and differences are observed all around us; as we learn, we become aware of still more similarities in and differences between familiar objects and previously unknown ones. This enables us to sharpen and improve our concepts. But similarities and differences are not perceived in a vacuum, as it were. Existents are similar because of common characteristics. But not just any common characteristics will do. After all, a red Porsche, a red apple, a red Christmas-tree ornament, and a red paperback novel all have the common characteristic *redness*. What the existents in this list lack, though, is a *fundamental* common characteristic which enables them to be treated as instances of a single kind. Rand's discussion of her 'conceptual common denominator' and her epistemological 'razor' indicate her awareness that not just *any* common characteristics will do as a basis for classifying existents.<sup>27</sup> What fundamental classification requires is that the existents being classified have attributes which (for lack of any better word) are intrinsic, where *intrinsic* here means inherent in them and not revealed, invented, or "produced". If identifying similarities involves "selective focus," there must be something for a consciousness to focus on; this something must not be dependent on consciousness, otherwise we find ourselves having lapsed back into some version of what Rand elsewhere calls the primacy of consciousness;<sup>28</sup> we would be perfectly justified in considering concepts the arbitrary posits of our individual consciousness.

## V

Our first and most important result, then, is that the middle ground Rand seeks between concepts as arbitrary posits and as identifications of intrinsic essences is illusory. There can be no such middle ground between what Rand calls intrinsicism and some kind of subjectivism; essences are either inventions or they are intrinsic to the natural kinds to which they supply identity. Indeed, I would go so far as to say that Rand's strict adherence to the law of identity and her insistence that existents have specific natures *requires* that something like what she calls intrinsicism be true. This throws her rejection of it into doubt. Let's review her reasoning. On most occasions (despite a distinct preference for Aristotle's "moderate realism" over Plato's "extreme realism") she seems to regard the view that essences are intrinsic as on a par with mysticism and supernaturalism: "Philo-

sophically, the mystic is usually an exponent of the intrinsic (revealed) school of epistemology," she says.<sup>29</sup> And Peikoff repeats the characterization of metaphysical essences as supernatural in "The Analytic-Synthetic Dichotomy."<sup>30</sup> There is little in the Appendix to the second edition of *IOE* which justifies this directly. The closest we come to an *indirect* justification begins with Rand's view that only concretes exist.<sup>31</sup> This requires that all concepts be rooted in experience of concretes and be, themselves, concretes. An essence inhering in all the concretes of a kind cannot itself be an individual concrete. Hence there can be no intrinsic essences, only perceived similarities; similarities alone provide the basis for concept formation.

However, if perceived similarities between existents alone form the full basis for concepts, we are uncomfortably close to something on the order of Wittgenstein's notion of "family resemblances": another notion she explicitly repudiates as the product of a "mind out of focus."<sup>32</sup> It is interesting, though, that essentialism was one of the main targets of Wittgenstein's later writings. I think both Rand's integration of and differentiation between similarities amidst percepts as the sole basis of concept-formation as well as Wittgenstein's classification on the basis of resemblances overlook problems which arise whenever a fully realistic metaphysics is abandoned.

## VI

It might help to consider what a reasonable version of "intrinsicism" might look like. Consider middle-sized objects such as tables. Let us note again that the features of tables which make them tables as opposed to chairs, shelves, and sofas, can be observed, as is proper for middle-sized objects. We can readily identify points of commonality (not mere similarity) between all tables such as: at least one support, flat upper surface, capacity for holding smaller objects. These points of commonality may be contrasted with points of difference between individual tables: some have four supports, some three, some just one; some have transparent tops, others opaque tops; and so on. In this case, what is integrated in the formation of the concept *table* is not mere similarity in our percepts but points of commonality observed in tables. Or consider again our gold example. This example is considerably more complicated, because in its observation is not direct but supplemented by elaborate scientific instrumental as well as theoretical apparatus. The result, however, is the same. Atoms of gold must have 79 protons in their nuclei; else they are not atoms of gold but of some other chemical element. This is the point of commonality between gold's most fundamental units. Middle-sized objects comprised of gold are therefore comprised of atoms with 79 protons in their nuclei in addition to whatever properties they might have as middle-sized objects; this is the point of commonality between all directly visible objects made of gold whatever the individual differences between different concrete objects and between different atoms of gold (such as number of neutrons). A human being, finally, has a certain genetic and physiological make-up, including a brain and central nervous system capable of processing and integrating information on the conceptual level; these are the points of commonality between individual human beings, whatever the differences between individuals. An *essence*, then, just is the sum total of these points of commonality (not mere similarity) which all existents of a given kind share - both the known and the unknown. In other words, speaking of *similarities*, while it might do as a starting point, is in the last analysis too conservative; it does not explain.

Are these points of commonality special, mystically-intuited attributes? No. In fact, to speak of them as *attributes* at all is potentially misleading. For there is no special, nonphysical *attribute*, having 79 protons in a nucleus, that supervenes "above" atoms of gold; rather, being comprised of atoms with 79 protons simply *is* what gold is. The same would be true of tables, or indeed of any other kind. To my mind, we have to be very careful with this concept *attribute*, lest we lapse into substance-metaphysics which regards all existents as comprised of attributes adhering in a substratum like pins sticking out of a pincushion. To her credit, Rand avoids such a metaphysics; she tells us that "attributes *are* the entity, or an entity *is* its attributes";<sup>33</sup> according to Rand's metaphysics, existence is identity; to be is to be a specific something. Consciousness is identification; to be conscious is to be capable of focusing on and identifying something. In that case, it obscures rather than clarifies to say that the points of commonality which comprise the essence of all those existents of a given kind result from the way human consciousness regards kinds; to my mind, it makes much more sense to say that human consciousness has identified kinds by identifying what all known instances of those kinds share in common, and by gradually improving and expanding the content of our identifications. Our knowledge of, say, the microstructure of gold, did not result from a "mystical intuition." It resulted from well-chronicled scientific investigations. In that case, the observed or discovered points of commonality which are identified as necessary conditions for something being what it is and being the *kind* of existent it is, just *are* the essences, and provide the basis for concept formation and the justification of concepts. It follows that essences do not depend for their existence on being regarded a certain way by a conscious being, though their *recognition* as such probably does depend on one's selective focus. The fact that essences *have been* grasped indicates that they have been observed or in some other way brought within reach of the humanly knowable by means of extensions of our senses (say, scientific instruments) whose results have been integrated by means of a concept. In the final analysis, then, if we develop "intrinsicism" this way, it is considerably more defensible than Rand paints it. The substance-attribute dichotomy is indeed suspect (probably much more so than the analytic-synthetic dichotomy). But once his substance metaphysics is subtracted, Aristotle's position comes off looking pretty good.

## VII

To my mind, restoring to essences their metaphysical status ought to yield a position which is *more*, not less objective. Of course, if construing essences as epistemological is itself essential to Objectivism, we would probably not want to call it a version of Objectivism (for lack of a better term I would suggest Intrinsicism - capital *I*). Returning to the traditional view actually allows us to make use of several Randian insights which strike me as substantially correct and important, but which are otherwise puzzling. First, consider again Rand's comments on the contextual nature of concept-formation and definition. Definitions, she says, are always contextual;<sup>34</sup> a definition "identifies the nature of the units subsumed under a concept."<sup>35</sup> An objective definition designates essential defining attributes.<sup>36</sup> Here the ambiguity we noted above reappears. It remains a curious anomaly that the content of a concept is exempt from this otherwise universal contextualization of our knowledge; concepts do not change, only our knowledge changes.<sup>37</sup> In that case, given



that according to Rand our knowledge consists of valid concepts, what, precisely, is it that is changing?

Let us back up a step. What are concepts, really? If we attempt to dig to a level deeper than phrases like *mental integration* and *product of man's consciousness* Rand's answer is not particularly helpful. According to Rand, concepts are "mental entities." Her explication, again, seems to vacillate between quasi-Platonism and quasi-Cartesianism. Consider the following exchange, from the second edition of *IOE*:

**Prof. F:** If you and I have the same concept, does that mean that the same entity is in both of our minds?

**Ayn Rand:** If we are both careful and rational thinkers, yes. Or rather, put it this way: the same entity *should* be in both of our minds.

**Prof. F:** Okay, taking concepts, therefore, as entities: they do not have spatial location, do they?

**AR:** No, I have said they are *mental* entities.

**Prof. F:** When you say a concept is a mental entity, you don't mean "entity" in the sense that a man is an entity, do you?

**AR:** I mean it in the same sense in which I mean a thought, an emotion, or a memory is an entity, a mental entity - or put it this way: a phenomenon of consciousness.<sup>38</sup>

This sort of vagueness is likely to drive many analytic philosophers away from Rand's views; it would hardly satisfy contemporary philosophers of mind, as it seems to suggest on the one hand that concepts are, in some sense, mind-dependent (suggesting Cartesianism) but on the other not dependent on any one mind (suggesting Platonism). When pressed for elaboration, Rand allowed distinct Platonic elements to appear *and openly acknowledged them as such*:

**Prof. B:** ...The concept as a mental entity is determinate. It's individual, it has identity,... The concept, if it is formed correctly, has a determinate reference, which means that it refers to a determinate aspect of reality. To say that the concept is less determinate than the concrete is to treat the concept as if it were a concrete in reality-

**AR:** Of a different kind, yes. That's right. That's the element that is somewhat Platonic here.<sup>39</sup>

But identifying Rand as a closest Platonist may be too hasty; there are other indications that she was grasping at ideas for which no one yet has adequate terminology:

**AR:** ...I kept saying...that we can call [concepts] "mental entities" only metaphorically or for convenience. It is a "something." For instance, before you have a certain concept, that particular something doesn't exist in your mind. When you have formed the concept of *concept*, that is a mental something; it isn't a nothing. But anything pertaining to the content of a mind always has to be treated metaphysically

not as a separate existent, but only with this precondition: in effect: that it is a mental state, a mental concrete, a mental something. Actually, "mental something" is the nearest to an exact identification. Because "entity" does imply a physical thing. Nevertheless, since "something" is too vague a term, one can use the word "entity", but only to say that it is a mental something as distinguished from other mental somethings (or from nothing). But it isn't an entity in the primary, Aristotelian sense in which a primary substance exists.<sup>40</sup>

I think there is an important insight here. Let me suggest that we eliminate residual Platonism/Cartesianism by regarding concept-formation as the particular way beings with brains and nervous systems as complex as ours and configured as ours organize information about their surroundings, and concepts as the units of information which result. In other words, in the last analysis concept-formation is a physical-organic process, and a concept, a unit of information stored in a person's brain and given concrete expression by means of a term. In that case, every concept is indeed a concrete with essential attributes of its own, and so the concepts stored in my brain are capable of being instances of kinds, other instances of which are stored in your brain. This, of course, is admittedly still obscure - perhaps sufficiently so that many philosophers might still be tempted to eliminate concepts altogether and "make do with just words."<sup>41</sup> We don't have to invoke mysterious storage capacities of our brains to talk about words, and they plainly are shared. But problems emerge as soon as we note that words and sentences are either physical inscriptions or spoken utterances - nothing more. It would be possible to set down on paper a set of sentences which constitute an exact replica of those Isaac Newton used when he outlined the theory of universal gravitation. If that piece of paper were then set on fire, one would not want to say that one had burned up and destroyed Newton's theory. A *theory* just is not that sort of thing; it consists, not of words but of propositions shared by all those in a scientific community, propositions built up out of concepts - as we put it above, stored as information in the brains of scientists. Making claims like these precise is one of the greatest challenges in the developing science of cognition. We are a long way from understanding the mechanisms involved (including whether *mechanism* is the right word; I suspect very strongly that it will turn out not to be). Cognitive science is today the scene of enormous intellectual energy but has yet to see its Newton, a person capable of unifying the neurologist's microdescription of brain events and the macrodescription of our mental life long favored by many philosophers and psychologists.<sup>42</sup>

Be that as it may, the above speculations are quite in line with Rand's firm denial that objectivity requires omniscience. Objectivity, she says,

requires discovery by man - and cannot precede man's knowledge, i.e. cannot require omniscience. Man *cannot* know more than he has discovered - and he *may not* know less than the evidence indicates, if his concepts and definitions are to be objectively valid.<sup>43</sup>

If we submit that this is just another way of saying that concept-formation is *fallible*, we are suddenly very much in line with virtually all major strains of the "modern philosophy" Rand so disdains; empirical fallibilism is just what we would expect by rejecting the view that concepts are closed repositories of unlimited information about existents. Given the limitations on any particular individuals, their capacities to form concepts that grasp the nature of existents will be partial at best. The growth of knowledge will boil down to

growth and refinement of our concepts (not just our definitions), including the occasional course-correction which will be required when, for example, a scientist realizes that a given concept his colleagues have been using is invalid (has no referents in reality).<sup>44</sup>

## VIII

At this point I would like to raise three objections which no doubt will have troubled a number of readers.

**Objection One** focuses on the ‘points of commonality’ which according to the above analysis constitute the essence of a given kind and asks, in effect, are they also concrete particulars, and if so, how can they possibly do the job essences were intended to do in the Aristotelian philosophy, which was to take us from a limited set of observed particulars to a universal generalization about all the members in that class of particulars. David Kelley frames the problem this way:

Even after I have grouped objects together on the basis of their similarity, I am still aware only of those particular objects, the two tables (say) that I happen to be looking at. My mode of awareness is still perceptual, and thus limited to the things that are present to my senses. But after I have formed the concept ‘table’, and begin using it in conceptual thought...my thought is about *all* tables, everywhere. That is what it means to say that a concept is universal. Now there is no way to understand one’s capacity for conceptual thought about a universal class of objects by simple extrapolation from the perception of a few similar objects; there is a difference in kind here.<sup>45</sup>

In other words, according to this objection it makes no sense to assert that we can identify essences intrinsic to all concrete particulars of a kind through an examination of some of them; we have no other option except to recognize that similarities exist between concretes, subsume them under a concept on this basis which regards essences as defining characteristics and defining characteristics as irreducibly contextual. This defeats the idea that essences can be intrinsic to members of kinds.

**Objection Two** continues this same line of thought. Above we characterized gold’s most fundamental units as atoms with 79 protons in their nuclei. If this really is the essence of gold, the proposition *Gold has 79 protons in its nucleus* is a necessary truth. But we could discover on empirical grounds that this proposition is false, and hence obviously not necessarily true. As Saul Kripke remarks,

Gold apparently has the atomic number 79. Is it a necessary or a contingent property of gold that it has the atomic number 79? Certainly we could find out that we were mistaken. The whole theory of protons, of atomic numbers, the whole theory of molecular structure and of atomic structure, on which such views are based, could *all* turn out to be false. Certainly we didn’t know it from time immemorial. So in that sense, gold could turn out not to have atomic number 79.<sup>46</sup>

In other words, again, aren't we entitled to question whether it is really the *essence* of gold to have 79 protons in its nucleus (have atomic number 79), or whether this is just the best identity criterion we have at present? And surely we cannot simply define 'gold' as 'the element with 79 protons in its nucleus'; to proceed this way will "identify" the essence of gold, but by stipulation. In that case, were someone to claim to have discovered a substance that behaves like gold in every respect except that it turns out not to have 79 protons in its nucleus, we would simply refuse to call it gold. This, though, would be cheating. Would it not be more reasonable to call the substance gold and admit that prior to the discovery we had not understood what gold was? This is a version of what many philosophers have called the skeptical induction: given that scientific inquiry is a dynamic process rather than a set of fixed, immutable results, postulating that the aim of science is to discover essences is futile since we cannot ever know whether we have "really" identified the essence of something.<sup>47</sup> This, too, defeats intrinsicism.

**Objection Three** is more general. Throughout the discussion above we treated units discovered by science, e.g., *atoms* of gold, as more fundamental than other potential choices, e.g., *coins* or *items of jewelry* made out of gold? What, however, gives us the right to regard the classificatory schemes of natural science as the only valid ones? Isn't it entirely arbitrary to privilege the natural scientist's perspective over possible alternatives such as that of the coin collector or the jeweler? The appropriateness of one's classificatory scheme depends on one's project or practice, so this argument goes; in that case, it makes little or no sense to claim that a particular classificatory scheme such as that of science is superior *tout court*. But since what are taken as units within one classificatory scheme will differ from that taken within another, we reach the result that if essential properties are taken as intrinsic to objects rather than embedded in our own projects, a substance such as gold will have *two* sets of mutually incompatible intrinsic properties! Since this is absurd, intrinsicism is now thrice defeated!

## IX

These objections all raise substantial issues in ontology, epistemology, and philosophical method which go beyond what may reasonably be attempted in a modest effort such as this.<sup>48</sup> For now I can only indicate the outlines of my replies. **Objection One** and, to an only slightly lesser extent, **Objection Two**, seem to me to illustrate what we observed above, to wit, that Rand (and those following in her footsteps such as Kelley) have not really broken free of the Platonist-Cartesian *cul de sac* in either epistemology or methodology. Given these criteria, of course, the objection is absolutely decisive. It is clear, first of all, that if one begins with a strictly limited set of concrete particulars one cannot acquire the kind of universality or absolute certainty which are criteria for knowledge as Plato and Descartes conceived it. Rand no doubt realized this, but also saw the abandonment of the absoluteness of concepts as tantamount to a capitulation to irrationalism. But if we reject Platonist-Cartesian criteria, this fear becomes groundless. Rand's view of definitions as contextual was on the right track; she just didn't extend it far enough. Instead, she separated concepts from definitions and makes the latter "contextually absolute."<sup>49</sup> But this notion is self-contradictory: a definition is either contextual or absolute; it cannot be both at once. The same, I maintain, must be true of the products of concept-formation.

The correct move, I submit, is not to drop the demand for absoluteness of both definitions and concepts. Both should be regarded as fallible, malleable, and revisable.

Where does this leave the status of *essences*, which on the account being defended here are independent of concepts and are what concepts represent attempts to grasp? The implication of this account so far is that concepts are contextual and essences transcend our contexts; **Objection Two** draws a good bit of its force from the "gap" between the two which threatens to reintroduce a variety of familiar philosophical woes, the above skeptical induction being only the most obvious: given that what we *take* to be the essence of gold is embedded in the theoretical framework of modern chemistry and physics, and given that this framework could be discovered to be wrong, our entire concept of what gold is could be invalidated at some future date. To make this more concrete, one could argue that all the empirical findings on which our present position that having 79 protons in its nucleus constitutes the essence of gold could result from, say, a local deformation in the space-time continuum, so that having 79 protons in its nucleus is really a local phenomenon.<sup>50</sup>

Three replies to **Objection Two** are in order, the first two methodological and the third ontological. **Reply One** begins by observing that natural kind terms like *gold* may be what Kripke, Putnam, and others have called *rigid designators*, terms which designate the same natural kind in all possible worlds.<sup>51</sup> If this interpretation is correct, then essentialism follows, as Kripke and Putnam were able to show; in this case, given that gold is the element with 79 protons in its nucleus, while it will be possible to *imagine* circumstances in which samples of what is putatively gold are discovered which are not samples of an element with 79 protons in its nucleus, in *reality* such a discovery will be logically impossible. In other words, the hypothetical situation from with **Objection Two** derives its force is actually self-contradictory, and the self-contradiction is not merely formal but metaphysical - it describes not merely a logical but a metaphysical impossibility! In this case, mere conceivability establishes nothing except that the conceiver is intellectually confused. But this argument (like Kripke's) operates on the assumption that gold *really* is an element with 79 protons in its nucleus, that this *really* is the essence of gold. The necessary truth follows from this assumption and the claim that proper names and substance terms are rigid designators. For the sake of argument I will not assume the former; perhaps, like Kripke ponders above, it is logically possible, after all, that we might discover that the attribution of 'has 79 protons in its nucleus' is not a universally true description of gold. In that case, **Reply Two** emerges. It should be self-evident that the mere *possibility* of *p* is not a positive reason for *believing p*. Without such a check on our philosophical speculations, the skeptic can always play a game of "What if?" and raise questions which seem forceful because of their unanswerability. Sometimes it is worthwhile to be doubtful of doubt - as Peirce observed with his admonition that serious intellectual inquiry should be motivated by, as he put it, "real and living doubt" - i.e. doubt with some factual basis, such as an anomalous substance which shows all of the observed but none of the microphysical properties normally associated with gold.<sup>52</sup> This further shifts the burden of argument from the essentialist to the skeptic by granting, in effect, that while we do not have *absolute certainty* that having 79 protons in its nucleus is the essence of gold, nor do we have any legitimate reason for casting doubt that our *belief*

that this is a crucial part of the essence of gold is a rational one, given all the available evidence. To put the matter a slightly different way, consider (1):

(1) That all known samples of gold are samples of an element with 79 protons in its nucleus is not a completely conclusive reason to believe that all gold has 79 protons in its nucleus.

(1) is just the upshot of what was just said, that we do not know *absolutely* that all gold has 79 protons in its nucleus. So (1) itself is almost certainly true - possibly even a necessary truth. At the same time, we should also be willing to grant (2):

(2) That all known samples of gold are samples of an element with 79 protons in its nucleus constitutes an excellent reason to believe that all gold has 79 protons in its nucleus.<sup>53</sup>

In other words, the *certainty* of the kind of inference required to support the claim that having 79 protons in its nucleus is the essence of gold is not a necessary condition for its *rationality*. Since Rand would probably agree, this disposes of a good part of **Objection Two**.

Nevertheless, there is a **Reply Three**, which is ontological and should support the results just obtained. This reply notes that the *essence* of something is almost never going to be a single attribute such as 'has 79 protons in its nucleus' but rather a set or cluster of attributes. If we took this single predicate to be the sole component of the essence of gold, it would follow that we lived in total ignorance of the kind of thing gold is prior to the discovery of atomic numbers and of the microstructure of the atom. But this is absurd! Prior to these discoveries, gold was identified by numerous physical properties including its characteristic golden color, metallic lustre, malleability, chemical near-inertness, and so on. These were not all discovered at the same time. When it was discovered that gold was malleable and thus suited for minting coins or fashioning into jewelry, specific knowledge about gold was obtained. When its resistance to virtually every corrosive agent except *aqua regia* was discovered, more specific knowledge about the kind of thing gold was was obtained. The discovery of its properties at the atomic and subatomic levels can hence be viewed as an addition to an entire list of progressive discoveries. Our knowledge of the kind of thing gold is, is almost certainly still partial. But this is because we do not know all there is to know about the atom. And here the real substance of **Objection Two** becomes apparent; it makes the mistake of establishing omniscience as a criterion for knowledge and thus ignores one of Rand's own warnings, which is not to make omniscience a criterion of knowledge. Lack of omniscience does not entail skepticism, and it does not entail subjectivism. This, to my mind, removes the force of **Objection Two**.

**Objection Three** I will deal with more briefly. In effect it asks, what is so great about science or scientific discoveries as a basis for classifying fundamental units and identifying essences? Should not one's basis for classification depend on one's project, with natural science being just one project among many? On the face of it, of course there are other ways of individuating gold besides atoms, as we have noted in passing on more than one occasion. And these other bases of classification do derive from other projects. So it is worth distinguishing two kinds of projects: *epistemic* and *nonepistemic*. The former are

primarily engaged in discovering *knowledge* of one sort or another; the latter, at pursuits such as the aesthetic or the economic. Many philosophers have felt that science was the only legitimate epistemic pursuit, though this now seems dubious.<sup>54</sup> But be that as it may, epistemic pursuits aim at 'getting to the bottom of things' in ways that other projects do not, i.e., making efforts to identify the fundamental attributes or essential properties of the items their practitioners encounter. Nonepistemic pursuits have no such aim; so it should be unsurprising that while they may identify project-specific "units," these are not units in the fundamental sense the philosopher should be most interested in. It is worth reiterating that above we discovered that indivisibility is a criterion on "unithood" in this fundamental sense. One can divide a gold coin and still have two pieces immediately recognizable as fragments of gold (of a gold coin, in fact); one cannot split a gold atom and still have gold or anything recognizable as fragments of gold. This takes care of **Objection Three**.

## X

A few concluding remarks are in order. I began this article by criticizing Rand's conception of units, and arrived at (a version of) the Aristotelian "intrinsicism" she rejected. Let me discuss one final objection which would be limited to the Objectivist camp. Objectivists might see the kind of position advocated here as just another effort to reduce the conceptual to the perceptual with the claim that essences exist in objects as sets of common attributes - points of commonality - between them which can be observed or discovered. This, the argument might go, would render concept-formation automatic, like perception. This fear, too, seems to me groundless. After all, one must still make an intellectual-cognitive effort to identify what it is that all existents of a kind have in common; with the objects of specialized scientific investigations such as the microstructure of the atom this may require considerable cognitive labor which is anything but automatic. Objectivists might also see these remarks as having sabotaged our conceptual faculty as badly as any "mainstream" philosopher would by insisting on the fallibility not merely of concept-formation but of the product as well; of saying, in effect, that since "any knowledge acquired by a *process* of consciousness is necessarily subjective [it] cannot correspond to the facts of reality, since it is '*processed* knowledge.'"<sup>55</sup> This does not follow, however. Empirical fallibilism recognizes that *because* we are creatures of a specific kind, with cognitive faculties of a specific kind, our knowledge is going to be incomplete, and incompleteness of knowledge, again, is not grounds for skepticism about knowledge. Given again that we are not omniscient, a reasonable epistemology could hardly conclude otherwise.

In the final analysis, I believe that Objectivist philosophers can learn from those they dismiss out of hand - very possibly more than the latter can learn from them, at least at present. For Rand's positive statements on such philosophical problems as whether concepts are "mental entities" and what it amounts to to say this, are usually primitive and equivocal as we have seen. At the same time, her dismissals of the various strains of "modern philosophy" such as pragmatism and linguistic analysis are frequently strawmanish. Linguistic analysis has its uses: if we do not get as clear as we can about what a philosophical question is asking or about how we are actually using (or should use) a philosophically pregnant term, errors and confusion are bound to creep into our discus-

sions sooner or later. To his credit, Kelley is taking this kind of tolerant approach. His work makes informed use of work by philosophers who are not Objectivists; he also addresses his work to the broader philosophical community, and not merely to other Objectivists. But he is almost alone, so far as I can tell; and his willingness to address non-Objectivists got him expelled from the "official" movement.<sup>56</sup> This is the sort of thing which has long contributed to Objectivism being dismissed as a kind of intellectual "cult".

Lest these remarks seem as unfair as if they came from a "mainstream" academic, let me temper them with some positive counterparts; for it seems to me that "mainstream" philosophy can learn something important from Objectivism. This is the example it can serve. Today's intellectual environment has long been carved up into ever narrower forms of hyperspecialization, a tendency abetted by the bureaucratic structure of the modern university, of academic villages, and university presses. Consequently many academic disciplines no longer have any intellectual points of contact with real and living problems or with one another. Claims presented in one discipline are often inconsistent with those presented in another. Respect for the ideal of rational inquiry as a pursuit of objective truth has now been eclipsed in several disciplines by sectarians of various sorts whose aim is to advance their sectarian agendas (radical feminists and "multiculturalists" are the most obvious of today's culprits, but they had plenty of Marxist and neo-Marxist predecessors). Rand was hardly the first to criticize modern philosophy on these various grounds. So whatever problems or errors we can pinpoint in analyzing its details, her philosophy still comes across as, in many respects, a breath of fresh air. It can still serve as an important example of a comprehensive systematic philosophy in the "grand tradition" which refuses to shy away from the Big Questions or exercise excessive caution to avoid stepping on the wrong toes. This may be due in part to the fact that Rand not only took a "classical" view of the aims of philosophy but did all her philosophical work outside the confines of the academic-bureaucratic superstructure. It is interesting that parallels can be drawn between many of Rand's arguments and procedures and those of traditional Aristotelians and Thomists,<sup>57</sup> suggesting that a close study of the latter might help improve the credibility and status of Rand's views, as well as reveal the shortcomings of those tendencies which have dominated since Hume, Kant, and Hegel. In this light, even if we cannot accept the entire package Ayn Rand had to offer, her philosophy nevertheless offers an alternative to the "mainstream" well worth investigating, debating, modifying where necessary, and developing further.<sup>58</sup>



## Notes

1. The following is, as far as I can tell, an exhaustive list of books and articles devoted exclusively or almost exclusively to one aspect or another Rand's epistemology which have appeared from publishers and periodicals not devoted almost exclusively to the promotion of Rand's ideas: David Kelley, "A Theory of Abstraction," *Cognition and Brain Theory* 7 (1984): 329-57; David Kelley, *The Evidence of the Senses: A Realist Theory of Perception* (Baton Rouge, LA: Louisiana State University Press, 1986); Douglas J. Den Uyl and Douglas B. Rasmussen, "Ayn Rand's Realism," in *The Philosophic Thought of Ayn Rand* (Urbana, IL: University of Illinois Press, 1984), pp.3-20; Wallace Matson, "Rand on Concepts," in *The Philosophic Thought of Ayn Rand*, pp.21-37; Robert Hollinger, "Ayn Rand's Epistemology in Historical Perspective," in *The Philosophic Thought of Ayn Rand*, pp.38-59. Cf. also Ronald E. Merrill, *The Ideas of Ayn Rand* (LaSalle, IL: Open Court, 1991), ch. 6; and of course Leonard Peikoff, *Objectivism: The Philosophy of Ayn Rand* (New York: Dutton, 1991), chs. 2-5.
2. Quoted by Leonard Peikoff, "Introduction," in Ayn Rand, *Philosophy: Who Needs It* (New York: New American Library, 1982), p.vii.
3. New York: New American Library, 1979; orig. pub. *The Objectivist*, July 1966 - February 1967. Recently reissued (New York: Meridian, 1990) as an expanded second edition highlighted by a lively *reparte* between Rand and a number of other philosophers, physicists, etc., identified only by such locutions as "Prof A," "Prof B," "Prof C," and so on. All references are to the second edition. Cited throughout as *IOE*.
4. *Ibid*, p.1.
5. See for example Leonard Peikoff's statement that his book "is written not for academics, but for human beings (including any academics who qualify)," *Objectivism*, p.xiv.
6. If I understand him correctly, this is one of the main thrusts of David Kelley's recent tract *Truth and Toleration* (New York: Institute for Objectivist Studies, 1990).
7. Rand, *IOE*, p.13. Italics in original.
8. *Ibid*, p.10.
9. *Ibid*, p.18. Italics in original.
10. *Ibid*, p.6. Italics in original.
11. *Ibid*, pp.6-7.
12. *Ibid*, p.7. Italics in original.
13. *Ibid*, p.52.

14. *Ibid*, p.53.

15. *Ibid*, p.233.

16. David Kelley, "A Theory of Abstraction," *op cit*, n. 1, p.332.

17. *IOE*, p.53.

18. *Ibid*, p.82.

19. *Ibid*, p.54.

20. Matson, "Rand on Concepts," *op cit*, n. 1, pp.28-29.

21. For details see *IOE*, ch. 2.

22. *Ibid*, p.18.

23. *Ibid*, p.147.

24. *Ibid*, pp.42-43.

25. *Ibid*, pp.65-66.

26. *Ibid*, p.67.

27. For the 'conceptual common denominator' see *Ibid*, ch. 3; for her epistemological 'razor' see p.72.

28. See her discussion of the distinction between the doctrines of the primacy of existence and the primacy of consciousness in her "The Metaphysical Versus the Man-Made," in *Philosophy: Who Needs It*, *op cit*, n. 3, pp.23-24. Her discussion defends the primacy of existence and holds the primacy of consciousness, which has been dominant throughout the history of Western thought, responsible for a variety of intellectual sins. David Kelley also offers a lucid discussion and defense of the primacy of existence in *The Evidence of the Senses*, ch. 1, *op cit*, n. 1.

29. Rand, *IOE*, p.79.

30. *Ibid*, p.95, p.101.

31. E.g., *Ibid*, p.155, p.173.

32. *Ibid*, p.78.

33. *Ibid*, p.266.

34. *Ibid*, p.43.

35. *Ibid*, p.40.

36. *Ibid*, pp.45-46.

37. *Ibid*, p.233.

38. *Ibid*, pp.153-54.

39. *Ibid*, p.155.

40. *Ibid*, p.157.

41. Wallace Matson, "Rand on Concepts," *op cit*, n. 1, p.30.

42. Though space limitations preclude developing the point, to my mind Roger W. Sperry, a neurobiologist with unusual sensitivity to matters philosophical, has made the most significant if not widely recognized strides toward such a unification. His articles are too numerous to cite individually, but I would suggest as the best places to begin "Mental Phenomena as Causal Determinants in Brain Function," in *Consciousness and the Brain*, eds. G. Globus, G. Maxwell, and I. Savodnik (New York: Plenum Press, 1976); "Changing Concepts of Consciousness and Free Will," *Perspectives in Biology and Medicine* 20 (1976), pp.9-19; "Mind-Brain Interaction: Mentalism, Yes; Dualism, No," *Neuroscience* 5 (1980), pp.195-206; and "Changed Concepts of Brain and Consciousness: Some Value Implications," *Zygon* 20 (1985), pp.41-57. Sperry's book *Science and Moral Priority* (New York: Greenwood/Praeger, 1985), is also worth a look.

43. Rand, *IOE*, p.46.

44. Example: Lavoisier's rejection of the concept *phlogiston*.

45. Kelley, "A Theory of Abstraction," p.346.

46. Saul Kripke, *Naming and Necessity* (Princeton: Princeton University Press, 1980), p.123.

47. Though not employing present terminology, a good discussion of the points at issues can be found in Robert Nola, "Paradigms Lost, or the World Regained - An Excursion into Realism and Idealism in Science," *Synthese* 45 (1980): 317-50.

48. My hope is to say more about them in a projected future article tentatively entitled "Ayn Rand's Theory of Concepts," to which the arguments of this paper may be viewed as a precursor.

49. Rand, *IOE*, p.47; emphasis removed.

50. For an example of such an argument see Dudley Shapere, "Reason, Reference, and the Quest for Knowledge," *Philosophy of Science* 49 (1982): 1-23.

51. Kripke, *Naming and Necessity*, *op cit*; Hilary Putnam, "The Meaning of 'Meaning'," in *Philosophical Papers, Vol. II* (Cambridge: Cambridge University Press, 1975), ch. 12. Cf. also Keith Donnellan, "Substance and Individuals" (abstract), *Journal of Philosophy* 70 (1973): 711-12; Nathan Salmon, *Reference and Essence* (Princeton: Princeton University Press, 1981); Jarrett Leplin, "Is Essentialism Unscientific?" *Philosophy of Science* 55 (1988): 493-510.

52. See C.S. Peirce, "The Fixation of Belief," in Justin Buchler, ed., *Philosophical Writings of Peirce* (New York: Dover Books, 1955), p.11. Cf. Also Peirce's critique of Cartesian methodological doubt in "Some Consequences of the Four Incapacities," *Ibid*, pp.228-29.

53. This paragraph owes a great deal to the discussion in David Stove, *The Rationality of Induction* (Oxford: Clarendon Press, 1986), pp.3-5.

54. For some reasons for thinking the pursuit of distinctively philosophical knowledge a viable epistemic project see my "Self-Referential Arguments in Philosophy," *Reason Papers* 16 (1991): 133-64.

55. Rand, *IOE*, p.87.

56. He tells his side of the story in *Truth and Toleration*, *op cit*, n. 6.

57. For details see Douglas Rasmussen and Douglas Den Uyl, "Ayn Rand's Realism," *op cit*, n. 1.

58. I am grateful to Gregory R. Johnson for detailed criticisms of an earlier version of this paper; space considerations have dictated that I have reserve my responses to several of his criticisms for my projected "Ayn Rand's Theory of Concepts." I would also like to thank Kelley Dean Jolley for checking my material on Plato's and Aristotle's epistemologies. Finally, section IX benefitted a great deal from my reading David Stove, *The Rationality of Induction*, *op cit*, n. 53, despite the fact that I was rather unkind to one of his earlier books (cf. my "Stove's Critique of 'Irrationalists'," *Metaphilosophy* 18 (1987): 149-60.

# Liberalism in Prewar Japan: Origins, Evolution and Demise

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In his best-selling book, *Blueprint for a New Japan: The Rethinking of a Nation* (1993), Ozawa Ichiro, a leading member of the Liberal Democratic Party, argues that Japan must become a "normal" nation. The Japanese, he writes, "must reform our politics, our economy, our society, and our consciousness to bring them into greater currency with the rest of the world." To do this, Ozawa writes, the Japanese "must strive toward the goal of 'five freedoms'", including "placing greater value on individual life," and "allowing individuals...more freedom." If accomplished, these "five freedoms" would mean for Japan a greater emphasis on the individual than ever before in its history. In Ozawa's view, only by achieving these freedoms and becoming a "laudable country" can Japan continue to pursue economic development, and thereby "assume its international responsibilities and create a new, stable post-cold war global structure."<sup>1</sup>

Ozawa is arguing that Classical Liberalism, based on its cornerstone of individualism, contains universal values that can take root anywhere, not just in the West. Much is known about liberalism in a Western context - libertarian scholars have devoted many pages to discussions of Lockean ideas, Adam Smith, Austrian economics, modern libertarian theory and so on. But what about liberalism in a non-Western context? Late 19th century Japan saw the rise of a notable liberal intellectual trend that deserves the scrutiny of scholars of Classical Liberalism. An inquiry into the development of liberalism in Japan provides an important opportunity to view liberalism in a non-Western context and to consider the prospects for liberalism elsewhere.

Ozawa's ideas are contemporary echoes of the thinking that guided Japan's modernization that began with the Meiji Restoration of 1868. In 1868, having toppled the 250 year old Tokugawa Shogunate, young samurai leaders endeavored to set Japan on the path of modernization, summarizing their goals in the slogan, "Rich Country, Strong Army." These words would guide the new Meiji leaders as they adopted policies designed to achieve equality with the Western powers and free the country from the unequal treaties Western nations had pressured the Tokugawa leadership to sign.

At the end of the 19th century, many in Asia looked to Japan as a potential model for modernization and independence from Western domination. Influential Chinese reformers like Kang Youwei and Liang Qiqao advocated modernization along Japanese lines, and thousands of Chinese students made their way to Japan to study. Korea sent its first students abroad in the early 1880s, young officials of the royal court who studied in Japan.<sup>2</sup> But Japan's role as a model for Asian modernization was thoroughly discredited by the aggressive policies it pursued against its neighbors in the 1930s and 1940s, its "anti-colonial imperialism."<sup>3</sup> While the animosity and fear that Japan's Asian neighbors harbor toward it have not completely abated, Japan has nevertheless emerged once again as a model for development. South Korea, Taiwan, and the other "mini-dragons" of Asia have

all been able to borrow aspects of the Japanese model in building their economies, and in turn, in liberalizing their political structures and their societies. Now, with China poised on the brink of major change, Japan's example may be influential there as well.

Japan's 19th century goals of "Rich Country, Strong Army" were to be achieved by studying and adopting from the West those features the Japanese believed contributed to Western strength. Touring Europe and the United States with the Iwakura Mission of 1871-1873, Meiji leaders learned all they could of the West, concluding, for example, that the factories, from which "black smoke rises to the sky...[were]...sufficient explanation of England's wealth and strength."<sup>4</sup> Thus the Meiji government pursued industrialization as a means to building a "rich country." Late 19th century Prussia offered Japan a model of the strongest military of the time, and so the Prussian model was followed for the military, down to the shakos on the helmets. The Meiji leaders also observed the political systems of the West, and on this basis concluded that Japan, too, must adopt some type of liberal democracy. Liberalism, they believed, provided the foundation of Western strength.

Lacking a true understanding of classical liberalism, however, early Meiji thinkers and politicians introduced to Japan liberalism with a fatal flaw: Liberalism was viewed not as a means for responding to the wishes of the people, but as a tool for building a strong state and a "strong army." Arriving, as it did, on the coattails of "Western imperialism and military pressure," liberalism came to Japan already tainted.<sup>5</sup> More importantly, however, because the impetus for liberal government came from above and not through struggle from below,<sup>6</sup> conditions for the development of liberalism in Japan were not as fertile as they might otherwise have been. Thus classical liberalism entered Japan in the last decades of the nineteenth century fundamentally misunderstood and misapplied. This article will examine the fate of liberalism in Japan in the prewar period and the implications the failed application of liberalism had for Japan.

One of the earliest and most vigorous proponents of liberalism in Japan was Fukuzawa Yukichi (1835-1901). Having traveled to the US in 1860 and 1867 and to Europe in 1862, Fukuzawa compiled astute observations of life in the West in numerous best-selling books, and became Meiji Japan's primary source of information about the West. His goal, however, was not merely to popularize the West, but to develop the values of Western civilization - the "spirit of independence" in his countrymen:

...I find that Japanese civilization will advance only after we sweep away the old spirit that permeates the minds of the people. But it can be swept away neither by government decree nor private admonition. Some persons must take the initiative in doing things in order to show the people where their aims should lie.<sup>7</sup>

Fukuzawa, leader of what became known as the "Japanese Enlightenment," would show the Japanese that first and foremost, they must develop individualism.

Fukuzawa realized that for the Japanese, whose language lacked a suitable translation for the English terms "freedom," and "liberty," (he had to select an ancient Buddhist term to connote these ideas)<sup>8</sup> developing a spirit of individualism would be a struggle. The struggle would require them to overcome centuries of Confucian teachings. Confucianism,

which Fukuzawa called a "disease inherited from our distant ancestors,"<sup>9</sup> described a well-ordered, harmonious society strictly built on hierarchical principles and demanding respect for and obedience to authority. Confucian ideals so permeated society that despite the Meiji reforms in the late 1860s eliminating the rigid traditional class structure, the bulk of the Japanese people retained habits that were "still those of inferiors...When told to stand, they stand; when told to dance, they dance. Their subservience is like that of hungry dogs raised in a house."<sup>10</sup>

Centuries of Confucian tradition, Fukuzawa believed, created a situation in Japan in which an "imbalance of power pervades the entire network of Japanese society."<sup>11</sup> On an individual level, this produced the fawning and currying of inferior to superior, and the haughty disdain of superior to inferior.<sup>12</sup> On a countrywide scale, however, the implications were even more dire for Japan, resulting in authoritarian government. Fukuzawa argued that "the common people had never asserted their rights" and as a result, he believed, "...in Japan, there is a government, but no nation."<sup>13</sup>

In fact, it was this absence of a nation, this lack of popular participation in civic life, that Fukuzawa feared most. Individual subservience would become national subservience: "The humiliation not only of a single individual, but of Japan."<sup>14</sup> Thus the missionary zeal with which he proselytized individualism was wholly directed toward achieving and preserving national independence. "When the people of a nation do not have the spirit of individual independence," he wrote, "the corresponding right of national independence cannot be realized."<sup>15</sup> Fukuzawa's concern over Japanese independence was completely reasonable in the 1870s, the years of his strongest liberal message. Having seen China, their great continental neighbor, brought to its knees in the Opium Wars 30 years earlier, and subsequently forced by the West into a servile position, many Japanese feared their own country, having already signed unequal treaties with Western powers in the 1850s and '60s, would meet the same fate. Fukuzawa's determination to teach his countrymen how to avoid this inspired his liberal prescription for Japan. "Now, the only duty of the Japanese at present is to preserve Japan's national polity," Fukuzawa wrote in 1875.<sup>16</sup>

As we have seen, individualism formed the basis of Fukuzawa's prescription; he fleshed it out by applying individualism to the political and economic structure of the country. "Popular parliaments," he believed, "can serve as a balance of power in regard to the government,"<sup>17</sup> remedying the authoritarian, top-heavy imbalance that plagued Japan. He recognized, however, that the outward form of a parliament would be meaningless until a generation of "Japanese people...[are]...born who will be a stimulus to government instead of its plaything."<sup>18</sup>

Just as participatory government was important for Japan, so too was popular participation in the economy. In the traditional social structure the merchants, despised as a "parasite class," occupied the lowest position, and economic activity in other classes was severely limited both by law and custom. The elimination of class distinctions shortly after the Meiji Restoration went a long way toward freeing up the economic sphere, vital to achieving the goals of "Rich Country, Strong Army." Fukuzawa unequivocally supported this opening up of economic opportunity, and in 1882 even founded a newspaper that focused largely on business and financial issues. He was a strong believer in the

efficiency of the market: "If something fills a real need, when the time comes there will be buyers. Conversely, if there is no need and no market for an item, they should close up shop."<sup>19</sup>

Laissez-faire policies caught the attention of other Meiji intellectuals as well. Journalist Tokutomi Soho (1863-1957) advocated wholesale Westernization of Japan "along the lines of 19th century liberal doctrine,"<sup>20</sup> and viewed "government involvement in commerce with suspicion...[favoring]...a policy of freedom of trade as the best way to increase the nation's wealth and standard of living."<sup>21</sup> These ideas inspired some in the Finance Ministry, among them Taguchi Ukichi (1855-1905) whose book, *A Free Trade Policy for Japan* (1878) was strongly influenced by the works of Adam Smith.<sup>22</sup>

It would hardly be right, however, to imply that the new Meiji government itself adopted the policies of free trade outlined by Taguchi and supported by Fukuzawa. Pursuing the all important goal of "Rich Country, Strong Army," as a way to gain equity with and acceptance by the West (and thus preserving national independence) the government involved itself heavily in economic development. In the 1870s, the Meiji government laid Japan's first railroad tracks, connecting Tokyo and Yokohama, and continued to invest in infrastructure as well as heavy industry such as shipbuilding, mining, and chemicals manufacture. Economic hardship in the mid-1880s forced the government to sell off these failing industries to private investors who for the most part made them successful. The government link with business remained strong and continues to be so today.

This link between government and business was forged with one underlying goal: national independence. Fukuzawa's own advocacy of liberalism too, aimed at the achievement of this goal: "...the way in which to preserve...independence cannot be sought anywhere except in civilization [*viz.* Western-style liberalism]. The *only reason* for making the people in our country today advance toward civilization is to preserve our country's independence" (*italics added*).<sup>23</sup>

This then, was the bottom line for Fukuzawa - liberalism would be used not as an end in itself, but as a means to an end. Fukuzawa never understood liberalism as a good in itself, but rather saw it as the basis for building a strong state. Thus Fukuzawa's liberalism was inherently weak, indeed, it had a fatal flaw, for rather than championing the individual as a bulwark against the overwhelming power of the state, Fukuzawa upheld the individual solely as a component whose primary value was for building a strong state. Indeed, it was not the opening of the first Diet (parliament) in 1890, but Japan's 1895 victory over China in the Sino-Japanese War that seemed to vindicate Fukuzawa's devotion to the liberal cause. For Fukuzawa, as for Japan as a whole, this victory inspired exultation. To be sure, Japan was merely following the Western imperialist example in warring with China over paramountcy in Korea, and Fukuzawa rationalized the war as a Japanese attempt to reform Korea and "awaken China to the blessings of civilization."<sup>24</sup> Nevertheless, his jubilation over the outcome of the war betrayed a turn to nationalism, and underscored his insistence on liberalism as the tool for building a strong nation. "How happy I am; I have no words to express it!" Fukuzawa wrote in reference to Japan's victory. "...Unimpassioned thought," he continued, "will show this victory over China as nothing more than the



beginning of our foreign policy."<sup>25</sup> This was an ominous thought indeed in light of Japan's later military aggression in Asia.

For others of his generation, the turn to nationalism at the expense of liberalism was even starker. For Tokutomi Soho, whose advocacy of "19th century liberal doctrine" for Japan was complete, the turn to nationalism was also complete. Following the Sino-Japanese War, the Triple Intervention of France, Russia and Germany demanded Japan return to China the Liaotung Peninsular, ceded to Japan in the Treaty of Shimonoseki. After this setback, Tokutomi wrote he was "baptized to the gospel of power,"<sup>26</sup> and came to believe that "the adoption of Western civilization no longer represented unqualified progress."<sup>27</sup> So seductive were imperialism and military victory as signs of national strength that as one Japanese intellectual historian explained, after the Sino-Japanese War, "Even those who were [previously] considered unalloyed liberals [became] militarists."<sup>28</sup> Thus Japan's victory over China, and to an even greater degree, victory over Russia in the Russo-Japanese War ten years later, proved a watershed for Japan. Victory on the battlefield seemed to demonstrate the validity of liberal doctrine. Liberalism worked: Liberalism won wars.

A generation later, liberal intellectual Hasegawa Nyozeikan (1875-1969) recognized the rise of nationalism, and its danger to liberalism, noting that, "As we entered the Meiji twenties [viz. 1890s] the trend in modern Japanese history reversed from a process toward liberalism to a process toward nationalism."<sup>29</sup> In his long career as a journalist and social critic, Hasegawa Nyozeikan commented on Japanese society, endeavoring to mould public opinion and create an intellectual basis for the growth of liberalism in Japan. Nyozeikan's central characteristic as an intellectual and journalist was his liberalism. As a member of the generation educated by Fukuzawa and his cohorts, Nyozeikan received an education grounded in the Western knowledge that was flowing into Japan in the early years of Meiji. Unlike his mentoring generation, however, Nyozeikan's study of Western philosophy, and of liberalism in particular, took place in an atmosphere largely relieved of the gnawing fear for Japanese independence. Born seven years after the Meiji Restoration, Japan's position was more secure than it must have felt to Fukuzawa, whose concern over maintaining national independence was the bedrock of his liberalism. More importantly, however, Nyozeikan's understanding of classical liberalism went deeper than that of Fukuzawa and his generation.

Nyozeikan attended Chuo University, a private university, which like other private universities, was more conducive to liberal ideas and attitudes than the imperial universities.<sup>30</sup> There he received an education firmly grounded in English and French philosophy, avoiding the German-based education that was dominant in the imperial universities.<sup>31</sup> Shortly after graduating from Chuo University, ill health forced him into a period of recuperation, which he spent, despite doctor's orders, at the library, immersing himself in the works of Spencer, Mill, Hume, Spinoza, Toqueville, and others.<sup>32</sup> He also read Marx and Engels during this time, tackling the English translation of Marx's *Kapital*, and Engels' *Socialism: Utopian and Scientific*,<sup>33</sup> later admitting that he never really "got" Marx.<sup>34</sup> In 1910, Nyozeikan took a trip to England in his capacity as a journalist with the *Osaka Asahi Shimbun*, the leading liberal voice of the day.<sup>35</sup> This trip left a strong imprint, as eminent legal scholar Matsumoto Joji pointed out, "...the liberal aspect of Nyozeikan's character gradually expanded after his trip to England."<sup>36</sup>

During this trip, Nyozekean read avidly of the English books and newspapers available to him, and was especially drawn to the ideas expressed by British social theorist Leonard T. Hobhouse in his book, *The Metaphysical Theory of the State* (1918). Introducing Hobhouse's ideas to a Japanese audience in the pages of his own magazine, *Warera*, ("Ourselves") in 1920, Nyozekean pointed out that the book was an attack against the statism of Hegel, and Hegel's "idealized exaltation of the state."<sup>37</sup> Nyozekean explained that while the metaphysical theory of the state holds that the "*raison d'être* of the state is itself," the democratic or humanitarian view regards the state as a means, "a servant of humanity [that must be] judged by what it does for the lives of its members."<sup>38</sup> Nyozekean was clearly aware of the weakness in Fukuzawa's application of liberalism to Japan. Realizing the fallacy of the ideal of liberalism for building a strong state, Nyozekean embraced classical liberalism for its own sake.

Just five years before victory over China gave proof of Japanese strength, the Meiji Constitution, a "gift" from the Emperor to his people, was promulgated, and the first Diet was convened. Soon after the Meiji Restoration, bureaucrats had decided that Japan should become a nation guided by a Constitution. The debate over what kind of constitution Japan should adopt, however - English-style, weighted toward the parliament, or German-style, weighted toward the monarch - was divisive. The constitution that finally emerged, based largely on the German model, was an unfortunate hybrid that reflected the government's schizophrenic view of liberalism. Paying lip service to the idea of representative government, the Constitution created a bicameral Diet, whose lower house was elected by a miniscule electorate. At the same time, the Constitution severely limited the authority of the Diet, arrogating almost all power to the Emperor and his Privy Council, which Nyozekean noted was a "curio of feudal government [that possesses] more power than the parliament itself."<sup>39</sup>

Though the Diet provided an avenue for popular political participation, it was a very narrow one. After the victory over Russia in 1905, popular movements grew, as did demands for enlarging the electorate.<sup>40</sup> Many in the government bureaucracy, however, still imbued with the Confucian traditions that valued harmony, came to fear the perceived chaos of a society based on the notion of individual liberty, especially the social dislocation they observed as an accompaniment to *laissez-faire* industrial growth in the West. If the government allowed the social fabric to fray, the nation's goals, of "Rich Country, Strong Army", would unravel as well. To remedy this, in the nineteen-teens and 'twenties, the government enacted a flurry of social legislation as a "preemptive strike" to prevent social upheaval,<sup>41</sup> in effect, robbing the populace of an opportunity for political action and retarding democratic development. Finally, in 1925, after repeated attempts, the Diet passed the Universal Manhood Suffrage bill, extending the right to vote to all non-indigent men over the age of 20. As a check on this vast expansion of the electorate, however, that same year the Diet enacted the Peace Preservation Law, making it illegal for anyone to advocate changing the system of government or to advocate outlawing private property, thus providing a legal basis for future political repression. (In 1941, Peace Preservation Law was extended to allow for "preventative arrest".)

Unlike Fukuzawa, for whom the demonstration of Japanese national strength in the victories over China and Russia served to validate liberalism, Nyozekean believed that the

conquest of other peoples was anathema to liberty at home. Echoing Hobhouse in his analysis of the relationship between national and international liberty, Nyozekean argued in 1920 that Japan's demonstrated unwillingness to respect the will of the people of other nations meant that it could not respect the will of its own people.<sup>42</sup> After the 1925 Peace Preservation Law, the truth of this became increasingly evident.

The Manchurian Incident in September, 1931, in which Japan extended colonial control over China's huge northeastern region, gave additional weight to Nyozekean's belief in the connection between Japanese military aggression abroad and political repression at home. Hobhouse's statement that the conqueror "forfeits his liberty as long as he retains his power"<sup>43</sup> was borne out shortly after the Manchurian Incident in the May Fifteenth Incident of 1932. In May, 1932, a group of young naval officers staged a coup, hoping to destroy the political parties and other democratic institutions and "restore" national unity founded on an intimate relationship between the emperor and the people. Though the coup failed, party government was sufficiently shaken, and Prime Minister Saito put in place a "cabinet of national unity" with representatives from the military, bureaucracy, and parties, ending the practice of party cabinets and limiting popular input in government.

Japan's aggressive policy in Asia, Nyozekean observed shortly after the Manchurian Incident, had a long history, becoming especially pronounced from the middle of the Meiji period, after which, he wrote, "the Sino-Japanese and Russo-Japanese wars were the outgrowth of our continental policy."<sup>44</sup> Two years later he would warn with chilling accuracy that "...the danger of the Manchurian Incident moving toward a second world war and a demand for the general mobilization of the population is clear."<sup>45</sup> For Nyozekean, then, the Manchurian Incident signalled the onset of fascism in Japan, and formed the pivotal event around which his 1932 book, *Critique of Japanese Fascism (Nihon fashizumu hihan)* revolved. In his critique, Nyozekean explored the process by which the liberal ideas that Fukuzawa had championed in the early Meiji period had devolved into fascism.

Central to Nyozekean's analysis of the development of fascism in Japan was the country's status as a late-developing capitalist nation. In his *Critique of Japanese Fascism*, Nyozekean first explored Italian fascism, and argued that Japan closely resembled Italy in that it was "still not sufficiently developed as a capitalist state."<sup>46</sup> Playing catch-up with the West, the Japanese government during the Meiji period took a leading role in industrialization. Even after Finance Minister Matsukata sold government industries to private investors in the mid-1880s, government continued to work closely with industry, and Nyozekean believed this prevented the formation of an independent and oppositional bourgeoisie. In Europe in the early throes of democratization, the institution of parliament was established, Nyozekean wrote, "To destroy the dictatorship of the aristocracy."<sup>47</sup> In Japan, however, the government, in its single-minded pursuit of the twin goals "Rich Country, Strong Army," forged a bond with monopoly capital to create an overpowering force, one which "small and middle landowners and small and middle capitalists" were unable to oppose, thus paving the way for the development of fascism in Japan.<sup>48</sup>

In Nyozekean's view of Japan's fascist political development, "professional politicians served merely as tools for the struggles of the capitalists."<sup>49</sup> Thus fascism, he believed, did not preclude the existence of a parliament, it merely required that the parliament not function as a body representing competing interests in society.<sup>50</sup> Parliamentary formation in Japan, Nyozekean believed, had stopped short, providing the outer shell of the institution but lacking the inner mechanism to make it work.<sup>51</sup>

Japan's fascism, in Nyozekean's analysis, was "cold" or "legal" fascism, "more self-possessed and gradual" than Mussolini's fanatical fascism.<sup>52</sup> It was not the result of a violent coup that overthrew the existing power structure, but was built within that power structure itself.<sup>53</sup> In this process, party politicians and the bureaucracy gradually overran independent political forces in the country, and in Nyozekean's view, coopted various rural political groups, using them in the gradual fascicization of the country.<sup>54</sup> The parties, rather than serving to lead the struggle for political power between the bourgeoisie on the one hand and the aristocracy and the bureaucracy on the other, were merely "the engine of the struggle for advantage between one group of capitalists and another."<sup>55</sup> The small and middle capitalists, the very elements in society that might have linked with the political parties to oppose the authority of the government in its collusion with monopoly capital, failed to do so, fearing the possibility of chaos and disorder. The left provided the only example of opposition to the government, but disapproving of their methods, the small and middle capitalists instead opted for law and order and themselves became part of the fascist movement.<sup>56</sup>

In the same way that the wars with China and Russia that straddled the turn of the century prompted a retreat from liberalism, a combination of international and domestic tensions in the 1920s and 1930s prompted a similar withdrawal. Nyozekean's view of liberalism was not marred by misunderstanding as was Fukuzawa's, but he was aware of these misunderstandings in others, and of the ways in which this contributed to the development of fascism in Japan. Liberalism suffered this fate not only during the Meiji era, but in the Taisho (1912-1925) and early Showa (1925-1989) eras as well. Nyozekean once commented on this prewar liberalism saying, "Japanese didn't really understand the difference between liberalism and Marxism very well...[they]...couldn't see that liberalism was opposed to Marxism."<sup>57</sup> Unable to grasp the glaring difference between liberal individualism and the communalism of Marx, finer ideological differences became meaningless.

Nyozekean's prediction that the Manchurian Incident would lead Japan into a second world war was all too accurate. The end of World War II, however, and the Allied Occupation of Japan seemed to fulfill another of Nyozekean's predictions: his belief that democracy would develop in Japan. After the war he wrote that Japan's postwar democratization "followed a course which the history of the modernization of Japan and of the Japanese themselves would have taken anyway if left to its natural tendency."<sup>58</sup> Indeed, aside from their wholly personal relief at having survived the war, many Japanese have expressed the view of the occupying forces as "liberators," liberating them from their own government. "Swaggering military men and rigid bureaucrats! If they were ultimately victorious, where would that have led?" asked ninety-four year old retired corporate chairman Haratani Ichiro.<sup>59</sup>

In 1890, on the day the Meiji Constitution was promulgated, Kuga Katsunan, one of Nyozekean's early mentors whose advocacy of liberalism in the early Meiji period had attracted Nyozekean, wrote of his nation with a strange pride saying that:

the historical relationship between Emperor and people was unsullied by strife or jealous competition for rights. Japanese advocates of people's rights who had drawn their theories from Western liberal doctrines had ignored this relationship. Because Japan had never known a revolutionary struggle against its imperial institution, Western liberalism was irrelevant...and would never find root in Japan.<sup>60</sup>

Nyozekean disagreed with his mentor, that Western liberalism would never find root in Japan, as Ozawa too would disagree. Liberalism, both would argue, is a universal value, which has universal application. Individualism as a value, Nyozekean believed, was not a foreign transplant to Japan, but had indigenous roots. And just as a plant must grow from its roots, liberalism cannot be imposed from above, as was the attempt in prewar Japan, but must come from below. Now, with China poised on the brink of change as the world's last major communist nation, Japan's role as a model in Asia may provide a valuable lesson, not just for one-fifth of the world's population, but for all. Japan's experience may once again provide a model for political liberalization in Asia.

## Notes

1. Ozawa Ichiro, *Blueprint for a New Japan*, excerpted in *Time*, 143:24 (June 13, 1994) 38, 47.
2. Immanuel C.Y. Hsu, *The Rise of Modern China*, 3rd ed., (New York: Oxford University Press, 1983) 362; Jonathan D. Spence, *The Search for Modern China*, (New York: W.W. Norton and Co., 1990) 240; Carter J. Eckert, ed., *Korea Old and New* (Cambridge, Mass: Harvard University Press, 1990) 203.
3. Peter F. Duus, *The Rise of Modern Japan*, (Boston: Houghton Mifflin Co., 1976) 190.
4. Okubo Toshimichi quoted in Peter Duus, *The Rise of Modern Japan*, (Boston: Houghton Mifflin, 1976) 83.
5. Sharon Nolte, *Liberalism in Modern Japan Ishibashi Tanzan and his Teachers, 1905-1960*, (Berkeley: University of California Press, 1987) 336.
6. See Thomas C. Smith, "Japan's Aristocratic Revolution," *Yale Review*, L:3 (1961).
7. Fukuzawa Yukichi, *An Encouragement of Learning*, David A. Dilworth and Umeyo Hirano, trans., (Tokyo: Sophia University, 1969) 24.
8. Yamaryo Kenji in *Kodansha Encyclopedia of Japan*, Vol. 4 (Tokyo, 1983) 387. The Japanese term Fukuzawa used, *jiyu*, however, implied a certain selfishness, or self-centeredness, negative connotations that Fukuzawa struggled to erase. To an extent, he was successful, and one Japanese scholar has called him a "...pioneer in the legitimization of individual desire." (Nolte, *Liberalism in Japan*, 249).
9. Fukuzawa Yukichi, *An Outline of a Theory of Civilization*, David A. Dilworth and G. Cameron Hurst, translators (Tokyo: Sophia University, 1973) 151.
10. Fukuzawa, *Encouragement of Learning*, 19.
11. Fukuzawa, *Outline Theory*, 136.
12. Kenneth Pyle points out Maruyama Masao used of Fukuzawa's assertion to illustrate his concept of the "transfer of oppression": "By exercising arbitrary power on those who are below, people manage to transfer in a downward direction the sense of oppression that comes from above, thus preserving the balance of the whole. Maruyama Masao," *Thought and Behavior in Japanese Politics*, Ivan Morris, ed., in Kenneth B. Pyle, *The New Generation in Meiji Japan: Problems of Japanese Identity, 1885-1895*, (Stanford University Press, 1969) fn. 88-89. Maruyama thus explains Japanese behaviour, domestic and international, during the Pacific War.
13. Fukuzawa, *Outline Theory*, 157; 144.

14. Fukuzawa, *Encouragement of Learning*, 19.
15. Fukuzawa, *Outline Theory*, 16.
16. Fukuzawa, *Outline Theory*, 28.
17. Fukuzawa, *Outline Theory*, 123.
18. Fukuzawa, *Encouragement of Learning*, 26.
19. Fukuzawa, *Outline Theory*, 55.
20. Pyle, *The New Generation*, 4.
21. *Ibid*, 45.
22. Pyle, *New Generation*, 88.
23. Fukuzawa, *Outline Theory*, 193 (Italics added).
24. Pyle, *New Generation*, 173.
25. Fukuzawa Yukichi, *The Autobiography of Fukuzawa Yukichi*, Eiichi Kiyooka, translator, (Tokyo: Hokuseido Press, 1948) 359.
26. Tokutomi Soho quoted in Pyle, *New Generation*, 180.
27. Pyle, *New Generation*, 181.
28. Tanaka Hiroshi, "Hyoden: Hasegawa Nyozeikan: Shakaiha janarisuto e no michi," *Sekai*, No. 482 (Dec., 1985) 222.
29. Hasegawa Nyozeikan, *Aru kokoro no jijoden*, in Shimonaka Kunihiko, ed., *Sekai kyoyo zenshu*, (Tokyo: Heibonsha, 1963) 421.
30. Nolte, *Liberalism in Modern Japan*, 5.
31. Tanaka, "Shakaiha janarisuto," 227.
32. *Ibid*, 229.
33. Sera Masatoshi, *et al.*, *Hasegawa Nyozeikan: hito, jidai, shiso to chosaku mokuroku*, (Tokyo, Chuo Daigaku, 1985) 29.
34. Tokyo Daigaku: "Hasegawa Nyozeikan-shi o kakonde: kaiso, hoho, Nihon bunka-ron," *Shimbun kenkyusho kiyō*, No. 13 (1965) 78.

35. Ito Tomihito, "Warerasha soritsu no jidai-teki kaikai," *Hasegawa Nyozeikan senshu geppo*, Vol. 6, (June, 1969) 1.
36. Matsumoto Joji, "Kaisetsu," in *Hasegawa Nyozeikan senshu*, Vol. 5 (Tokyo: Kurita shuppankai, 1970) 413.
37. Hasegawa Manjiro, "Hegeru-ha no jiyu ishi setsu to kokka - kagaku-teki kokka kan ni taisuru Hobuhausu-kyoju hihan o shokai su," *Warera*, 2:1 (Jan. 1, 1920) 27.
38. Hasegawa Manjiro, "Zettai-kokka setsu ni taisuru shakaigaku- teki hihan: Hobuhausu-kyoju no zettai koku setsu no hihan," *Warera*, 2:2 (Feb. 1, 1920) 40; Leonard T. Hobhouse, *The Metaphysical Theory of the State*, (London: Allen and Unwin Ltd., 1918) 137.
39. Hasegawa Nyozeikan, *Nihon fashizumu hihan*, in *Hasegawa Nyozeikan senshu*, Vol. 2 (Tokyo: Kurita shuppankai, 1969) 316.
40. Japan's first modern riot occurred in 1905 in protest to what the Japanese public believed was the unfair settlement of the Russo-Japanese War in the Portsmouth Treaty. Unaware of how narrow the Japanese margin of victory actually was, largely because of inaccurate, trumpeting press reports, the public felt entitled to more than the Portsmouth Treaty delivered. I think it is significant that nationalism, not popular demands for greater democracy, motivated this first riot.
41. See Kenneth B. Pyle, "The Advantages of Followership: German Economics and Japanese Bureaucrats, 1890-1925," *Journal of Japanese Studies*, 1:1 (Autumn, 1974).
42. Tanaka Hiroshi, "Hyoden: Hasegawa Nyozeikan: seiji, shakai kakumei to kokusai heiwa o motomete," *Sekai*, No. 483 (Jan., 1986) 256.
43. Leonard T. Hobhouse, *Liberalism* (New York: Holt and Co., no date) 42-43.
44. Hasegawa Nyozeikan, "Nihon burujoajii no tairiku seisaku to shimaguni seisaku: Manshu jiken no sokumen-teki kaishaku," *Hihan*, 2:9 (Oct. 1, 1931) 81.
45. Hasegawa Nyozeikan, *Nihon fashizumu hihan*, 338.
46. *Ibid.*, 281.
47. *Ibid.*, 324.
48. Tanaka Hiroshi, "Hasegawa Nyozeikan: 'chokokka shugi' to 'fashizumu' ni kosHITE," in Komatsu Shigeo and Tanaka Hiroshi, eds., *Nihon kokka shiso*, Vol. 2 (Tokyo: Aoki shoten, 1980) 310-311.
49. Hasegawa, *Nihon fashizumu hihan*, 337.
50. *Ibid.*, 325; 348.



51. *Ibid*, 337.

52. *Ibid*, 279; 290 and *passim*.

53. Andrew Barshay, *State and Intellectual in Imperial Japan: The Public Man in Crisis*, (Berkeley: University of California Press, 1988) 195.

54. *Ibid*, 197.

55. Hasegawa, *Nihon fashizumu hihan*, 325.

56. Tanaka, "'Chokokka shugi' to 'fashizumu' ni kosHITE," 310.

57. Tokyo Daigaku, "Hasegawa NyozeKan-shi o kakonde," 78.

58. Hasegawa NyozeKan, *Ushinawareta Nihon*, quoted in *Sources of Japanese Tradition*, William Theodore deBary, ed., (New York: Columbia University Press, 1958) 891.

59. Haratani Ichiro in Haruko Taya Cook and Theodore F. Cook, eds., *Japan at War: An Oral History*, (New York: The New Press, 1992) 17. See also pp.16; 280; 366; 419 and *passim*.

60. Pyle, *New Generation in Meiji Japan*, 95.

# Interdependent Decisionmaking, Game Theory and Conformity

Kathleen Touchstone

## Introduction

This paper examines conventions -- their genesis, their stability, and their effect on the decision process. As a review of the literature reveals, game theory figures prominently in explaining the emergence of conventions. Many times the solutions to game theoretic problems are indeterminate. A convention evolves more readily when some salient feature or asymmetry is recognized. Imagination on the part of the participants may be as important as rationality in discovering this.

The second section of Part I looks at exchange -- a convention described by a Prisoner's Dilemma situation. A problem arises when transactions do not occur simultaneously. The risk of default leads to mutual defection and a worse solution than could be achieved. In repeated games, a tit-for-tat strategy can lead to mutual reciprocity and a superior outcome. For an isolated game, the superior solution may arise under certain conditions, one being if some convention (or norm) exists that encourages cooperation. Thus, emergence of one convention may depend on the prior or concurrent establishment of others.

As mentioned, the Prisoner's Dilemma may result in a nonoptimal outcome. (It is usually identified with this.) The possibility of nonoptimality exists for other game theoretic situations as well. This is inconsistent with the neoclassical economic assumptions of rationality and maximization. Section three of Part I addresses maximization and rationality. It considers the works of Herbert Simon and of Harvey Leiberstein. Both relax neoclassical assumptions in order to address nonrational behavior. Simon redefines the economists definition of rationality to exclude the assumption of omniscience and to reflect adaptive behavior based on learning. In Leiberstein's work-wage model, workers may trade off wages for on the job leisure, the worst case being the work-effort level associated with the Prisoner's Dilemma outcome. This can be avoided by adherence to a peer-work convention, but the corresponding level of effort still may be suboptimal. The pressure of competition is a prerequisite for optimality, a result consistent with a (double) Golden Rule standard (enlightenment reciprocity). But the pressure of competition is felt through the price mechanism, which does not perform adequately unless property rights are properly defined. Again, one convention/norm (a Golden Rule Standard) may depend on another (convention of property) for its realization.

Conventions as described by game theoretical situations can emerge spontaneously. They need not be optimal, nor are they necessarily unique. This is inconsistent with Hobbe's claim that natural laws (such as property rights) are unique and can be deduced from self-evident propositions. Section four of Part I, shows that if efficiency is the determining criterion, the effect of privatization in inhibiting over-utilization is dependent

on the level of use. So the solution, "private property," is unique after some level of utilization is realized. The uniqueness of solution is, in this sense, contextual.

Part II revisits the Prisoner's Dilemma and asks how ethics (and other values) may enter the decision process. Robert Nozick's concept of symbolic utility is used in the analysis. It is found that if competing values are taken into account, length of sentence may not be an unambiguous measure of optimality.

Part III is concerned with the factors influencing conformity. The decision to conform to a convention, norm or other common practice may be rational. But why would one conform if it were not? One answer, among many suggested, draws from Nozick's notion of symbolic utility. Not conforming in one aspect may be considered symbolic of lack of conformity in others. To avoid this misleading generalization by others, an individual may feel compelled to conform in areas he would rather not. In the extreme case, a person might develop a habit of conformance.

In general, we do not observe lock-step conformance. There are pressures to conform. Are there countervailing pressures that oppose them? As seen in Leibenstein's model, competition in the economic sphere can lead to rational behavior (optimality) if certain pre-conditions exist (property rights). Is the same true in the field of ideas? Does competition in the marketplace of ideas result in the more rational ones surfacing and competing with the less rational, some of which may be founded in convention? Some argue in the affirmative. Still, reason takes effort. It is not automatic. And, even if rational conventions emerge, they may be unstable unless maintained by the persistent pursuit of reason.

## **I. Conventions and Game Theory**

Game theory has been used to explain the establishment of conventions. Examined has been how conventions may evolve spontaneously, i.e., without human design, in a state of nature, i.e., without the presence of government or other external authority. Reliance has been upon games of coordination and of conflict. Coordination problems involve such questions as which side of the street to drive on and who has the right of way at an intersection. These are problems of interdependent choice in which there is a coincidence of interest in their solution. Other problems of interdependent choice involve greater conflict of interest. These relate to the emergence of exchange, the provision of public goods, and the establishment of property rights.

A coordination problem has more than one solution, which is what renders necessary some rule or convention. If no rule is imposed from without, a convention may spontaneously arise. David Lewis defines convention as the solution to a coordination problem. Since these problems involve little if any, conflict, the convention that results is one in which everyone (or almost everyone) has an incentive to conform.<sup>1</sup>

Rationality is essential to Lewis's solution. "Coordination may be rationally achieved with the aid of a system of mutual expectation, of first or higher order, about agents' actions, preferences, and rationality" (Lewis 1969, 33). Common knowledge of rationality forms the basis for each agent to do his part in reaching equilibrium. Robert Sugden, who

examines not only games of coordination in the establishment of convention but those of conflict as well, reveals that since more than one solution is possible deductive reasoning leads in a circle (Sugden 1986, 20). Solution requires imagination as well as logic. An insight he credits to Schelling (*ibid.*, 49, 92).

Learning through experience is important in establishing a convention, according to Sugden. Of course, this is useless when there is no prior experience to draw upon. Still, a player "must choose *some* strategy, whether rationally or not" (*ibid.*, 20). In repeated games, the player may spot a pattern. In the language of game theory, a pattern is a strategy (*ibid.*, 26). A self-perpetuating strategy defines an equilibrium. The strategy may be pure (the same in every game) or mixed. Games may be symmetrical or asymmetrical. In symmetrical games, "both players follow *the same strategy*" (*ibid.*, 30). In asymmetrical games, "they play different strategies, so long as each strategy is the best reply to the other" (*ibid.*).

A common definition of convention is that one exists if everyone, or almost everyone, in a group follows the same practice (*ibid.*, 32). A more technical definition as conceived by Sugden is "any stable equilibrium is a game that has two or more stable equilibria" (*ibid.*). A stable equilibrium is a self-enforcing rule. In order for a convention to evolve some players must "recognize that they are playing an asymmetrical game, and come to focus on the same asymmetry" (*ibid.*, 42). This is consistently the case for every game Sugden presents with the exception of the division game. One of the conventions that emerged from that game results in a symmetrical game in which each player claimed exactly half. This represents "a self-enforcing rule -- a convention -- of equal division"<sup>2</sup> (*ibid.*, 69).

Sugden's analysis is based on the assumption that individuals learn by experience; i.e., they will choose the most successful strategies over extended games (*ibid.*). But the most successful strategy for one player will depend on the strategies chosen most often by other players (*ibid.*, 19). In the long run the most successful strategy will be the one that yields the largest expected utility, which will generally be the one that yields the greatest total utility (*ibid.*, 21). Yet he also demonstrates that in some cases the strategy that yields the greatest utility can not be sustained (*ibid.*, 22).

Human behavior is often inconsistent with Von-Neumann-Morgenstern axioms concerning the maximization of expected utility under uncertainty. Even when made aware of this inconsistency, individuals may not modify their behavior (*ibid.*, 15). Sugden claims that he is uninterested in how people rationally play, but in how they actually play. His is not a theory of games, but an application of games in explaining the emergence of conventions in a state of anarchy (*ibid.*, 16). He examines conventions of coordination, of reciprocity, and of property, the latter two emerging from games characterized by conflicting interests.

Robert Axelrod's stated purpose mirrors Sugden's. Specifically Axelrod is interested in uncovering the circumstances under which cooperation would develop in a world without central government. He examines the problem from the perspective of a two by two Prisoner's Dilemma. In the single shot scenario the dilemma is that "what is best for

the individual leads to mutual defection, whereas everyone would have been better off with mutual cooperation" (Axelrod 1984, 9). As per Sugden, coordination example, rationality cannot be counted upon. In the single shot case, individual rationality leads to a solution, but the outcome is worse for both players than is possible. In the iterative scheme, Axelrod finds it unnecessary to assume that players are rational or that they try to maximize their payoffs (*ibid.*, 18). "Learning, imitation, and selection . . . produce a process which makes relatively unsuccessful strategies less likely to appear later" (*ibid.*, 50). Of course, even in the iterative case individuals may not choose strategies that produce the greatest possible rewards. Axelrod finds that strategies based on cooperative reciprocity, tit for tat, generally produce better outcomes. But one cannot cooperate in isolation. One must have someone with whom to cooperate. If the probability of individuals encountering each other again is sufficiently high, rules based on reciprocity are more likely to be effective (*ibid.*, 176). Whereas, "when players will never meet again, the strategy of defection is the only stable strategy" (*ibid.*, 92). Conditions that increase the probability of future interaction tend to promote cooperation based on reciprocity.

In Sugden's analysis, the provision of public goods can also develop under prisoner's dilemma-like strategies. A tit for tat strategy may be stable, particularly if the number of players is small (Sugden 1986, 137). Other games of conflict, e.g., the Hawk-Dove, Attrition, and Division games, can result in conventions of property. However, by no means are they assured as outcomes. In all but a single case, unless an asymmetry is recognized, a Hobbesian state of nature can result. Sugden's point is that conventions of property are possible. The Hobbesian state of nature is not inevitable. An added irony is that conventions of property can evolve spontaneously without conscious human design. The concept of property need not require nor be the outcome of conscious, deductive deliberation but may be established as the spontaneous conclusion to the interplay of forces existing in a state of nature as described by game theory.

Sugden points out that conventions, like natural laws, evolve spontaneously and arise out of the interdependent actions of individuals with conflicting interests. "In this sense, conventions of coordination, property and reciprocity are natural laws" (Sugden 1986, 146). To Hobbes such laws are simply rules individuals abide in pursuit of their own self-interest. To Hume these laws may have a moral dimension (*ibid.*, 147). The moral aspect of conventions, when it exists, is derived in part from the inherent conflict of interests from which it evolves. "Situations of conflict of interest are ones in which we typically invoke *justice*" (*ibid.*, 146). For Hume, justice is a virtue, albeit an artificial one. It evolves "from repeated interactions of individuals pursuing their own interests . . ." (*ibid.*, 147). Conventions, such as those of property, become norms because of the mutual benefits they bestow (*ibid.*, 169). This is why, in his words, we "annex the idea of virtue to justice" (*ibid.*). When conventions are violated, others feel harmed as well as wronged. Violators feel "uneasy" about their actions out of sympathy toward others (*ibid.*, 170). It follows that "conventions . . . are stable because once they have been established, it is in everyone's interest to keep them" (*ibid.*, 147).

Lewis, too, maintains that conventions can become norms. His argument hinges upon two presumptions: the first being "that one ought to do what answers to his own preferences", and the other "that one ought to do what answers to other's preferences,

especially when they may reasonably expect one to do so" (Lewis 1969, 98). Lewis defines conventions as solutions to coordination problems, situations in which there is little, if any, conflict of interests. Conformance follows from mutual expectations.

Sugden extends Lewis's analysis to conventions which are more dependent upon mutual obligation; those with inherent conflict. In these cases, some people may be better off in a state of nature than they are once the convention is established. However, once established it is to (almost) everyone's benefit to maintain it. Concerning conventions of property, Sugden says, "provided I own *something*, thieves are a threat to me" (*ibid.*, 159). Thus, a situation could result in which "a convention may acquire moral force without contributing to social welfare in any way" (*ibid.*, 166). He makes the following distinction:

Notice a convention of property may become a generally accepted norm even though it cannot be justified in terms of any external standards of fairness. Having become a norm, a convention *becomes* a standard of fairness; but, on my account, it does not become a norm *because* it is seen to be fair (*ibid.*, 189).

Unlike Hume's, Sugden's argument rests not on sympathy but on the principle of cooperation; which, he concedes, is not the whole of morality but nevertheless carries moral weight (*ibid.*, 172). Axelrod, too, speaks of the *ethic* of reciprocity, which he finds slightly unsavory since it permits "no more than equity" (Axelrod 1984, 137). The Golden Rule would require unconditional cooperation (*ibid.*, 136), (apparently a morally superior alternative in his view).

Sugden does not appear to share this particular reservation. He states that: "The morality that grows up around conventions . . . is a morality of *co-operation*. It is also a morality of *rights*" (Sugden 1986, 173). Furthermore, he explains that "any system of morality that rests on an idea of co-operation must incorporate some reference point from which benefit or disbenefit is to be measured" (*ibid.*). This reference, according to Sugden, is the status quo. As to whether the status quo should be the moral reference point, his position, following from Hume's Law that "'ought' statements cannot be derived from 'is' statements", is that it "can never be resolved by an appeal to reason" (*ibid.*, 153, 175). His concern "is not about the logic of moral propositions; it is about the psychology of morals" (*ibid.*, 153).

### **The Prisoner's Dilemma and Exchange**

Conditions underlying exchange can be defined by the Prisoner's Dilemma. Russell Hardin illustrates:

To see that the ordinal payoff structure of the Prisoner's Dilemma is precisely that of an ordinary exchange, one can suppose that  $x$  is your car and  $y$  is my \$1,000. If it makes sense for us to trade, it must be the case that I prefer your car to my money while you prefer my money to your car. Obviously, as first preferences each of us would most like to have both the car and the money. As second preferences we would like to make the trade. Our third preference is to fail to trade and to remain at the original status quo. Our fourth choice

would be to lose our own holding without gaining that of the other (Hardin 1988, 42).

A dilemma arises when the exchange cannot be transacted simultaneously, and one must rely upon the promise of follow-through on the part of the other. In a world without law or enforcement, for a single play Prisoner's Dilemma (one exchange) the determinant solution is the dominant strategy, which is not to cooperate (*ibid.*, 48). "If some external mechanism for enforcing agreements is made available to the players, the game becomes trivial" (Sugden 1986, 122). This is an important point. The game is of interest because it examines situations that might exist in a state of nature. Although it provides a useful framework for analysis, some of the conclusions result from restrictive assumptions which are, if not artificial or contrived, at least surmountable in some if not many cases.

As Hardin acknowledges, the solution to an isolated play of a Prisoner's Dilemma leads to a worse outcome than could be achieved -- both parties defect. Axelrod echoes this -- individual rationality (i.e., maximizing behavior) leads to worse results than could exist. From this, it is concluded, coercion may be needed in order to be free. To quote Axelrod:

In fact, getting out of Prisoner's Dilemmas is one of the primary functions of government: to make sure that when individuals do not have private incentives to cooperate, they will be required to do the socially useful thing . . . This is a major part of what Rousseau meant when he said that government's role is to make sure that each citizen "will be forced to be free" . . . (Axelrod 1984, 133).

Hardin agrees:

Many institutions, such as legal rights, are easily seen as responses to limits of reason. They are devices of institutional protection or intervention to achieve better outcomes than could be achieved by individuals acting without constraint (Hardin 1988, xvii).

As Hardin points out, in a Prisoner's Dilemma one cannot simply select what he wants. The opponent will block that choice and force both to a lesser outcome (*ibid.*, 69). In a single shot Prisoner's Dilemma, what one wants most is the theft (or default on payment) option, i.e., I get your car *and* keep my money. But then we end making no trade. (One could say that the isolated Prisoner's Dilemma has an inherent ethic in that theft is not permitted). Government can enforce agreements, thereby improving the outcome, but without central authority, no transaction will take place in the isolated Prisoner's Dilemma. Iterative games introduce other possibilities. Both Axelrod and Sugden devote considerable effort demonstrating that in extended games, cooperation is possible, even likely under certain circumstances.

Robert Nozick has shown that the cooperative solution (preference two, or exchange in the Hardin example) can prevail in the single shot case if each player thinks the other is relevantly similar to himself (Nozick 1993, 52). The relative size of the payoffs is a factor as well. If the reward for cooperation is great relative to the dominant payoff and

the alternate rewards are relatively slight, the cooperative solution is more attractive (*ibid.*, 53).

Nozick also introduces symbolic utility into the decision process. An action is symbolic if it represents something other than (and in addition to) what it ostensibly stands for (*ibid.*, 26). Ethical principles, for example, may acquire symbolic meaning and become embedded in decisions involving certain actions. The symbolic utility of an action may thus change the payoff structure associated with a given decision (*ibid.*, 29). If one values cooperation and wants to be and/or thought to be cooperative, then this will give added weight to the cooperative alternative in a Prisoner's Dilemma situation. This alone will not guarantee the cooperative solution. The outcome will depend on whether both share the cooperative ethic. Common knowledge of rationality is also required. By Nozick's reasoning, the Prisoner's Dilemma solution becomes indeterminate -- more than one is possible. However, if an ethic has widespread appeal and one has a sense for the extent of its acceptance, he may be able to better predict the outcome.

Harvey Leibenstein points out that the Prisoner's Dilemma (dominant) solution may be avoided by adherence to a convention, ethic, or code of behavior, "so each side behaves according to convention instead of maximization" (Leibenstein 1987, 52). The failure to achieve optimality through adherence to convention exists in Leibenstein's work-effort model because the dimension of the matrix is greater than  $2 \times 2$ . If the matrix is  $2 \times 2$ , then if each side behaves in accordance with a convention (say, cooperation), then this can lead to maximization. Maximization can also be achieved when both sides adhere to a convention, ethic, or code, if it significantly changes the payoff structure of the matrix. Axelrod comments that in the original Prisoner's Dilemma, if both players belonged to gangs that retaliated for squealing (e.g., enforced the Mafia code of *omerta*), then this could change the payoff matrix and promote the cooperative solution; e.g, light sentences in reward for mutual silence (Axelrod 1984, 133). In fact, the matrix could be altered to such an extent that a dilemma no longer exists.

The reason that the code of *omerta* is effective is because it has teeth. The Prisoner's Dilemma problem arises in a state of nature because of lack of enforcement. Other codes that can reverse the direction of the Prisoner's Dilemma outcome, may rely less on retaliation than on reputation or integrity. Leibenstein illustrates that in the opera *Tosca*, if both parties had honored their word, each would have fared better (Leibenstein 1987, 47). The problem was not lack of agreement, but of commitment. Here again, as in the previous example, if both parties had honored the code, in this case honor, this would have affected the utility matrix, *ceteris paribus*, by weighting the cooperative alternative more heavily. An optimal result could have been achieved.

In Leibenstein's wage-work effort model, the decision between workers and managers can be categorized according to the following three standards: (1) the Golden Rule, in which management offers the best compensation possible and workers perform as well as possible; (2) the peer-effort standard, an average level of pay and performance; and (3) parametric maximization, where managers try to pay the least possible and employees put forth as little effort as possible (*ibid.*, 48-49). The third combination defines the Prisoner's Dilemma outcome. Leibenstein argues that this outcome can be avoided and the



peer-effort alternative attained, if some work effort convention, such as a fair day's work for a fair day's pay, exists.

There may be a number of peer-effort standards, any one of which is superior to the Prisoner's Dilemma outcome, but all of which are inferior to the (double) Golden Rule. Leibenstein believes the latter result (optimality) to be highly unlikely, however. He hypothesizes that work effort conforms to the Yerkes-Dodson Law; i.e., it increases in response to pressure up to an optimum level, then falls (*ibid.*, 20). In other words, there may be any number of suboptimal levels of worker performance.

Suboptimal performance is inconsistent with neoclassical theory, but is possible, even likely, in Leibenstein's model because of the relaxation of a number of assumptions underlying traditional theory. Included among Leibenstein's postulates are the existence of incomplete employment and imperfect competition (*ibid.*, 129) (see also Perlman 1990, 8-9; Francis 1990, 283-84; Frantz 1990a, 377-78). From these and other postulates, he reasons that intrafirm inefficiency, which he terms X-inefficiency to distinguish it from allocative inefficiency, is likely to result. A major source of this is non-optimal effort on the part of workers. Workers have an incentive to trade-off effort for on the job leisure; the worst case scenario being the effort level associated with the Prisoner's Dilemma standard.

Effort, however, increases with pressure. One source of intra-firm pressure is the peer-work convention. Such conventions are effective because of group sanctions, e.g., ostracization. There is an attraction toward conformance because of what Schelling calls the "pain of conspicuousness" (*ibid.*, 107). Even though wages may equal the marginal productivity of effort, peer worker performance will most likely be suboptimal.

Conventions tend to be stable. Peer work standards are a category of inert behavior (*ibid.*, 34). Inertia is characterized as a bounded area in which effort is routine (*ibid.*, 22). Within a certain range, there may be a significant change in the independent variable, pressure, before the dependent variable, work effort, responds. Thus, there is a ratchet effect in effort in response to pressure. This is particularly true in the short run. In the long run, most rigidities can be altered (*ibid.*, 33).

Another source of pressure, which is external to the firm, is competition. The more market pressure there is, the greater the likelihood of achieving the Golden Rule standard (i.e., neoclassical optimization) (Frantz 1990a, 379). Thus, the Prisoner's Dilemma wage-work alternative is avoided by adherence to convention; what yields the better result is the pressure of convention. Still, conventions may well result in suboptimal effort. What determines the best outcome is the pressure of competition.

In Leibenstein's work-effort model, some method of enforcement is implicitly understood. (This can be seen from his assumption concerning contracts.) The problem is not that they are unenforceable but that they are incomplete.) What Leibenstein's analysis serves to reinforce is the power of convention in overcoming or avoiding the Prisoner's Dilemma outcome, which was observed for the ethics of cooperation and codes of retaliation and of honor. All of these may depend more on the opinions of others than on one's opinion of oneself in influencing decision, but this too is a factor -- one must live

with oneself; i.e., there can be standards related to integrity that counteract the Prisoner's Dilemma if they are commonly held. For example, people do agree and agreement (coupled with commitment) can reduce uncertainty and risk.

If there is a high probability of default (e.g., people agree but lie -- truth is not valued), then risk is high even with agreement (assuming agreements cannot be enforced). But this element of risk affects the payoffs. The payoffs (to use Hardin's example, your car for my \$1,000), then, would not be accurate representations because risk has not been factored in. Once risk has been considered the cooperative solution (exchange) may not be a solution at all. That is, it may not be rational to enter a transaction because risk changes the expected payoffs. The game thus transformed is no longer a Prisoner's Dilemma.

There are strong incentives to trade even when laws prohibit it. Illegal trade flourishes. There is a sizeable underground economy. Black markets emerge where trade is discouraged. There is smuggling of illegal commodities between countries. This exchange takes place without government enforcement of agreements, even when transactions do not take place simultaneously and even when parties do not see one another again (and at considerable risk not only of default but also dangers in the form of fines, imprisonment, and loss of reputation). Practices and/or conventions evolve in these cases to deal with the risk of default.

One reason why there is a strong incentive to trade are the long recognized gains from trade. Self-sufficiency costs. There are gains from specialization. It pays to produce those things for which one has a comparative advantage. If each party specializes (whether by design or destiny), there may be a difference in valuation for the goods one has relative to those one does not have (or has relatively less of); trade is encouraged. If a tailor has five coats but no food and a baker has several loaves of bread but no winter coat, there is a basis for trade.

If the tailor receives the bread first, he may choose to default and not clothe the baker, particularly if he is unlikely to see him again and if there is no way to enforce agreements. Yet, it is possible that some ethic may emerge based on the following reasoning. If the tailor does not clothe the baker, the baker may not last the winter and may not be around to produce food next season. This may not matter if the tailor never plans to transact with the baker again. But if he is able to abstract and generalize then he may reason that if this parasitic course becomes a general practice, the host will die. An ethic may emerge that encourages paying one's debts because it is the most rational long run course of action.

There may be a short run incentive to do otherwise. But this short run course has a cost. That is, there are consequences to actions which may result in future costs that are not reflected in the typical 2 x 2 Prisoner's Dilemma. Or, from a different and more telling perspective, the matrix does not capture future benefits derived from lack of default. The assumption implicit in its design is that what is produced in aggregate for any one time is a fixed pie that can be carved up once and for all. But production and exchange are continuous, dynamic processes with inherent incentives and costs. If this is recognized and if these future benefits (appropriately discounted) are factored into the payoff

structure, then exchange may be encouraged even under the very restrictive assumptions of the single shot case.

### *Rationality and Maximization*

As we have seen, in game theory, attempts at maximization may be frustrated. A less than optimal position may result or the solution may be indeterminant. Both results are inconsistent with neoclassical economic theory. There perfect knowledge, frictionless and competitive markets, and assumptions of rationality guarantee an optimal and unique solution. The assumptions of rationality are simple ones. Individuals are assumed to be able to choose pairwise among commodities and to rank them transitively (Simon 1982a, 322). For identical products, the lesser priced is preferred. Producers are assumed to be motivated solely by profit.

In an effort to inject realism into the theory, Herbert Simon analyzes what can happen when some of these assumptions are relaxed. The existence of uncertainty he illustrates with a game theory problem (the Estes model) in which maximization would recommend consistently choosing the strategy associated with the greater reward probability. This assumes that the reward probabilities are known and constant. If unknown, the rational player will minimax his regret, which results in event matching. The latter is consistent with an adaptive learning strategy. However, Simon does point out that those schooled in game theory generally choose the maximization strategy (Simon 1982b, 271-73).

Simon believes the event matching solution important, not only because it demonstrates that individuals may not be maximizers in an uncertain world, but because it indicates how people learn (Simon 1982c, 294-95, 301, 304-6). Faced with an inductive problem, individuals seek patterns and form and test hypotheses about these patterns. "Man, in this view, is not only a learning animal; he is a pattern-finding and concept-forming anima" (*ibid.*, 306). (Fortunately, he is also a deductive animal and can, if sufficiently educated in game theory, choose a different course if it proves to give superior results.)

Game theory has also been applied to imperfect competition (Simon 1982d, 436). When the definition of competition is relaxed to include oligopoly, a market structure in which each firm's decision may be based on those expected of others, the possibility of a non-unique solution arises (Simon 1982a, 339-40).

Sometimes information is not so much uncertain as it is complex. This Simon illustrates with the game of chess (Simon 1982c, 413, 417; 1982d, 431; 1982f, 462, 469). For a forty move game, there are  $10^{120}$  possible games (1982e, 418). Simon does not believe each player calculates the best move based on all possible moves, but makes a satisfactory choice. This fits his notion of satisficing behavior, a decision process based on aspiration levels in which search for solution (or information) continues until the aspiration criterion is reached, the latter adjusting as information is acquired (*ibid.*, 415). The constraints in chess are human computational ability and long term memory (1982d, 430; 1982f, 469). Neoclassical theory could be revised to handle the problem by introducing the cost of search as a constraint (1982c, 303). The results would be consistent with those of Simon. Simon states the following:

A satisficing decision procedure can often be turned into a procedure for optimizing by introducing a rule for optimal amount of search, or, what amounts to the same thing, a rule for fixing the aspiration level optimally. Thus, the aspiration level in chess might be adjusted, dynamically, to such a level that the expected improvement in the move chosen, per minute of search, would just balance the incremental cost of search (1982e, 417).

So far as economic theory is concerned, some have argued that the distinction is unimportant. If, as psychological research has shown, aspirations tend to be revised toward the attainable, then in the long-run the aspiration level and the maximum attainable will be close to identical. Second, even if all firms do not maximize, so long as some do, the others will be pressured into either improving or going out of business in the long run (1982c, 297; 1982a, 333). One assumption here is that "the economic environment of firms changes slowly enough that the long-run position of equilibrium will be approached" (1982a, 333).

Simon, however, is not as interested in final outcomes as in the process by which decisions are made, independent "of whether the decision processes have any importance for the questions to which classical economics has addressed itself . . ." (1982d, 432). The relaxation of classical assumptions discussed above determines bounds to rationality. His interest, in part, is to model this decision process. "[T]he non-rational aspects can be embedded in the model as limiting conditions that 'bound' the area of rational adjustment" (Simon 1982g, 215).

He models a decision (e.g., whether to continue producing or to search) as being a function of the difference between a criterion and the current situation (*ibid.*, 219-20). Concepts of rationality can be related to the criterion used. One concept is defined by "the ability of the individual to discover a 'best' situation and to move toward it, either instantaneously (as in the static models) or gradually (as in the dynamic)" (*ibid.*, 219). This is the optimization model. A second model, the adaptation model, rests on the ability of the individual to distinguish a "better" position from a "worst" and to adjust his behavior toward the better. The two models are not mutually exclusive. They both may achieve optimal results. However, the adaptation model may achieve less than the optimum if something less is required; e.g., the minimum adaptation necessary for survival (*ibid.*).

These models are not only models of behavior but of thought:

Optimization carries at least the connotation of conscious deliberation, foresight, and intention. Adaptation, on the other hand, more generally connotes appropriateness for survival, movement toward equilibrium. Now the two notions of optimization and survival are combined in the classical economic theory of pure competition in an ingenious fashion. But there is no reason why we cannot consider systems that are adaptive, in the sense of possessing a stable equilibrium position toward which the system continually moves, without postulating an optimizing mechanism (in the conscious sense) that explains the adaptation (*ibid.*, 220).

The optimization and adaptation models correspond to the distinctions Simon makes between what he terms substantive and procedural rationality. The former is apropos to economics; the latter to psychology. "Behavior is substantively rational when it is

appropriate to the achievement of given goals within limits imposed by given conditions and constraints" (1982d, 425). Economics has been largely concerned with the results rather than the process of rational decisionmaking (Simon 1982h, 445). "Behavior is procedurally rational when it is the outcome of appropriate deliberation" (1982d, 426). Procedural rationality is situational and involves the process of gaining information for purposes of problem-solving and/or decisionmaking (*ibid.*, 427).

Operational research problems tend to be procedural in nature. The traveling salesman problem is an example of this (*ibid.*, 428; 1982f, 465). It involves a computational search for the shortest path. Programmatically, it either simplifies the problem so that an optimum is feasible or finds a satisfactory instead of an optimal solution. Simon regards both of these as satisficing outcomes. However, both can be thought of as optimizing outcomes if the marginal cost of search is taken into account (1982d, 435).

In general, he points out:

Conceptually, of course, there is no reason why we need to treat the substantive decision problem and the procedural problem at arm's length, as though they were independent of each other. The global optimization problem is to find the least-cost or best-return decision, *net* of computation costs. We formulate this problem in terms of the trade-off between the marginal computational cost and the marginal improvement in the substantive improvement it is expected to produce . . . (1982f, 461).

Simon is interested in the cognitive process. Man is not omniscient. He lives in uncertainty. Whether the uncertainty of quantum mechanics is ultimately the nature of things is not the issue. "Uncertainty . . . exists not in the outside world, but in the eye and the mind of the beholder" (1982d, 437). In game theory, to predict behavior, one needs to know not only that the player is rational, "but also how he perceives the world -- what alternatives he sees, and what consequences he attaches to them" (1982b, 273). (And, perhaps, whether he is trained in game theory.) Man seeks patterns, relies on long-term memory to store them, but in significantly novel situations, experience may be of limited usefulness (1982f, 469). The solutions to differential equations are implied therein; the answers are there -- "if we only knew how to get to them!" Simon exclaims (1982c, 307). (Sometimes we do.)

Procedural rationality comes closer to addressing the process by which we deal with at least some of life's uncertainties. "Learning phenomena are also readily handled within this framework", Simon tells us.

A number of the changes introduced into planning and control procedures in eastern European countries during the 1960s were instituted when the governments in question learned by experience of some of the dysfunctional consequences of trying to control production by means of crude aggregates of physical quantities (1982e, 451).

Simon believes 'learning' in the form of reaction to perceived consequences is the dominant way in which rationality exhibits itself" (*ibid.*).

There are obvious commonalities between outcomes based on Simon's adaptation and Leibenstein's work-wage models as well as in their theoretical foundations (Weiermair 1990, 133). Both rely on the relaxation of assumptions underlying the neoclassical model. Uncertainty, transaction costs, and lack of competition may figure into either analysis in some degree. In both the differences between what is and what could be are an essential factor. In both there are worse, better, and best outcomes. The difference between what is and the best outcome is, in Leibenstein's work effort model, X-inefficiency. The difference between what is and what one aspires to is, in Simon's adaptation model, a signal to the decisionmaker to continue or to change behavior. The neoclassical optimal is attainable in both in the long run. However, both models are less concerned with the long run than the short run.

Both theories can be reconciled with the neoclassical model by imposing constraints on decisionmaking. One such constraint is the introduction of imperfect information with the accompanying costs associated with search. Another approach is recognition of utility maximization as part of the neo-classical solution. George Stigler's modification to neoclassical theory posts the firm as selling two commodities: its output and on the job leisure. Utility maximizing workers may trade off wages for on the job leisure. There is no X-inefficiency (Frantz 1990b, 48). Leibenstein acknowledges that the profit maximizing solution may not maximize the welfare of the individual worker, but his bull's-eye analogy illustrates the tautological nature of the utility maximizing argument (Leibenstein 1987, 242; Frantz 1990b, 51-52).

Simon recognizes that things other than profit may enter the decisionmaker's choice set but finds utility maximization ambiguous (Simon 1982a, 331). Scitovsky illustrated early on that profit and utility maximization "are compatible with each other only under the condition that the marginal rate of substitution of leisure for profits is zero" (Frantz 1990a, 375). (Also see Frantz 1990b, 51).

Of course, neither Leibenstein nor Simon were particularly interested in advancing neoclassical theory as such (Frantz 1990a, 375; Simon 1982d, 432). Both were interested in introducing the possibility of irrational behavior into the economic paradigm. Leibenstein calls such behavior "selective rationality". Borrowing from Simon, Dopfer suggests that it should be more appropriately called selective bounded rationality (Dopfer 1990, 188). Simon's concept of rationality is illustrated by an adaptation model in which information is imperfect and behavior is determined by the difference between what is and some aspiration level, the latter of which adjusts as information is obtained. Questions arise as to what factor(s) determine the aspiration level and, so long as the aspiration level continues to rise, what limits search? Simon describes the following for an individual seller with unknown probability distribution:

First, he will probably limit the planning horizon by assuming a price at which he can certainly sell and will be willing to sell in the  $n$ th time period. Second, he will set his initial acceptance price quite high, watch the distribution of offers he receives, and gradually and approximately adjust his acceptance price downward or upward until he receives an offer he accepts -- (Simon 1982i, 257-58).

As to what causes the aspiration level to rise or fall, he offers the following:

A vague principle would be that as this individual, in his exploration of alternatives, finds it *easy* to discover satisfactory alternatives, his aspiration level rises; as he finds it *difficult* to discover satisfactory alternatives, his aspiration level falls (*ibid.*, 251).

He suggests that difficulty and ease could be translated into cost terms.

Leibenstein's model is designed to explain intrafirm behavior. His interest is to make explicit the rigidities that may inhibit attainment of an optimum; one being that no single individual sees himself as capable of reaping positive benefits net of the costs that would be incurred to encourage others to change (Leibenstein 1987, 73). This is one factor explaining inertia, a concept central to his theory. Pressure plays an important role. Through the pressure of convention, the Prisoner's Dilemma solution is avoided. Sufficient market pressure (where competition can be more broadly defined as that of contestable markets), can overcome the inertia of conventions and lead to optimization (See Hatch 1990, 28).

Market pressure serves another function in Leibenstein's model; it encourages rationality. Some lament that since market pressure "forces" individuals to be rational, this amounts to a loss of liberty and free will on the part of workers. They are no longer free to be "sloppy, to act out of force of habit, to make poor decisions" (Frantz 1990a, 382). Competition forces individuals to set priorities and to reverse internal inconsistencies.

From Mark Perlman: "survival pressures, to paraphrase Dr. Johnson, 'powerfully clarify the mind.' A measure of the presence of X-efficiency may be an inverse measure of personal liberty" (Perlman 1990, 20). With regard to personal liberty, it would seem that, on the contrary, what increased competitive pressure may do is reward greater effort with higher pay which would in turn make the implicit price of on the job leisure greater. Since more expensive, workers may choose less of it. One is just as free to choose between work and leisure in the firm (and to choose irrationally, if so inclined), however, regardless of what one decides, the opportunity cost of leisure would be higher and fewer (rational) workers would opt for as much of it, other things equal.

Are there pressures, other than competition, that could push a firm closer to optimality (i.e., to a position with less X-inefficiency)? Morris Altman makes the case that a government enforced increase in wages may result in improved efficiency without necessarily a loss in employment (Altman 1992, 179). Even though theoretically possible (as is a Giffen good), Leibenstein points out that there is no reason to suppose an increase in wages will cause workers to increase their effort (Leibenstein, 1983, 823).

Another alternative to market pressure in attainment of an optimum would be a Golden Rule convention. Leibenstein sees a number of obstacles that inhibit negotiating a (double) Golden Rule position (Leibenstein 1987, 53-54). Even if one were negotiated, he believes it would be difficult to maintain because it requires acceptance by the culture. And he believes this standard, which he regards as altruistic, to be no longer supported by Western religion or culture (*ibid.*, 53). Based on previous discussion, it would seem to follow that the double Golden Rule (which is more akin to "enlightened" reciprocity)

would be encouraged by market pressure; which, in turn, would be served by a relaxation of impediments to trade (tariffs, taxes, licensing, etc.).

Could the Golden Rule alone, i.e., without the pressure of competition, result in optimality? First, one must consider what is meant by market pressure. The effects of market pressure are felt through changes in prices/costs and profits. In order for these market mechanisms to perform their function, property rights must be clearly defined. Recasting the above question: Can efforts to achieve optimization rely solely on the force of convention (such as the Golden Rule); irrespective of property rights. Weiermair claims:

Whether social norms that facilitate exchange exist and persist and whether they are viewed as pure means or ends should therefore affect both transaction costs and effort motivation irrespective of property rights arrangements (Weiermair 1990, 131).

Weiermair is referring to human property rights within organizations. But for purposes here the statement is an intriguing one when viewed from the perspective of a nonhuman resource. If that resource is common property, there is the potential for overutilization. It could be rebutted that this is an allocative problem not one of X-inefficiency (i.e., one internal to the firm in which it is not on its production function). However, if a resource is common property, and there are efforts to maintain a Golden Rule, where workers work as hard as possible and managers pay as much as possible, these efforts will be frustrated. After a certain point greater effort will lead not to greater output but less. Managers will be forced to offer less not more pay.

If property rights are not properly defined, competitive pressure does not lead to maximization. It is not just the pressure of competition that encourages greater work effort and a movement toward a more optimal level of output in the Leibenstein model, it is the pressure of prices and costs and the incentive of profits in a market system based on private property.<sup>3</sup>

Of course, the effect of the market mechanism on allocative efficiency is widely recognized. Simon observes that in the Post Office, rising per unit costs and poor service are the result of excessive demand from offering some services for virtually nothing. "The crisis in the Post Office . . . calls for a thoroughgoing application of price and market mechanisms" (Simon 1982j; 175). "An initial distrust of prices and market mechanisms" was also blamed for the lack of success Eastern European countries had with production quotas in the sixties. He likens their experience to the American steel experimentation with quota incentives (Simon 1982h; 451). Both learned by responding to consequences; his definition of rationality.

In Simon's adaptation model, individuals adapt to their environment through experience and change their aspiration level accordingly. But if a resource is owned in common, what is the lesson learned once the point is reached at which output falls as more effort is applied? Does one reduce his level of effort in response? If no one else restrains their effort, then reducing one's own will insure that by doing so he receives nothing instead



of less. Since everyone reasons thus, no one cuts back. There is no incentive to curtail. Yet, that is the rational and most productive course of action.

Sugden considers the emergence of the convention of property in a state of nature. In reality, most existing property rights arrangements are determined by governments. One of the fundamental differences between the government of Eastern Europe and the U.S. has been property rights arrangements. In the example cited above, concerning production quotas, the difference between the two is that the former required governments to learn; the latter depended upon learning by owners/management. Simon's concern is the process by which individuals learn. This process may be contextual. One's aspiration level and how one adapts to it may be driven, in part, by underlying institutions (e.g., private property).

Returning a moment to the efficacy of pressure in the Leibenstein model, one can observe that it manifests itself quite differently on governments than it does on private firms. The latter respond "automatically" (i.e., without intervention by central authority) to signals provided by the marketplace. A "convention" (quota rule) was overturned by the governments in Eastern Europe; by firms in the U.S. other inefficient rules have until recently remained in place in Eastern Europe, however. This was less true in the U.S. because of its greater reliance on the market.

Not only does the market impose pressure in the form of changing costs and prices to reflect scarcity and demand conditions, it also provides an incentive in the form of profits. Thus, market pressure may not only affect costs by encouraging greater work effort, it may also promote cost-saving through innovation. The effect of innovative technology change in costs is evidenced in natural resources (Barnett and Morse 1963; Johnson and Bennett 1980).<sup>4</sup> It could be charged that technology's contribution in this instance is in the allocative realm. Still, it serves to illustrate the power of technology in reducing unit costs.

Innovation can also improve a good's quality. Francis notes: "it is now argued by many authorities that competition among goods and firms occurs much more on the basis of innovative features than on the basis of price for standard items. X-inefficiency in innovation is thus more significant than in the production area" (Francis 1990, 286).

Here again, Simon believes the decisionmaker rationally satisfices, not optimizes. That is, he finds not the best innovation, but one that is "good enough" (Simon 1982k, 396-97). It is doubtful that the inventive process itself is described by the incremental learning method featured in Simon's adaptation model. As for which inventive technique or process a firm adopts, costs are a significant factor. The best may not be utilized because costs are prohibitive.

How quickly inventions are adopted may depend on the underlying economic system and property rights arrangements. Simon illustrates the importance of innovation in improving the productivity of doctors in North America, who in 1890 spent 90% of their time traveling on horseback. The automobile, at a minimum, doubled (and as much as

quintupled) their productivity (Simon 1982, 111). The transition to automobiles was accomplished in a matter of a few decades.

In the Middle Ages, invention of the nailed horseshoe and the modern harness in 900 made the horse twice as productive as two oxen. Still it took 200 years for the horseplough to become commonplace in Northern Europe (Spiegel 1971, 50-51). One must look at incentives to understand why this innovation took so long to become widespread. In the Feudal system, the landlord had the right to use land, but the title was held by the king. Serfs were tied to the land and received subsistence for their efforts. The landholder received part of the product as rent; the balance was paid as tribute to the sovereign. There was no real estate market, no labor market, no financial market. Nor was there a commercial market in agriculture. The agrarian revolution did not occur until the twelfth century with the enclosure movement, which privatized common grazing land (*ibid.*, 49-50).

Thus, it would appear that the institution of private property matters by providing the foundation for the operation of the market mechanism, which, in turn, promotes the efficacy of certain conventions such as the Golden Rule work-wage standard, encourages a more efficient (both allocative and "X") use of resources, and stimulates innovation -- an additional antidote to sub-optimal conventions. Whether conventions of property can arise spontaneously in a state of nature is a question addressed by Sugden and will be discussed next.

### *Rationality and Natural Law*

In his discussion of games of commitment, Sugden restates Schelling's paradox "that it can be an advantage to have no freedom of manoeuvre" (Sugden 1986, 80). The cost of commitment is that "to maintain credibility you must carry out your threat even though from a short-term point of view you might be better off not doing so" (*ibid.*, 81). It would seem to follow that to have freedom one must give it up.

But freedom is not the freedom to do anything at all. Freedom is the freedom of choice. Given that one has a plot of land on which to garden, he may choose among a variety of vegetables to grow, but if he wants to grow tomatoes he cannot plant pumpkin seeds. This is not a limitation; it is reality. A decision once made necessarily limits one's actions. Of course, some decisions are not only for the present but also for future courses of action. If one decides to quit smoking, this does not mean that one simply does not smoke the current cigarette under consideration but all future cigarettes as well. Still, the same principle regarding freedom and limitation of action applies. If one decides not to smoke, it is in the nature of decision that the person's actions are constrained. The freedom is in the choice one makes.<sup>5</sup> One does not have the freedom to bake a chocolate cake using a recipe for pineapple upside down. The freedom comes in which cake to bake, not which recipe to use once a choice has been made.

If one were to focus on the solution to the single shot Prisoner's Dilemma, it might appear to follow that for society as a whole coercion (in the form of central government) may be needed to bring about a better outcome. It is in this context that Sugden remarks

Hobbes seems to be claiming that this problem has no solution within the state of nature; agreements can be made only if there is a "common power" set over all individuals with sufficient force to compel them to keep agreements. This is why, according to Hobbes, everyone will agree to subject himself to some sovereign power, provided that everyone else does the same; once this agreement has been made, the state of nature is at an end (*ibid.*, 163).

Of course, Sugden is much more optimistic than Hobbes was about the evolution of cooperation in a state of nature. The thrust of his study is to demonstrate how conventions can arise in just such a state.

As Sugden (as well as Lewis and Hardin) points out, conventions are arbitrary in the sense that there is more than one solution.<sup>6</sup> This does not mean that just any convention may arise. Take, for instance, the oligopolists' decision to limit market share. Oligopolists may agree to limit output, and they may be successful for a while in doing so, but there is an incentive for each to produce more than his agreed upon share, particularly if he can do so anonymously. Similarly, individuals may agree to voluntarily limit their use of a common property resource, but there is an incentive to do otherwise. Public spirited businessmen may agree to freeze their prices, but with an increase in demand pressure their resolve will erode.

Agreements outside the economic realm may be difficult to maintain as well. Many speak of abstinence as a method of controlling the spread of the AIDS virus. Of course, on examination, these advocates are usually speaking of abstinence for specific groups -- not abstinence for themselves. (The undisputed focal group are those with the virus, but others have also been targeted such as high risk groups, teenagers, and unmarried adults.) *Total* abstinence might eliminate the spread of AIDS, but such an agreement would be impossible to reach or maintain. (How stable agreements are may also depend upon the rapidity with which a situation changes. The decision of whether to drive on the right or left side of the road, once established may endure for a very long time. Other situations are much more dynamic and, thus, resistant to convention.)

Such agreements go against other laws; those that govern the economy; those that govern biology. The same is true not only of voluntary agreements to which individuals may enter, but also of laws that may be imposed upon the governed. Concerning "the man of system," Adam Smith says in *The Theory of Moral Sentiments*:

He seems to imagine that he can arrange the different members of a great society with as much ease as the hand arranges the different pieces upon the chess-board. He does not consider that the pieces upon the chess-board have no other principle of motion besides that which the hand impresses upon them; but that, in the great chess-board of human society, every single piece has a principle of motion of its own, altogether different from that which the legislature might choose to impress upon it. (1759, Part 6, Section 2, Ch.2) (Sugden 1986, 5).

So a convention may be arbitrary in that more than one solution exists, but it cannot be *anything* (no matter how much the parties to the agreement may wish it to be so). Sugden, however, does not believe as Hobbes that natural laws can be found by reason since this would mean such laws would necessarily be unique.

Hobbes's natural laws are found out by reason. The idea seems to be that natural laws can be *deduced* by a chain of logic from a few self-evident first principles. This is in marked contrast to Hume's idea that natural laws *evolve* and are *learned* by *experience*. If natural laws can be found out by reason, then presumably there is a unique code of natural law that can be discovered by any rational person in any society. This leaves no room for the possibility that some natural laws might be conventions -- rules that have evolved in particular forms in particular societies, but that might not have evolved otherwise (Sugden 1986, 162).

Is this accurate? If a principle of natural law were to be found by reason, would it necessarily be unique and could it evolve spontaneously? Consider the notion of property. What qualifies as property and why? When something is abundant, it is not scarce in an economic sense. It is not a "resource." It may have value in the "intrinsic" sense, but it commands no explicit price. Oil was considered a nuisance in the last century. Now it is a scarce resource. Long before the Europeans arrived in North America, land was relatively abundant. Economics is concerned with the allocation of scarce resources among alternative ends. When something is relatively abundant it does not qualify as a resource nor does it present an economic problem.

As something is used more or consumed more relative to its availability, it becomes relatively scarce. As various uses for oil were discovered, the demand for it increased. As population increased relative to land, land became relatively scarce. Both became economic resources, but, at least initially, neither were "property."

The concept of property (ownership) is more readily applied to small, transportable items (that are relatively scarce). In a state of nature in which everyone stands ready to fight, small items are more easily concealed, stored (if not perishable), and transported. It is not surprising that they are among the first items exchanged. They, thus, soon acquire the status of property -- items that can be acquired, used, and disposed of. With land it is more difficult in a state of nature to determine who uses it, how it is to be divided among users, and it is more difficult to protect. Nor is it transportable. Sugden presents a number of possible scenarios based on game theoretic approaches in which conventions of property may evolve in a state of nature. But is the notion of property as applied to land always immediately apparent?

Take for instance the tragedy of the commons. Without private ownership of grazing land, there is no incentive to conserve. Because there is no ownership, there is no price mechanism. Adam Smith's invisible hand does not exist and cannot perform its rationing function. The explicit cost of grazing is zero even though the implicit cost may be much greater than this. There is no problem when grazing land is abundant relative to sheep, but as the sheep population increases, efficient allocation of land becomes a problem. Land may be used (overused, in fact), but it cannot be acquired (exchanged). It does not have the status of property.

The same applies to overfishing. Because fish are a common property resource, they carry no explicit cost to the fisherman. There is no built in incentive for fishermen to curtail fishing after a certain point. Given sufficient demand pressures, fish may be caught beyond the point at which reproduction would replenish the stock. This could eventually cause extinction and put fishermen out of business.

In the case of common property resources (land, fisheries, etc.), it has not always been immediately apparent that privatizing the resource (establishing property rights) was the solution. Without establishment of property rights, the price mechanism fails to perform its rationing function and the resource may be overused (depleted). This can be demonstrated theoretically. But the economic models on which this theory is based are not self-evident.<sup>7</sup>

It may be observed empirically, but at least initially, the phenomenon of overuse -- overgrazing, for instance -- may be thought an isolated incident; one that exists because of the refusal on the part of some to restrain themselves. Voluntary restraint may be agreed upon, at least temporarily. But there are strong incentives to cheat. Once a common property resource acquires the status of scarcity, it is easy to see why Hobbes would regard the state of nature as one in which every man stands ready to fight since overuse of a common property resource is fertile ground for aggressive action.

Sugden presents several possible ways in which the convention of property might be established; some of which are peaceful, others of which are less so. The point here is that until land becomes a scarce resource, there is no incentive or reason for property rights to be established. So different societies may have different relationships to land depending upon its relative abundance or scarcity. Even in those instances in which it becomes scarce in an economic sense it may not be recognized as property, at least initially. Once it is recognized as such, either by a process of theoretical reasoning and/or empirical observation, property rights might not be (immediately) established.

It is also possible that the notion of property may develop because land becomes generally recognized as useful as well as scarce, and some are able to appropriate it by force. There is no particular chain of logic here on the part of the appropriator, just a desire to gain exclusive control over the use and disposition of a piece of land for one's own benefit. Still the chain of logic with respect to land's efficiency in use once property rights are established applies.

That private property encourages efficient use of a resource is an economic reality once property rights are established. The solution to the overuse of a resource is *unique*. But the strategy by which property rights are established may be *arbitrary* in the sense that more than one approach is possible. Not all strategies are equal. This is true of Sugden's examples. In his examples, all men are evenly matched (Sugden 1986, 59). In reality, some have bigger guns than others (which may be the salient factor). In some instances, ownership of property may be established by conquest. Might may make rights. Still, Sugden's observations that once property rights are established, it is in (almost) everyone's interest to see that they are upheld probably applies regardless of the way in which they are established.<sup>8</sup>

The question remains, can we always count on spontaneous solutions to establish conventions of property or does government have a role in establishing solutions? The fact that we have overfishing and overwhaling problems as well as other problems dealing with the overuse of common property suggests that the use of these resources has increased more rapidly than conventions have emerged to deal with them (at least in many cases).<sup>9</sup> As was noted earlier, land has different characteristics than the small, transportable items that were first recognized as property. Similarly, water, air, and endangered species have characteristics unlike land. This does not mean that property rights are impossible to establish in these cases, only that conventions may not spontaneously evolve rapidly enough to deal with some common property problems, not the least of which is that first the need for establishment of property rights must be generally recognized.

## II. The Prisoner's Dilemma: Symbolic Utility in Decisionmaking

As has been shown, in some cases conventions can solve (provide a unique solution to) the Prisoner's Dilemma. In Leibenstein's work-effort model, many outcomes are possible. Adherence to a peer effort convention can result in an outcome superior to that of the Prisoner's Dilemma. Still, this outcome may not be optimal. Conventions tend to have an inherent stability. The sub-optimal position may endure. Competitive pressures could force an optimal outcome. However, market pressure is defined by changes in prices and profits. The "invisible hand" of the marketplace is ineffective unless property rights are well-defined. Without the "convention" of private property, other conventions may be ineffective in assuring optimization (the Golden Rule standard).

Within the framework of the original Prisoner's Dilemma, based on a 2 x 2 matrix, a convention can (depending upon the nature of it) result in a better outcome -- which is also the best outcome -- if both participants share the same convention. For a norm, ethic, or convention to guarantee a (unique) solution, it must have widespread (unanimous) acceptance.

Many norms, ethics, and conventions have less strength than that. Many times an individual is faced with a conflict or trade-off between two competing values. His decision will depend on the relative strength of each. The final outcome will depend not only on what he chooses but on what his opponent chooses as well as their mutual expectations about how each will decide. This section will examine how a person's values enter a Prisoner's Dilemma decision. It will draw from Nozick's example. It is assumed that ethics and other values enter by way of symbolic utility. This is not a necessary assumption, but it is useful and is consistent with Nozick's analysis.

The solution to the single shot Prisoner's Dilemma is the dominant action (mutual defection) in which both parties are worse off. Nozick presents another line of reasoning for the single shot case. If common knowledge of rationality is assumed then that permits us to further assume that both players will reason the same and therefore perform the same action (Nozick 1993, 54). Thus, if player one believes the dominant action is better, so will player two. If one thinks the cooperative is preferred, so will the other. It follows that since the cooperative is the better outcome, that is what both will choose.

The following is a decision matrix for two prisoners: Prisoner II

		Don't Confess	Confess
Prisoner I	Don't Confess	(a) 2, 2	(b) 12, 0
	Confess	(c) 0, 12	(d) 10, 10

The dominant solution is (d); both prisoners confess. It is sub-optimal, or non-Pareto optimal, in that a better solution exists. Cooperative action would lead both not to confess and end up at the more preferable position (a) (Nozick 1993, 51). A person's choice may shift between the two decisions as the payoffs in the 2 x 2 matrix change. The point at which the shift occurs will depend in part upon the extent to which (measured in probabilities) the person believes his opponent is likely to act the same as he (*ibid.*, 53).

When an action's symbolic utility is taken into account, the responses of the two prisoners and the outcome will depend on how cooperative or independent a person is (or would like to be thought) and how cooperative or independent he thinks the other person is. Introducing symbolic utility into the Prisoner's Dilemma problem results in responses that "are governed, in part, by our view of the kind of person we wish to be and the kinds of ways we wish to relate to others" (*ibid.*, 57).

The assumption in the Prisoner's Dilemma is that the prisoner's decision is determined by outcome only, i.e., the number of years of incarceration. Implicit in this assumption is that physical freedom is the most important thing to the two prisoners and the only factor guiding their decision. The objective is focused on outcome -- how to achieve the lowest sentence possible. It is measurable and is measured in terms of prison years.

However, when symbolic utility is introduced, the symbolic utility of the action becomes or can become a factor in the decision process. This relaxes one of the assumptions of the Prisoner's Dilemma (Hardin 1988, 68-69). Nozick limits the analysis to whether the prisoners want to be (or want to be thought of as) cooperative or independent. But other motivations may affect their responses. For example, suppose that Prisoner I is innocent and believes that he must tell the truth. It follows that he will not confess and neither (c) nor (d) will be in his decision set. He would, of course, prefer (a) to (b), but the outcome will depend on Prisoner II's decision. (The same would apply if Prisoner I were guilty but wanted to appear to be innocent and therefore would not confess.)

If the only symbolic choices guiding Prisoner II's decision were whether he wished to be (or appear to be) independent or cooperative (as in Nozick's example), then the result would be (b) if he chose the dominant action and (a) if he chose the cooperative.

Is it realistic to assume that one prisoner would act on principle (i.e., ethical standard) while the other one would try to achieve a shorter sentence as his motivating principle

(i.e., objective)? It is assumed that Prisoner I values truth. He also values his freedom (he prefers (a) to (b)). But he values truth more. In the above example he is assumed to be not guilty so since truth is his overriding motivating principle he chooses not to confess. One could argue that the incentives built into the decision matrix favor pleading guilty (confessing). If he does not confess, the probability of being set free without imprisonment is zero. Serving time is a certainty. If he confesses, it is 50 percent (without applying any expectations about Prisoner II's response). If he does not confess and Prisoner II doesn't either, he will serve two more years than if he confessed. If he does not confess and Prisoner II confesses, again he will serve two more years than if he confessed.

Of course, it is much easier to tell the truth if it is rewarded. It is more difficult to do so when it is not. This is when the importance of (ethical) principles enters in. It is assumed in the above example that Prisoner I's overriding principle is that he values truth and is willing to suffer the cost of certain incarceration of 2 to 12 years to follow that principle.

(Of course, there is a distinction between wanting to be truthful and/or be thought as such and wanting to appear innocent. It may be (socially) acceptable to plead guilty in an effort to get a lower sentence, then claim to be innocent. Some, even a majority, may believe the claim. But if one wants to be a truthful person (or to be thought of as such), then if one pleads guilty to accept a lesser sentence, others may regard him innocent if he later claims to be so, but his credibility is destroyed. The relative value placed on truth and freedom in a society is important in this regard. If society places a high value on truth, then if one pleads guilty, others are more likely to believe him guilty because truth is the dominant principle. So later claims of innocence will likely fall on deaf ears. If one wants to appear innocent (even when one is not), he then must plead not guilty.)

It is assumed in the above example that Prisoner II values his freedom. If he values truth at all, the value he places on it is not enough to affect his decision. He is motivated only with regards to length of sentence. Why should he assume that Prisoner I places the same value on freedom as he? Expectations about behavioral tendencies are partly dictated by culture. A society may value both truth and freedom, but value freedom more. In which case, based on cultural tendencies alone (i.e., without any other knowledge about Prisoner I), Prisoner II would expect Prisoner I to be motivated by length of sentence. Culture can play a significant role in both shaping behavior and forming expectations about behavior. For instance, most cultures value life. Yet some regard suicide acceptable and even value it in some circumstances (they may value life but with certain caveats; to put it (overly) simplistically, "life with dignity"). Whereas according to other beliefs, suicide is a mortal sin and if undertaken negatively impacts one's afterlife.

So, if, in general, a culture places a high value on personal freedom, it would not be unrealistic to assume Prisoner II to be motivated by length of sentence and for him to expect Prisoner I to be likewise motivated, i.e., his expectations and, therefore, his decision will be guided by cultural norms. This evidential argument presupposes knowledge about prevailing social attitudes and expectations that are assumed to influence the decisions of both prisoners in the Nozick example, but only Prisoner II in this example. Prisoner I is acting contrary to the social norm and may even be aware that he is doing so, but Prisoner II is not aware that Prisoner I is doing so.



In the previous example, it was assumed that the only symbolic action guiding Prisoner I's decision was his desire to be (or appear to be) truthful. This limited his decision to pleading not guilty. The final outcome, therefore, was determined by Prisoner II and whether he followed the independent or the cooperative course. Now it may be true that Prisoner I is innocent and he prefers to tell the truth, but there may be some trade-off between his willingness to confess and the number of years of imprisonment he is willing to serve. That is, although he may prefer to be truthful, he will do so only up to a certain point. After that point, the greater wrong in his estimation would be to serve a more lengthy sentence. In order to proceed with the analysis it would be necessary to know the weights Prisoner I applies to freedom and truthfulness under the various conditions.<sup>10</sup> Suppose that we know those weights and that once they are factored in his direction of preference is (a) to (c), (c) to (b), and (b) to (d). That is, he would still prefer to plead not guilty and serve two years than to confess and go free, but he prefers confession and freedom to being incarcerated for twelve years. Still, he would rather be imprisoned for twelve years and plead not guilty than to confess and serve ten years in prison. Now his decision will depend on what he thinks Prisoner II will do.

It is assumed, again, that Prisoner II values freedom alone and makes his decision solely on the basis of length of sentence. Since it is assumed that the prevailing social attitude supports this, Prisoner I believes Prisoner II will make his decision based only on length of sentence. (It is assumed that being (or being thought) cooperative or independent is unimportant to Prisoner I, i.e., it has no symbolic utility. He decides solely on the basis of how cooperative or independent he thinks Prisoner II is or wants to be). If he thinks "II" will choose the dominant action, "I" will not confess. If "II" does, in fact, confess, the outcome will be (b). If he thinks "II" will choose the cooperative position, "I" will not confess. If "II" does not confess, they will end up at (a). In the final analysis, "I" does not confess, not because he is unwilling to do so entirely (he is willing after a certain point dictated by the weights he applies to truth and freedom), but because of how he expects "II" to decide.

If, unlike cases one and two, Prisoner I is guilty, then if he values truth and feels he must confess, his possible outcomes will be limited to (c) or (d) only. He will prefer (c) to (d) since he also values his freedom. Like example one, the final outcome will depend on Prisoner II's response. If "II" chooses the dominant action, the result will be (d). If he chooses the cooperative, it will be (c).

Like example two, Prisoner I may feel that although he is guilty and would prefer to confess, there is some trade off he is willing to make between truth and years of incarceration. Clearly, he would prefer (c) to (a) and (d) to (b). But to know if he prefers (a) to (d), it would be necessary to know the weights he places on truth and freedom. If the weights were such that he did prefer (a) to (d), then his direction of preference would be identical to that of Nozick's example but for different reasons. If it is assumed that Prisoner II's decision is based on length of sentence only, then the outcome would depend on whether the cooperative or dominant solution prevailed.

In these four examples it has been assumed that the actions by the prisoners had symbolic utility and that in turn affected outcome. Prisoner II was, as in the Nozick

example, motivated by outcome (sentence), but to achieve that he could choose the dominant response or the cooperative one, depending upon whether he wanted to be independent or cooperative. He was assumed to believe that Prisoner I valued freedom in the same way he did. It was assumed that Prisoner I valued freedom, but truth had more symbolic utility for him. More information was needed to know what the possible outcomes would be under these circumstances. It was necessary to know if Prisoner I was willing to trade-off truth for freedom and the weights he placed on both.

If assumptions were relaxed further and both prisoners were permitted to value truth and freedom in varying degrees as well as independence and/or cooperation, then even more information would be required. The point here is that the introduction of symbolic utility can open the decisionmaking process to a number of motivations. Although length of sentence is still a factor affecting response, it is no longer the only factor and its measurement is not an unambiguous reflection of "optimality." This is not unlike the income maximizing wage earner, who, although he values income, is willing to make nonmonetary trade-offs (geographic location, job satisfaction, so on). Other things equal, for two jobs identical in all respects, he prefers the one that pays more. In that sense, he is an income maximizer. But if the jobs were not identical in all respects, say one was located in a geographic location with a milder climate and suppose further that it paid less than the other, then if an individual chose the lower paying job, it would not necessarily mean he was not "optimizing." A mild climate may have some value to him that is nonmonetary in explicit terms (but to which he may be able to impute a monetary value).

A final application of symbolic utility to the Prisoner Dilemma has to do with outcome rather than action. Suppose that Prisoner I is motivated by a desire to be relatively better off than Prisoner II.<sup>11</sup> The comparative motivation in income and consumption has long been recognized. Thorstein Veblen is credited with developing the notion in *The Theory of the Leisure Class*.<sup>12</sup> Poverty and wealth are in a real sense relative terms. The same kind of phenomenon could apply to length of sentence.

If Prisoner I wants to feel relatively better off than Prisoner II, then the absolute length of sentence becomes less important to him. If the relative length of his sentence to Prisoner II's is all that matters, then absolute length is of no importance. Clearly Prisoner I would prefer (c). He would be indifferent between (a) and (d) since in both of these cases the difference between the sentences of the two prisoners is zero. Of course, (b) would be the least preferable outcome. Prisoner I would choose to confess since only by confessing will he have any chance of getting the preferred outcome (c). He has very little incentive to cooperate, since cooperation would not lead to outcome (c). To Prisoner I the "cooperative solution" (a) is no more attractive than (d).

If Prisoner II is unconcerned with relative difference in sentence length but is motivated by trying to minimize length of sentence, then the final outcome will be (d) if he chooses the dominant action and (c) if he chooses the cooperative. He would only choose the cooperative action, of course, if he believed Prisoner I was motivated by the same objective as he.

Of course, it is probably unrealistic to assume Prisoner I has no preference between (a) and (d). In all likelihood the absolute number of years of freedom from incarceration has some utility for him. His response will then depend on the weights he places on the relative length of sentence relative to the absolute length. Although he may prefer (c) to (a), (a) to (d), and (d) to (b), whether he chose the cooperative action or not would depend on those weights as well as his expectations concerning Prisoner II's response.

The point to this example as to the previous ones is that symbolic utility can broaden decisionmaking options. It may be derived from and attached to social norms and individual ethics. The utility of the action (pleading guilty or not guilty) may be more important than the outcome (years of imprisonment) or may be weighted so heavily as to change the direction of preference and possibly the outcome. Years of sentence alone may not be an unambiguous indicator of what the prisoners regard as the most favorable outcome. Similarly, relative preference may be introduced. Here outcome (years sentenced) is important in determining response but only relative to the other prisoner. Thus, prisoners may be indifferent between serving two years or ten so long as the other prisoner does as well. The latter assumption may be unrealistic. Once it is relaxed, response and outcome are more difficult to determine without further information. In the case of relative preference, as in the others, length of sentence is not the only factor determining a more preferred solution.

Still, if the prisoner's preferences are sufficiently similar (as guided by a social norm), and there is common knowledge of rationality, they will choose the same action; i.e., the outcome can be predicted. Conventions and norms figure strongly in many decisions. The next section will examine some of the reasons for this.

### **III. Conformity and the Decisionmaking Process**

At times in the previous sections, convention, norm, and ethic have been used almost interchangeably, as if they were identical concepts. Of course, they are not. However, it has been shown that they may emerge by similar processes and may have similar psychological effects on the decision process. A convention is a generally accepted rule of behavior (which may, under certain circumstances become a norm). A norm is a generally accepted standard of behavior. An ethic is a standard of behavior but it need not be generally accepted.

Conventions and norms may emerge spontaneously with no apparent reasoning process accompanying or validating them. Yet, some may argue that they have been empirically validated in the sense that they have passed the test of reality. Nozick expresses the following:

Sometimes it is rational to accept something because others in your society do . . . . For a wide range of situations, the mean of a larger sample of observations is likely to be more accurate than one randomly selected individual observation . . . . About such matters, then, you should correct yourself to move closer to the consensus view, unless you have some special reason to think others have been misled and you are different (Nozick 1993, 129).

Hardin believes social testing of a principle may be "a better guide for our action than is abstract deductive reasoning" (*ibid.*, 16, 17).

This section will not argue that social testing *is* a better guide and that one *should* conform to social norms or conventions. It will instead examine why individuals conform and one of those reasons may be that they believe that social testing is a good guide. This does not imply that what is is what ought to be. Nor does it mean that the is-ought gap cannot be bridged. Ayn Rand reasons: "The fact that a living entity *is*, determines what it *ought* to do (Rand 1964, 17). To quote Tibor Machan: "[T]he broad domain of value appears with the emergence of life per se" (Machan 1982, 41). Reality imposes the standard by which one understands moral questions.

The existing *social* reality seems to be a factor in determining the emergence and stability of certain norms. Sugden and others ask how conventions may emerge in a state of nature. However, certain norms may be more likely to exist if certain other conventions are in place. Recall that Leibenstein's Golden Rule standard was buttressed by the pressure of competition. But market pressure is expressed via prices/costs and profits. If property rights are ill-defined, those signals will be erroneous. If property rights are properly defined, then the Golden Rule standard will be reinforced. Furthermore, the Golden Rule standard is also synonymous with optimality under this circumstance. This economists identify with (economic) rationality. Thus, a norm (Golden Rule), optimization, and (economic) rationality are linked. But the link may be severed if property rights are ill-defined.

Conventions need not be optimal or rational. Leibenstein demonstrates this in the economic sphere. Sugden and others have shown the same with regard to other social conventions. Leibenstein recognizes that market pressure can encourage more optimal and (economically) rational behavior. As for conventions unrelated to economics, those that are less than rational may be displaced through competition with other more rational ideas. Allan Bloom comments as follows:

Freedom of the mind requires not only, or not even especially, the absence of legal constraints but the presence of alternative thoughts. The most successful tyranny is not the one that uses force to assure uniformity but the one that removes the awareness of other possibilities, that makes it seem inconceivable that other ways are viable, that removes the sense that there is an outside. It is not feelings or commitments that will render a man free, but thoughts, reasoned thoughts. Feelings are largely formed and informed by convention (Bloom 1987, 249).

Fundamental to (volitional) choice is the decision to think. Ronald Merrill relates: "It is noteworthy that Ayn Rand located volition, not in thinking choices, but in the basic decision to think" (Merrill 1993, 83). Some advocate that adherence to a convention or a norm may require little or no thought. Hardin shares the following view:

As Whitehead remarks, "Civilization advances by extending the number of important operations which we can perform without thinking about them" -- we do not have to think about them because others have done the practice thinking and testing before us (Hardin 1988, 17).

When one acts in accordance with a norm or convention, it could be argued that no decision is made. It would follow that a decision is made only when one chooses to deviate from the norm. Leibenstein says: "Under those psychological states that are accepted as the norm -- no decision need be required (Leibenstein 1987, 27). He divides thinking into two categories: inertial and noninertial. The former is passive thinking associated with routinized activities, which would include personal habits and conventions (which he calls social habits) (*ibid.*, 36). Thus conformance to convention may be considered a nondecision. This would seem to imply indifference. Yet, Bloom regards adherence to convention as being driven by emotion. What factors underlie the attraction to conformance?

In hypothesis testing, the burden of proof is on the alternative hypothesis. The null hypothesis is equated with the status quo. It is reasonable that new ideas should be subjected to some standard for acceptance. If the status quo was established using the same scrutiny, then attachment to it would be understandable and need not involve emotion. But as has been shown, some generally accepted ideas and practices were not established by a process of reason. Then if an individual were to find a convention unreasonable, why might he be reluctant to challenge it?

One obvious answer is that for many conventions one cannot or should not change his behavior in isolation (for instance, by driving on the wrong side of the road). In order to change his behavior he must convince everyone (or almost everyone) else to change theirs as well. The costs of doing so would in most cases be large relative to the benefits that would accrue to him alone as a result of such a change. There is also the risk that he would not be able to carry it out.

If convention is defined as the solution to a coordination problem, per Lewis, then it is in everyone's interest to abide by it and no reason for dissent. Sugden's more encompassing definition includes situations in which there is a conflict of interests. Still, once the convention is established it is in (almost) everyone's interest to conform to it. There may be deviants. People make mistakes; conventions must be learned. There may be a short run temptation to act contrary to convention. In a Prisoner's Dilemma situation, there is a short-run incentive to defect. In the single shot case (where the short run is all there is), it may pay to defect (Sugden 1986, 148).

However, because others may be hurt by nonconformance to conventions, one may feel obliged to conform and entitled to expect others' to conform. This is Sugden's argument. Sugden claims he is "not presenting a moral argument". He does not claim that we ought to behave according to convention, but that we believe we should (*ibid.*). We tend to believe we ought to conform to others' expectations, and when we do not we feel guilt (*ibid.*, 153).

In some areas it is clear that others will be hurt by one's own lack of conformance (driving down the wrong side of the road). However, one may feel obligated to conform to a social practice even when his best interests are not served and no one is harmed if he were to do otherwise. One explanation for this draws upon Nozick's concept of symbolic utility. An action or belief may have symbolic meaning. It may affect how one is perceived. Symbolic meaning has an emotional dimension as well; how one feels about how one is

perceived. The utility associated with this may factor heavily into a decision. When evidence is weighted in favor of feeling, the decision may be more expedient than rational. Expediency and rationality are not necessarily mutually exclusive, particularly with regard to some of the more minor matters of taste and etiquette. But in matters of morality and truth, the expedient course may not be the best (and therefore the most rational) one.

Still, why would one care how others perceive him? If one's behavior does not impact on another in any significant way, why should their feelings enter into his decision set? Asch's famous experiment on conformity found that the majority of test subjects tended to agree with (incorrect) group responses. Deutsch and Gerard (1955) offered two reasons individuals conform: informational, i.e., they accept the information provided by others as correct, and social (normative), i.e., they desire to be socially accepted (McGee and Wilson 1984, 490-91).

Why would one "accept the information provided by others as being correct"? We learn in many ways. We learn by doing and by reasoning, but much of what we learn we receive from others. And a good deal of that is learned early in life before development of a refined critical faculty.<sup>13</sup> We do not question everything we learn, it would be far too time consuming. So, early on we learn to learn from others, and we learn to do much of it without question.

But why do we believe what others are telling us is the truth? Human beings have a basic respect for the truth because they know it is fundamental to their survival -- both as individuals and as a species. Most people recognize the importance of truth in their lives and try to pass on to others, to the best of their ability, what they regard as the truth.

This may explain why we have a tendency to accept what others tell us as the truth; still it does not explain why one would say that he agrees with others when, in fact, he does not. This is where the desire for social acceptance becomes a factor affecting one's decision. There is a seduction to conformity. We are inclined to conform in matters of social behavior, taste, and ideas. Belonging to a group can give one a sense of security, of community, of family, that helps shape one's identity and define who one is.

Conformity can also be efficient (Nozick 1993, 128). It can save time, energy, money, and sometimes a lot of explanation simply to "go along with the crowd." In matters of taste, if one conforms he is more likely to be able to purchase things more cheaply. Since those things that are more widely accepted are produced in greater abundance, they can oftentimes be mass produced instead of custom made. Those with eclectic tastes run the risk of nonavailability, of paying more if available, and of not being able to share one's tastes with others. Conforming is easier, less expensive, less thought is required.

And less explanation is expected. This too is time consuming. When one differs from the norm, others oftentimes want to know why. They want to know why for purely informational purposes, to understand another's ideas or behavior. This may have a psychological dimension -- they want to know what motivates another person. They may want to find out if there is a better or more accepted way of doing something. They may want to determine if they should be concerned about the person, about other aspects of his behavior. When a person deviates from the norm, a red flag may go up, so to speak.

The nonconformist is put in the position of having to explain his behavior. Those who do conform do not -- to others or themselves. There is also safety and strength in numbers. An innate herding instinct may be a factor here.

Those are some of the more attractive features of conforming -- a sense of identity, the feeling of belonging, the time and effort it saves, the real or imagined sense of safety one feels. There are also negative reasons that people conform. These have more to do with fear than desire. They stem from the coercive pressure to conform on the part of the group. Whether real or simply perceived as such, this pressure can generate fears associated with the decision not to conform. Sometimes the pressure is real. Because the group is the majority, they may regard themselves as right and resent (even fear) someone who differs with them. A dissenter may also force the group to question if they are, indeed, right. This can threaten the foundation of the group, of what they hold to be the truth.

With respect to convention, there may be a logic behind why others feel entitled to expect one to conform. By not conforming to a convention (say, by driving on the wrong side of the street) one may harm (or wrong) others. This reasoning may be (erroneously) extended to other accepted practices. Some conventions may legitimately carry with them entitlement. Other common beliefs or practices may or may not. Yet people may feel as if they are entitled to expect others to conform. As a result they may feel (unjustifiably) wronged when others do not.

There may also be envy involved on the part of members of the group toward an individual who differs with them. Because there is oftentimes considerable pressure to conform (and, at times some form of retaliation, if one does not), it can take a certain amount of courage to take a separate stand. Others may envy or resent that courage because they feel cowardly in comparison.

A group may be threatened by someone who is different because they may perceive him as potentially (physically) dangerous. Being different means deviating from the norm. This may be equated in some minds with being abnormal, deviant. When one differs from the group in one aspect of his life, even one that is nonthreatening, it may be speculated that he also differs in other (more dangerous) ways in which the group is not aware.

Because there is (or can be) strength in numbers, these fears manifest themselves in a collective coercive pressure on any one individual who may be or want to be different. Of course, these pressures usually do not go unnoticed by the individual who may be considering pursuing a different course. His response to these pressures (perceived or otherwise) may be realized in a number of fears. One obvious fear is that of being wrong. The burden of proof is on the nonconformist. If one goes against the status quo and is wrong, there could be repercussions. Even relatively minor fears, such as being gullible or looking foolish, may inhibit dissenting actions.

Even if one is certain he is right, there is still the fear of being labeled wrong by virtue of being different. Being perceived as being wrong can be as devastating as being wrong. One's reputation can be affected. This can affect social, familial, and professional

relationships. In some cases one's livelihood can be affected. Leibenstein informs that in Japanese culture:

The greatest shame or dishonor for an individual is to be ostracized from the group as such. Thus, everything possible is done to avoid such ostracism. Hence loyalty to the group is easily obtained. . . . Thus, for the traditional Japanese, acting alone is likely to be seen as verging on treachery since it is likely to involve behavior that does not consider the group as such (Leibenstein 1987, 193).

Conventions as defined by Lewis, Sugden, and Hardin spring from the interdependence among decisionmakers. To achieve a given objective, each has a preference to conform to a certain action conditional upon the expected conformance of others. A stable equilibrium is a self-enforcing rule. It is the nature of a stable equilibrium that the strategy cannot be invaded by a small group of deviants. In Axelrod's iterative Prisoner's Dilemma scheme, he demonstrates that labels, stereotypes, and social hierarchies have a tendency to be reinforcing. This is true whether the labels are justified or not; i.e., they may have no basis in reality. For example, if the policy or strategy is to cooperate with one's own kind (however that is determined) and to defect with those who are not, then deviants will be forced to return to the roles expected of them. One cannot cooperate in isolation. Labels will tend to stick. Stereotypes will be self-confirming. There is nothing one person acting alone can do to break out of a stereotype or social hierarchy. Any action he takes will be self-defeating (Axelrod 1988, 146-50).

If one has felt the sting of retaliation in the past when trying to deviate from a convention (say, by driving on the wrong side of the road), then one may fear it in cases when interdependence of choice or action is not a factor and retaliation will not result. One may feel a dependency on others, even when the need is for independent choice. One may erroneously generalize (because of symbolic fear) that any deviation will be punished; that all independent action is self-defeating. In the extreme case, one might develop a habit of conformance. This generalization from one aspect of one's behavior to others can be explained using Nozick's notion of symbolic utility. Any area in which one may differ from the majority may be viewed as representative of other ideas or behavior to which he may or may not subscribe. This can attribute additional (negative) weight to any one area in which he may be considering not conforming. If he fears that differing in this one area may label him in other areas (particularly if it is a negative label and one that is untrue), then this may sway his decision toward conformity with regard to the area under consideration.

There are other less extreme fears of not conforming -- such as the fear of not being perceived as a team player or a good sport. There is the fear of being snubbed, of being envied, of being resented, of offending others. There is the fear of being alone -- if only for the instant it takes to disagree.

Given all these fears it is easier to see why some do not embrace new ideas, techniques, or procedures, even when there is strong evidence that they are right or they work or are better. For example, sometimes doctors are criticized for failing to readily embrace a new treatment even after it has been shown to be effective. It is often speculated that their reluctance stems from the investment they've made in the existing procedure.



An investment has been made in equipment, training, and so on, and, presumably the desire is to make this pay off.

But, as has been discussed, there may be other reasons that a doctor may not readily adopt a new procedure. One is that he may believe the old procedure to be the better or the right one. If others share this belief that gives his added weight in his own mind. Or he may cling to the old for fear of having to admit that he has devoted his life, study, and practice to an inferior procedure. If he abandons the old procedure, there may be the fear of the negative opinion of his colleagues based on their suspicions of the new. There is the effort that must be expended learning something new, of explaining it to patients; the fear of malpractice if one is wrong. There is the fear of appearing gullible, of tainting one's reputation, of ultimately losing one's practice and livelihood. Although these fears may be exaggerated, any one deviation can have symbolic meaning. It may be thought representative of others and any fear that may be associated with it may therefore carry excessive weight in one's decision process. There may also be an inability to see. Our ability to see is partly influenced by what we have learned. As Kuhn pointed out in *The Structure of Scientific Revolution*, this can affect our ability to see new ideas.<sup>14</sup>

But, of course, new medical procedures are accepted and adopted. There may at time be resistance to change, but we do change. A great deal of advertising is spent trying to change habits and encouraging consumers to form new ones. Fashions change and people quickly conform to them. Millions of dollars and countless hours are spent on research designed to discover new knowledge. Laws change, as does technology. We like novelty. Conformity is comforting, but novelty is stimulating. There have been long periods of dormancy, such as during the Dark Ages. But with increased freedom came competition and the pressure to adopt new and better ideas. A freer society encourages individuality, advances in knowledge, technological change.<sup>15</sup> These pressures can offset (but not nullify) some of the pressures to conform.

In a freer society there may be fewer norms for society as a whole.<sup>16</sup> Still there is pressure to conform to those that do exist. Fundamental to many if not most decisions is whether to conform or not. (As noted previously, it could be argued that only when one is considering not conforming is a decision being made. Willing conformity requires little thought.) There may be overwhelming evidence that a belief is true. However, if this belief is contrary to the norm (or if it is perceived as such) a number of desires and fears associated with conformity may be factored into the decision of whether to accept the belief as true because of their impact on the decisionmaker's expected utility. Not the least of these may be the symbolic meaning attached to the decision not to conform to a (socially) accepted belief and what it implies about how one is perceived.

Many of these fears may seem rational. Conformity may be the expedient thing to do. So long as one goes with the majority, there is usually little explanation required and even no apparent consequences, at least in the short run (except for those related to integrity). But the rational decision considers long run consequences. To those who have dared to be different, we owe our growth in knowledge, industry, the arts. The Golden Mean between cowardice and foolhardiness is courage. Courage is needed only when there is something at risk. Many may go through their lives unchallenged, living their lives

by halves. It takes integrity, effort, ability, and courage to know what is right and do it. The rest of us -- accept.

## Conclusion

This paper has reviewed how conventions arise in a state of nature. Examined were conventions of coordination, exchange, and property. The application of game theory offered a framework for understanding ways in which they may come about. In many cases, if not all, deductive reasoning on the part of participants was found inadequate. More than one solution exists. Sugden demonstrated that recognition of some asymmetry is needed for a convention to be established. Solution may depend upon imagination.

Conventions may oftentimes gain the status of norms. Sugden found that they may have the force of moral imperatives, but qualified that he was not concerned with the logic but the psychology of morals. Still, if conventions acquire the stature of norms, the Hobbesian argument that they are unique and are found by a process of deductive reasoning would seem to be weakened, according to Sugden.

In response, this paper examined the "convention" of property. So long as property is abundant relative to its use, it is not scarce in an economic sense. However, at some point use will encroach upon it and it will become an economic resource. However, this may not be immediately obvious. As an unowned resource it will command no explicit price. Conventions may arise to avoid overuse, but tendencies inherent in the situation will make them unstable. Establishment of property rights will, through the incentive of the price system, stem overuse and permit a more efficient use of the resource. This can be shown deductively. Still, it may take some time before this is recognized.

So, if efficient utilization of a resource is the choice criterion, then a unique property convention (private property) may be preferred after a certain level of utilization has been reached but may not be required below that level. And that particular convention may or may not emerge spontaneously, at least not immediately.

Conventions may or may not be optimal. In the economic realm, Leibenstein argued that the pressure of wage-work conventions may be useful in avoiding the Prisoner's Dilemma outcome within a firm. This important insight, that norms (which is synonymous with the American usage of conventions) could form solutions to Prisoner Dilemma and coordination problems, was first recognized by Edna Ullman-Marglit (1977) (Leibenstein 1987, 66). (Von Neumann and Morgenstern recognized that "standards of behavior" could solve game theory problems (*ibid.*, 63)). Thus, if one were aware of prevailing social norms/conventions and their strengths, one might better predict the outcome of such problems. (The emergence of some conventions may, then, depend on the existence of others.)

In Leibenstein's model there are many possible outcomes. To achieve the optimal solution, the Golden Rule standard, the pressure of the market is needed. The latter promotes not only optimality, but rationality (in the economic sense) as well. Leibenstein was interested in what forces may limit rationality and optimality. He introduced the concept of inertia, a characteristic of conventions. Although a convention may lead to a

better result than the Prisoner's Dilemma outcome, once established it may inhibit movement toward optimality. Conventions, for many reasons, encourage conformity and stifle change.

Simon was similarly interested in the "bounds" of rationality. He relaxed the assumption of omniscience on the part of economic man. His concern was cognitive realism in decisionmaking. He devised an adaptation model based on learning theory developed in the field of psychology which exemplified what he termed procedural rationality. Although his theory can be reconciled with the neoclassical model, Simon regards his as more realistic; a better basis for explaining economic behavior. That behavior is assumed to be driven toward the attainment of some aspiration level; a level which adjusts as the individual moves toward it.

It is possible for both the Simon and Leibenstein models to achieve optimality in the long run under certain conditions, but both are more concerned with short run behavior. Pressure is important in the Leibenstein model. The pressure of the market promotes optimality. This, however, is predicated on the institution of private property, otherwise the market will transmit the wrong signals. These signals encourage firms to become more cost effective; i.e., reduce x-inefficiency. They also encourage firms to innovate.

There is evidence that innovative technology has been instrumental in reducing per unit resource costs over time. Invention is an antidote to convention. Much about invention remains a mystery because much remains unknown about the creative process of the human mind. But we do know something about incentives. Invention and innovation is more likely to take place where impediments to independent thought and new ideas are few, where development of ideas in the form of invention is protected through patents and other property right arrangements, and where innovation is rewarded.

The question arises, is rational (and creative) thought a foregone conclusion in freer societies. We have seen that there are incentives for such thought in the economic sphere. There may be similar competitive pressures in the marketplace of ideas. But reason takes effort. It is not self-evident. It is not automatic. It is, to borrow from Leibenstein, not inertial. There are tremendous pressures to conform to the status quo. And the status quo may not be rational. Bloom, referencing Toqueville, warns us that there also pressures to embrace the emergent. Society, he believes, risks less by opposing the new. Whether the pressures are to conform to tradition or public opinion, the pressures to conform exist. It takes a measure of courage to challenge the majority. There is nothing automatic about choosing the rational course, particularly if it meets with public resistance or disapproval.

Simon described how Eastern European countries abandoned less rational planning quotas for better production methods during the 1960s. The governments learned that quotas were not the most productive course. Still, they did not choose the most productive course. Freer societies learn these lessons a little more readily. Why then are there not more of them?

This question is beyond the scope of this paper. Its purpose was to examine the emergence of conventions in a state of nature and some of the ways in which convention may enter the decisionmaking process. However, some discussion of governments has been unavoidable since comparisons between theory and reality are inevitable and we live in a world of governments. In a recent interview with Milton Friedman he stated that he believed free societies to be fundamentally unstable (Doherty 1995, 35). This may be the more interesting question. My guess is that whereas freedom may promote reason, its survival depends on it. This, of course, is not an answer.

## Notes

1. Not all of Lewis's examples are pure coordination problems; e.g., the rowing, land division, and cartel problems (Lewis 1969, 42-50).
2. In this particular game: "Disputes are always resolved without fighting (although, of course, everyone stands ready to fight for his half share: this is why the rule is self-enforcing)" (Sugden 1986, 69).
3. Although economics purports to be value-free (a positive instead of a normative science), it comes very close to judging based on the criterion of efficiency. A value judgment regarding over-utilization of a common property resource is nearly unavoidable. Since the same level of output can be produced with two levels of (the variable) input, one greater than the other, it would seem to follow that the lesser would be preferred. But there is no built-in incentive inhibiting overuse. The "tragedy of the commons" results.

A market system based on private property discourages, through the price mechanism, overuse. A free market system does not, however, guarantee efficient use of resources in all cases. Property rights must be clearly defined or externalities result. Public goods may be underproduced. These issues aside, there remains that of imperfect competition. The "evils" of under-utilization are less clear than over-utilization. Perfect competition is a model that is unachievable in reality but serves as a point of comparison. Other static models are more realistic, but most describe an underutilization of resources. Some texts take the position that this is price necessary for product differentiation in imperfectly competitive markets (Salvatore 1993, 411). Also recognized is that oligopolies and monopolies may experience economies a large number of small firms could not (*ibid.*, 429). Competition has been more broadly defined to depend on the existence (lack of) barriers to entry (contestable markets) and market share (*ibid.*, 416-17). Firms that may appear oligopolistic when viewed from the perspective of a single county may be more competitive when seen globally. From this broader perspective, what is relevant to competitiveness is largely dependent upon artificial barriers to entry (impediments to trade and production). The improvement in economic performance in the U.K. post-1979, is attributed by Arthur Francis to an increase in competitive pressure (and, he speculates, a reduction in X-inefficiency) (Francis 1990, 284).

4. Barrett and Morse found that per unit extraction costs declined over the period 1870-1957. Johnson and Bennett updated their finding for the period 1957-72 and found:

According to B & M, two factors are primarily responsible for the decline in relative scarcity, namely, technological advances in resource conversion and extraction technology and, because of demand pressures, a shift from less to more plentiful resources. . . . Evidently, these forces continued to operate during the post-1957 period also, because of the continuing decline in resource scarcity (Johnson and Bennett 1980, 48).

5. In a real sense, principles limit one's choice set. Because of one's principles, a given action may be excluded from a person's set of alternatives. One might conclude from this that principles, therefore, limit freedom of choice. Here, one could say that the freedom

of choice is in the principle(s) one chooses. Principles are guides to actions, not the actions themselves. If a person values his health he may choose as a guiding principle to "say no to drugs." Yet if he develops an illness he may choose to take a drug on doctor's orders he would refuse to take on an ordinary basis. Nozick suggests that principles may save time and effort of calculation for a person of "limited rationality" (Nozick 1993, 14). It may be rational, however, to limit one's choice set until a particular alternative (such as taking a prescribed drug) becomes relevant.

6. Stephen Boydston makes the observation that: "One apparent defect of Sugden's detailed model of the strategic bases of convention is its implications that only a single convention will emerge for a recurrent circumstance in a particular population . . . ." (Boydston n.d., 5).

7. For examples of fishery models see Chapter 13 of *Natural Resource Economics* by Charles W. Howe (Howe 1979, 256-75).

8. I am not suggesting that private property is the only institution that can arise, only that it is the most efficient in that it has an inherent mechanism (the price system) that discourages overuse. I am also not suggesting that in establishing property rights conquerors have a (valid) right to the property thus acquired. Sugden posits that possessors of property may have an advantage in a fight to establish property rights because they attach more value to the property than their opponent and thus may fight harder (Sugden 1986, 87-103). Boydston adds that "possession might be taken as an indication of victories in past fights" (Boydston n.d., 6). Furthermore, "[s]ocial utility ought also be admitted as a plausible reason for convergence upon property rules that favor possessors rather than challengers of possessors" (*ibid.*, 7). My point is only that if the challengers have more firepower on their side this could tip the scales in their favor. Even if this is the less preferred (i.e., unfair) outcome, however, once (private) property rights are established, future ownership will be acquired through exchange rather than conquest (so long as rights are upheld).

9. This is merely suggestive and in no way exhausts this topic. One hypothesis could be that government regulations have inhibited the spontaneous emergence of property rights in some instances of common property depletion.

10. Symbolic utility here is not a separate factor, but a weight attached to a course of action (confessing or not) (Nozick 1993, 55).

11. Axelrod demonstrates that in an iterative Prisoner's Dilemma if players follow a comparative strategy it can be self-destructive. He concludes that: "There is no point in being envious of the success of the other player, since in an iterated Prisoner's Dilemma of long duration the other's success is virtually a prerequisite of your doing well for yourself" (Axelrod 1984, 112). In the analysis that follows I am not suggesting that envy is rational, only that it may affect one's decisionmaking.

12. Concerning "pecuniary emulation," Veblen remarks:

If, as is sometimes assumed, the incentive to accumulation were the want of subsistence or of physical comfort, then the aggregate economic wants of a community might conceivably be satisfied at some point in the advance of industrial efficiency; but since the struggle is substantially a race for reputability on the basis of an invidious comparison, no approach to a definitive attainment is possible (Veblen, 39).

13. This is not meant to imply that children accept all information without question. As Koestler points out, children go through a significant "why" stage when they first discover causality. "The child's concept of 'becauseness', i.e., causality, will undergo a series of changes, but not the verbal symbol which refers to it" (Koestler, 618). However, in addition to questioning the reasons for things, the child may also be questioning the source of his information.

14. Kuhn discusses an experiment in which anomalous playing cards (e.g., red six of spades, black four of hearts) were readily identified as normal. Even after forty exposures, ten percent of the anomalous cards were incorrectly identified. Generalizing, Kuhn comments: "In science, as in the playing card experiment, novelty emerges only with difficulty, manifested by resistance, against a background provided by expectation" (Kuhn 1971, 64).

15. Bloom warns of society that embraces "the emergent, the changing, and the ephemeral" (Bloom 1987, 253). New ideas are not necessarily better ideas. It is the task of reason to determine which are.

16. In an article entitled "Uncommon Culture," Virginia Postrel observes that, "America exists quite comfortably with numerous enduring subcultures" (Postrel, 68). Immigrants assimilate partly by "willful self-fashioning" rather than by conforming to a common-culture norm. "America," Postrel says, "is not a finished artifact but an irresistible process" (*ibid.*).

Concerning the changing role of television on America's culture with the increased number of options available, Charles Oliver projects: "In the future, Americans will not be united by a bland, one-size-fits-all culture. But they will not be divided into multitudes of tiny subcultures either. They will be united by a common cultural bazaar, where hundreds, perhaps thousands, of merchants compete for their attention, and in the end, we will be tied together by the best the market has to offer" (Oliver, 38).

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# Some Simple Problems with Simplicity<sup>1</sup>

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One version of the problem of the underdetermination of theory by data is that for any set of data an infinite number of adequate hypotheses will account for them. Some antecedently stipulated criteria of hypothesis choice must be assumed in order to opt (non-arbitrarily) for one over another hypothesis. At the most fundamental level, the very notion of "evidence" presupposes that one can be warranted in believing in the truth of some hypotheses. For any given set of ostensibly disparate data, one might wonder why it should be the case that there should be a univocal true higher order theory at all. A story can always be told; an explanation can always be offered. Is any story better than none? Is any explanation better than none? Does being able to tell a certain kind of story about something suffice to make it true?

If a hypotheses H, connecting a group of facts together, is true, then the hypothesis "H or these facts are unrelated" is also true. Accordingly, the traditional problem of induction can be viewed as an instance of the problem of the underdetermination of theory by data. Coming to believe H means changing from the belief that the hypothesis was a possible story that could be told, to the belief that it actually "accounts for" the phenomena and, therefore, is true. How could one come to believe that the first disjunct is more likely to be true than the second? What could persuade someone to think that the story which can be told is true? Belief in hypotheses that "account for" seemingly unrelated data is a type of wishful thinking. Why should wanting there to be a true story make it the case that there is? Why should wanting there to be a simple explanation make it the case that, when "found," it will be true? People who devise elaborate fantasies in order to "make sense" of their experience, to "account for" all of the details of every interaction they have with every person who passes them on the street, are "paranoid." You must first believe that there is some story which will be true when told, in order to believe that satisfaction of some criteria would warrant your believing in such a story when it is in fact proposed.

"H or these facts are unrelated" is a simple and all encompassing hypothesis that "accounts for" all data of your experience. Why not stop there? How could one distinguish epistemic from pragmatic criteria for belief unless one already knew in which specific cases the first disjunct of this more general hypothesis was true? In order to know that, it seems that one would need a higher order hypothesis such as "Hypotheses with these features are always more likely to be true than is "These facts are unrelated."." But which sorts of features might those be? Simplicity? How might one come to know that S: "Simple hypotheses are more likely to be true than complex ones"?

Suppose that one may justifiably "infer to the best explanation,"<sup>2</sup> that the best explanation of a set of phenomena is more likely to be true than no explanation, and the simplicity of a hypothesis makes it good. What precisely constitutes "simplicity?" Even

supposing that one had some applicable notion of simplicity, why think that the universe is simple in that way?

If something like Ockham's razor is a principle of rationality, then to say that simple hypotheses are more likely to be true than those which are not, is to say that it is as though a rational creature created the universe. But that "A rational creature created the universe" is a better explanation for this than none. Ironically, a belief in simplicity as an epistemic criterion and a principle sanctioning "inference to the best explanation" is stronger than a mere belief in the existence of God. It is a belief in a scrutable God, a God whose ideas and values are relevantly similar to our own. Supposing that God believes that it is good to be rational, why think that he shares our ideas about what "rationality" is? Even supposing that the almighty hypothesis-monger, whose believing a hypothesis to be true makes it true, existed, and his values coincided with ours, why think that he would "decorate" the universe parsimoniously? Is God a miser? If you were going to decorate your apartment and knew that you had no budgetary constraints whatsoever, wouldn't you do it as luxuriously as possible?<sup>3</sup>

Ignoring those problems, and supposing that there were a workable and relevant criterion of simplicity, and that S were a sound principle, then ultimately the simplest hypothesis of all,  $H_\infty$  would be reached:<sup>4</sup> "All is one," since that metahypothesis covers every case of "H or these facts are unrelated." Let us now see why this is so.

For any hypothesis H, if H is true, then "H or X" is true, where X = "These data (referred to in H) are unrelated." But if, as S implies, the better view is always the simpler view, then H should always be favored to X. Hypotheses are propositional statements, proposed facts about the way things are. So given any two hypotheses,  $H_a$  and  $H_b$ , the truth of the schema "H or these facts are unrelated," implies the possibility of some higher order hypothesis,  $H^1$ , such that " $H^1$  or ( $H_a$  and  $H_b$  are unrelated)," is true. But the simplicity hypothesis, S, would lead in every case to the conclusion that  $H^n$ , the higher order hypothesis, is true, since it is obviously simpler and therefore warrants belief more than the hypothesis that the two lower level hypotheses are essentially unrelated or coincidental. Every higher order hypothesis would need to be connected to all other hypotheses, according to S, and so ultimately  $H_\infty$  would be reached: "All is one." A commitment to simplicity as a criterion for hypothesis choice seems to imply that the highest order hypothesis devised is the one that warrants belief. If one accepts the (meta)hypothesis S, that given the choice "H or X (these facts are unrelated)," H (being simpler) is always the better hypothesis, then he will be led to the parmenidean principle. As explained above, a commitment to simplicity as an epistemic criterion includes the idea that the world is how we want it to be. But it also implies that we should accept the metaphysical theory that "All is one."

During this century, the invocation of simplicity as a rational basis for theory choice has been common to both the logical positivists and the *soi-disant* "naturalistically-minded" metaethical relativists. Although the logical positivists overtly disdained metaphysics, their own commitment to simplicity as a criterion for world view choice committed them, ironically enough, to a deeply religious view.

A metatheoretical program of comprehensive reductionism is not advocated by all relativists, but a somewhat less substantive version of Ockham's razor, *viz.* that "Simpler theories are more probably true than less simple theories, *ceteris paribus*," is. Far from being embarrassed by their commitment to Ockham's razor, some relativists flaunt it, e.g. Gauthier, who writes, "Objective value, like phlogiston, is an unnecessary part of our explanatory apparatus, and as such is to be shaved from the face of the universe by Ockham's razor."<sup>5</sup> That simpler theories are more probably true, *ceteris paribus*, cannot be defended without supposing that the universe exhibits a rationally reconstructible structure, and the universe is in fact "simple", where "simple" is characterized by comparison to theories which we already hold.

But if the meaning of 'simple' is determined through looking at our best confirmed scientific theories, then the relativist's invocation of the criterion in rejecting absolutism is obviously question-begging. Science clearly does not sanction the inclusion in its theories of entities which are not a part of the physical world, which necessarily comprises those entities susceptible of scientific study. If it is true that science and ethics are dichotomous, in that hypothesis testing is not possible for the latter as it is for the former,<sup>6</sup> and if we are only justified in regarding as true those theories which are choiceworthy by the theoretical criteria sanctioned by science, then it is patent that a theory which posits *sui generis* values inaccessible to the methods of science cannot be justified. However, as I hope to have illustrated above, when the implications of a putatively "scientifically-minded" commitment to a criterion of simplicity for world view choice are thought through, they are found to be rather surprising.

## Notes

1. I would like to thank John Burgess, Gilbert Harman, Richard Jeffrey and Bas van Fraassen for reading and commenting upon an earlier version of this paper.
2. Gilbert Harman argues that "either enumerative induction is not always warranted, or enumerative induction is always warranted but is an interesting special case of the more general inference to the best explanation," in "The Inference to the Best Explanation," *Philosophical Review*, volume 74, 1965, pp.89- 95.
3. And even if you restrained yourself, believing perhaps that what is good is "moderation in all things," wouldn't you still have an infinite number of choices about how to select and combine fabrics and colors? You would even have an infinite number of possibilities for basic furniture.
4. The cardinality of  $\infty$  would be greater than  $\int_0^1$ , if the number of lower level hypotheses were infinite, since every hypothesis could be combined with every other hypothesis. But finite people can devise only a finite number of actual hypotheses, so I'll not review Cantor's diagonal argument here.
5. Gauthier, *Moral Relativity*, (1986) p.56.
6. See "Ethics and Observation," in *The Nature of Morality* (1977), by Gilbert Harman.

*Book Section*

## Feminism and Individualism

Claire Morgan,

Review: *Reclaiming the Mainstream, Individualist Feminism Rediscovered*, (Prometheus, 1992)

Joan Kennedy Taylor and her sponsors, The Cato Institute, should be commended for broaching the subject of feminism from a libertarian or classical liberal perspective. For those who have little knowledge about the subject and want a practical, issue-based account of the movement, this book may be useful as a preliminary survey of parts of the literature and the major policy issues. However, for those who prefer a more principled approach which focuses less on issues and more on conceptual analysis--specifically a contemporary account which explains how libertarianism applies to women--readers will have to wait since (to my knowledge) that book has yet to be written. Such readers would probably be better served looking at Wendy McElroy's anthology *Freedom, Feminism and the State*. Nevertheless, *Reclaiming the Mainstream* is not without its virtues.

Feminism is regarded by many as little more than a marginal issue, if it is considered at all. One could certainly criticize contemporary classical liberal supporters and theorists for their lack of contribution to the issue of (individualist) feminism. It seems that on the one hand proponents of classical liberalism are quick to dismiss feminism as an hysterical, trivial, and extreme movement. Certainly they do not deem feminism to be worthy of the title of 'discipline': they do not find it deserving of serious attention. On the other hand, there are classical liberal sympathizers such as Christina Hoff Sommers, who confine the majority of their discussion to a harshly negative attack. She focuses on crazy liberal (in the modern sense of the term) and radical feminists who she believes have little to say to reasonable feminists such as herself.

This is mistaken. Instead of dismissing or denigrating feminism classical liberals would do better to treat it seriously. I would argue that part of the success of radical gender feminism may be attributed to the lack of a positive alternative, and because of the tedious whining of its critics. It is true that there are several grassroots organizations such as the Women's Freedom Network, and the Independent Women's Forum which operate to try to change the tide. Nonetheless, libertarians have not made very forceful attempts to explore the relevance of feminism to the broader goal of freedom and individual autonomy that they claim to espouse.

Classical liberals have not seized the initiative in this area via the written word. Libertarians are insufficiently dynamic in their approach to this subject and therefore consistently fail to capture much attention in the public arena. Their "opponents," meanwhile, often captivate the media precisely because they are extreme and provocative; they are exciting, not apologetic or dismissive. Moreover, libertarians have a tendency to complain that relatively few women are attracted to their (apparently) cold rationality,

while dismissing many of the issues women believe to be central to their lives. To the extent that *Reclaiming the Mainstream* attempts to treat the subject of feminism as an area of genuine concern and interest, it should be applauded.

It seems to me that feminism does not logically connote radical or gender feminism. Nor does it necessarily entail separatism or special treatment for women. Rather, it refers to the principle that women should have political, economic, and social rights equal to those of men. Intellectually, this type of humanist standard appears hard for any truly committed libertarian to argue with. This is particularly true when it is compared to the victimization and essentialism of much contemporary feminist discourse. Yet, in practice the term "feminism" is routinely derided by many classical liberals precisely because they cannot see beyond its radical versions.

Thus, it strikes me that there are two major points here: one intellectual, and one practical. The first is that as a humanistic type philosophy there is nothing inconsistent about relating feminism to libertarianism. Indeed, construed in the individualist sense, it seems to me that feminism could be regarded as being integral to libertarianism. That is, feminism could be used as a kind of vehicle which helps women achieve individual freedom instrumentally. To do this, all that is necessary is to relate feminism to the ideas of individual rights and the dignity and worth of each person. In practice, this would substitute toleration, diversity, and independence for the determinism, (e.g. the belief in some type of female nature which entails structuring life according to appropriate functions such as mothering and caring,) which is popular among feminist thinkers today. Once society has an adequate set of laws and attitudes, individuals (men and women) will be able to pursue life, liberty and happiness on the basis of what they deem to be appropriate for themselves.

In *Reclaiming the Mainstream* Taylor makes an attempt to cover at least some of the historical intellectual grounding of individualist feminism, (she traces the historical cycles of feminism, starting with Mary Wollstoncraft, Margaret Fuller, and John Stuart Mill,) but it is clear that her focus and abilities lie more with the practical side of feminist issues, (the second half of the book moves on to a variety of policy issues). Taylor is not especially interested in developing a theory grounded in rights, although she raises the connection intuitively. At 12-13 she states explicitly that she will not address the subject of "how libertarianism applies to women, or how all feminists should embrace the libertarian philosophy *in toto*." This is a great shame, since for me, at least, this is precisely where the interest lies, and the battle must be fought. Only in this way will the problem be rooted out at its core--at the university--instead of waiting for the results of academic theorizing to appear in policies.

Instead, Taylor suggests that "since I do not see feminism as a purely political philosophy or movement, my book has to do with the companion tradition of individualism in this country--understood to mean a tradition that holds it important to support the full flowering of the individual life." This is a broader, but much weaker assertion.

Like Naomi Wolf in her latest book *Fire With Fire*, Taylor begins the book with a brief foray into the current intellectual climate, citing the Anita Hill/Clarence Thomas



affair as illustrative of the current rift and confusion in male/female relations. Unlike Wolf, she claims full commitment to individualism both as a fact of life and as an ideal. Taylor states her argument in this way:

The thesis of this book is that what we now call "feminism" began early in the nineteenth century as an individualist movement, and further, that it is this individualism that has been the defining characteristic of the mainstream of that movement ever since. This does not mean that individualism has always predominated. Since the early days of the movement, there have been two philosophical strands of thought within it: individualism and collectivism, and from time to time one or the other strand has become dominant. When collectivists predominate, the individualists become less active and return to cultivating their gardens. (p10)

Frankly, I'm not convinced. I was not convinced before I read the book, nor do I feel compelled to concede the point after having read it. Initially, after considering her statement I was intrigued to read on, since it struck me as plainly false. Anyone who has even a superficial knowledge of the history of ideas surrounding the development of the feminist movement would recognize, I thought, that since the eighteenth century there has been a steady trend towards greater communitarianism and determinism, which has culminated in much of the radical/gender/marxist tradition which pervades women's studies today. (This is a point which Taylor notes, but believes she can accommodate.) However, faced with this knowledge, it seemed astonishing that anyone should assert a theory which appears to contradict such conventional wisdom. Even the relatively innocuous Ms. Friedan--who is cited favorably by Taylor--bases her account of the *Feminine Mystique* on an assertion about the structural determinism which turned intelligent college graduates into mindless housewives. It is difficult to see how this connects to individualist feminism. Where is individualism to be found in the feminism on college campuses today? But then it occurred to me that this book is not concerned so much with academic feminism, although it is mentioned at times throughout the book. Rather, for the most part, this is a book about populist trends and policy initiatives which would probably appeal most to activists and policy analysts. Hence, the kinds of concern mentioned above would be of secondary interest. In any case, it would have been useful if Taylor could have been more explicit about her intended audience from the outset.

The second half of the book provides further evidence that Taylor is much more at ease discussing policy rather than theory. Throughout the first section she provides extensive quotations from the persons she highlights, preferring someone else's description of their own ideas, to her own commentary and analysis. I would have liked to have seen more analysis from Taylor. After all, in her thesis statement she claims to be doing more than providing an historical summary. Indeed, if one is going to introduce a thesis, then one should expect to defend it oneself. This is especially so if the thesis is controversial, as Taylor's appears to be. Moreover, perhaps then she would have convinced me that there was a vital point that I had missed. Worse still, many of the conceptual ideas are muddled with irrelevant biographical details, indicating little if any allusion to her central thesis. Consequently, the first half of the book is not at all convincing.

However, the second half of the book is written much more self confidently. It turns out that what Taylor offers here is a journalistic tour through some of the literature, instead

of an analytic analysis of the fundamental justifications for feminism. This should not be surprising. After all, as someone who has edited a magazine, written numerous articles, and been National Coordinator of the Association of Libertarian Feminists since the early 1970s, Joan Kennedy Taylor has plenty of practical experience to draw upon. On balance, it seems to me that the book would have been vastly improved if she had omitted the first half of the book (the section on the Equal Rights Amendment was rather dull), and expanded the second. She should have discarded the thesis and concentrated upon writing an historical account about the grassroots individualist feminist movements, which is what the book is essentially about.

The second half of the book which covers issues including sexual harassment, abortion, pornography, and social feminism is much better. Thus, it is on the practical, rather than intellectual side of feminism that Taylor is able to offer some useful contributions to the subject. In the end, it is evident where her interest lies. What preoccupies Taylor is that feminism is something which attracts the interest of many women (and, indeed, men) and as part of human life it is a subject which is important. Taylor's project is to reclaim the term, and illustrate the sheer common sense notions which may be attached to it. Using a backdrop of various intuitive ideas which roughly conform to the basic tenets of classical liberalism--"individualism and individual rights...entrepreneurship and free enterprise, civil liberties and minimal government" (p10), Taylor suggests that many classical liberals are, in fact, feminists-- they simply aren't aware of the fact. If this is indeed the case, a definition of what she considers the term to consist of would have been helpful from the start, rather than vague references to some overarching commitment to women and liberty.

The recognition of feminism in terms of individualism and individual rights is critically important, especially for policy makers and activists: If libertarians are serious about attracting a larger and more diverse base of support they would do better if they recognized the potential that exists in "real issues" such as those feminism deals with, instead of debating the relative merits of *The Fountainhead* or *Atlas Shrugged*. Of course, on the face of it, feminism and Randianism (for example) are not necessarily mutually exclusive. I single out Randianism only because Taylor raises it as an issue herself, but it provokes another question regarding one of Taylor's points. That is, during the introduction Taylor suggests that classical liberals should consider Ayn Rand as a feminist role model, on the basis of her having created her own philosophy. Certainly I do not possess the background knowledge of Taylor in this regard, however the notion of Rand as a feminist icon struck me as almost fantastic--a women who glorified rape in one novel, and suggested that Dagny should put on an apron to serve John Galt in another--a feminist role model? Surely, a true role model would have written about a Joan Galt instead.

Stylistically, this is an extremely accessible book. Taylor's approach is chatty not didactic, frequently alluding to personal anecdotes about her own experiences within the libertarian movement. In fact, at times, one has the impression that she would like to convey the impression that she is curled up for a cozy chat in front of the fire with her reader, rather than leading a revolution. She is fond of the New York Times, (probably 80% of the newer material derives from either the New York Times or The New York

Times Magazine) which would also tend to cause academics to relegate the book strictly to the policy category.

While her defence of voluntary communities (against the attacks of critics who charge libertarians with egoism) for the purpose of advancing individual aims together is well taken, I remain skeptical about the viability and desirability of reviving consciousness raising as a tool for furthering independence in women (and men). In this respect, Taylor's prescriptions for reclaiming feminism strike me as rather outmoded. Few of the women I know are interested in the type of victim mentality that seems to accompany consciousness raising. In addition, I was disappointed to note the absence of any of the more recent theorists who may have something useful to contribute. There is, for instance, a complete absence of any mention of Camille Paglia or Naomi Wolf. Nevertheless, the broad tone of the book, which I would characterize as cautiously optimistic, is encouraging. During the times when Taylor does enter into critical analysis, she seems able to make her case without confining her commentary to baleful moans.

# The Unplanned Society in the Postcommunist World

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A review of *The Unplanned Society: Poland During and After Communism*, edited, annotated and with introductions by Janine R. Wedel, New York: Columbia University Press, 1992, pp. x+271, (cloth).

It is not surprising that a lot of what was written just before or during the collapse of communism looks obsolete today. The rate of change in the former communist countries has been so great, with an increasing number of unexpected factors coming into play, that most of the analyses, constructed *ad hoc* and with a great amount of sentimentality, are no longer applicable. Janine R. Wedel's book seems to be an exception. Although the essays which she included in her collection are uneven and some of them could certainly be dispensed with, the general idea behind them is not only interesting but also increasingly important in today's postcommunist world.

The book draws attention to those characteristics of Polish society which emerged as a by-product of a long exposure to totalitarian rule and which constituted partly a form of self-defence against, partly a requirement of, the unnaturalness of the system. Lack of respect for law, a widespread phenomenon in all former Soviet-bloc countries, is a case in point. To many people such an attitude was the only sensible one under communism because communist law, arbitrary and unjust, did not give citizens protection against the whims of the powers that be. The result was that people often had to ignore the law in their own self-interest, or when obeying it, acquired bad habits that are hardly compatible with the rule of law in a normal liberal-democratic system, which Poland now aspires to be. The effect of such processes was that alongside an official society, existing in propaganda and Communist Party documents, there developed another society: unplanned, spontaneous, often corrupt, with its own habits and rules. These were parasitic upon the official institutions and legal norms. Although perversely efficient, they were not divorced from commonsense, and gave rise to a form of pluralism. The agents and beneficiaries of this system included a vast majority of the population; peasants, workers, intellectuals, priests, public officials.

The question which immediately poses itself is: What will be the role of these phenomena in a new post-communist system? Wedel's book does not give a clear answer, but it would be unreasonable to expect one from a collection of pieces written by authors of different orientations, occupations, and experiences. The book suggests however, to its credit, for it is a plausible thesis - that this unplanned society is a fairly stable one, well-entrenched in people's mores, and likely to determine developments in the years to come.

Whether this is good or bad is a debatable point. I think two answers to this question should be discarded, though not without hesitation. The first one is given by liberals (in

the European sense of the word). They argue that the unplanned society that developed under communism is the expression of the spirit of freedom and entrepreneurship, and reflects a particularly valuable form of individual and collective experience: it shows how individual initiative can cope with and outsmart the dogmatism of bureaucrats and ideologies. The worst thing the Poles could do is to liquidate this society by imposing on it the artificial standards of a new democratic system, conceived by ideologues, political scientists, and enlightened government functionaries. Even the corruption that is said to exist in certain sectors of the society is on the whole a good thing. A respected and influential liberal columnist commenting on one of the most notorious frauds in recent years went as far as to suggest (half-seriously, of course) that the accused businessmen not only should not be prosecuted but given a Nobel Prize in economics for entrepreneurial ingenuity. In a less frivolous formulation, this amounts to the following argument: we cannot construct a modern liberal order from above, and the unplanned society is the only one that is rooted in people's real behavior; we should rely on these existing practices, including the bad ones, hoping that through spontaneous selection and adjustments a new society will finally replace the old one.

There is a lot of common sense in this argument, but the minuses seem to outweigh the pluses. First, among the existing practices there are many that not only are bad, but also destructive of liberal-democratic society. There is a danger that these may thwart the development of political and economic structures, and Poland - instead of becoming more and more like other Western countries - will come to resemble those hopelessly inefficient banana republics which combine a caricatured capitalism with socialistic policies, and political despotism with a populist democracy. The second counterargument is that the unplanned society cannot produce or provide a basis of the structures without which a democratic-capitalist society is unthinkable and which condition its existence. The spontaneous and self-corrective development will certainly not produce a legal framework that would guarantee a rule of law, at least not in the manner and at the rate that would be satisfactory in the light of the urgent needs of Polish citizens. Without this, there may persist, for a long period to come, an extremely demoralizing syndrome from which all postcommunist societies suffer: that profit-making must be always half-legal and that laws should not be treated seriously.

The second approach to the problem of the unplanned society does not seem convincing. This approach is taken by people who, although having different orientations, share a *homo sovieticus* hypothesis, that is, a theory that a single most important factor in Eastern Europe is the Soviet heritage in people's minds and forms of behavior. The Poles, they argue, may be politically free, communism may be a thing of the past, and the Soviet army may be gone from the Polish territory, but there is a Soviet soul in every Polish citizen. A *homo sovieticus* is a person who feels so much at home in half-legal situations that he cheats even when he is no longer forced to act illegally; who is so cunning and clever that he can survive under the most ruthless regime, yet is heavily dependent on the state and expects the state to protect him; who does not trust anyone and suspects that all institutions are run by mafias, yet does not like to take individual responsibility for his actions, etc. The unplanned society is thus a sick society, and will not transform itself spontaneously into the type of community that we encounter in Western Europe. It will always be a perverted form of that community because the forces which prevent such a

transformation from happening are not only not easily removable but also have a tendency to perpetuate themselves.

It would be hard to deny that Soviet Man exists and that his influence is powerful. I think, however, that this theory is untenable. Two arguments seem to carry a particular weight. First, the *homo sovieticus* hypothesis easily degenerates into empty moralism, and the statement that all Poles are sovietized becomes a cliché with little informative value. One can also add, turning this argument against those who raised it, that this type of clichéd thinking, with no attempt to make distinctions and qualifications and no constructive recommendations, is itself a symptom of intellectual poverty, that is, a symptom of the sovietized mind that knows only simplistic answers. The second argument is that a certain version of this hypothesis has already been refuted. The notion of the Soviet Man, originally formulated by Alexander Zinoviev, was meant to prove that the Soviet system changed people to such a degree that they accepted it and did not wish to have it replaced by any other system. In short, it was meant to prove that communism was infallible. Fortunately, facts have disproved this claim. The new version of the *homo sovieticus* theory is similar to the old. It claims that a new liberal democratic order is impossible in postcommunist societies, or at least, it will take a very long time to establish it. The fate of the old *homo sovieticus* theory should, however, make us skeptical about such a sweeping statement.

The rejection of these two approaches leads us to accept a conclusion which sounds discouragingly banal; the unplanned society - that still existing by-product of the system that has disappeared - is as much a help in building a new liberal democratic order as it is a hindrance; it is as much a triumph of individual and collective will over Communist social engineering as it is a monument of inefficiency, corruption, inertia, incompetence, lack of will, and other sad side-effects of Communist rule. To those who want to substantiate this conclusion, Wedel's book provides ample material: it records both the optimistic and the pessimistic expectations of people engaged in building a new Poland. And this roughly corresponds to the current state of mind of Polish society. If there is some hope, it lies precisely in this: avoiding both complacency and despair.

## Luttwak Takes a Bath

Edward N. Luttwak's *Strategy: The Logic of War and Peace* (Cambridge, Mass.: Belknap/Harvard, 1987) xii + 283pp, hc. \$25.00.

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No matter how widely people disagree about what foreign policy is ideal, most agree that our actual foreign policy is irrational. By "irrationality" I mean several things: logical incoherence, a failure to choose means appropriate to given ends, and the choice of ends that cannot be achieved in reality. Most of us, however, believe that this irrationality is somehow accidental. Economic planners do not *intend* to be irrational, but the insuperable knowledge problems inherent in economic planning necessitate that their behavior is, in fact, irrational. Bureaucrats do not *intend* to be irrational, but the very structure of bureaucracy encourages irrational behavior. Legislators do not *intend* to be irrational, but the goals that they pursue - such as equality of condition - cannot be achieved in reality, thus necessitating irrational behavior.

What is difficult for even the most cynical person to believe is that, outside of a totalitarian state, a regime would be irrational not by accident, but as a consciously chosen goal. Nobody, it seems, could be irrational *on principle*. It simply boggles the mind.

Enter Edward N. Luttwak.

Edward N. Luttwak is one of today's most prolific and influential strategic analysts. A prominent, highly articulate neoconservative, Luttwak's books and essays in *Commentary* have earned him wide credibility and the position of Senior Fellow at the Center for Strategic and International Studies at Georgetown University. Luttwak's best-known works are *The Pentagon and the Art of War*, *On the Meaning of Victory*, *Coup d'Etat: A Practical Handbook*, and *The Grand Strategy of the Soviet Union*. They are models of clear thinking. In them Luttwak deftly reduces masses of historical data to essentials, takes into account dozens of different factors in the strategic equation, penetratingly dissects flawed arguments, exposes false premises, and presents it all in a clear, linear fashion, sparsely embroidered with subtle, devastating polemical twists.

Luttwak has been attacked both as an anti-military muckraker and as an icy Dr. Strangelove - for the same reason: a coolly logical way of dealing with highly emotional issues. He recognizes that our security is not enhanced by writing uncritical apologies for the Pentagon. Nor is it enhanced by the glassy-eyed hysteria of the disarmament crowd. His work is animated by the conviction that the emotional inability to understand violence clearly and to use it resolutely (in self-defense) leads, in the long run, to far more violence and bloodshed than it avoids in the short run.

Luttwak's *Strategy: The Logic of War and Peace* promised to be the culmination of his past works, taking insights introduced in polemical and historical contexts and developing them in the context of an abstract, systematic treatise. Perhaps my expectations

for the book were unreasonably high, but I am saddened to find *Strategy* quite disappointing. Instead of being the zenith of Luttwak's work it is its nadir. Although the book is filled with fascinating anecdotes and brilliant analysis, it fails precisely in its stated goal of presenting a *logic* of war, a set of principles which can serve as tools of analysis and decision-making in the context of war. This failure is so grievous, in fact, that *Strategy*, to the extent that it contributes to strategic decision-making, may actually be dangerous, for the essence of Luttwak's message is the advocacy of *irrationality on principle*.

To be specific, the form of irrationality that Luttwak advocates is logical contradiction. He advocates logical contradiction as rational insofar as it achieves strategic ends. The central thesis of *Strategy* is that "*the entire realm of strategy is pervaded by a paradoxical logic of its own*, standing against the linear logic by which we live in other spheres of life." By "paradox" Luttwak does not mean statements that merely *seem* to be contradictory, but statements that are *actual* contradictions. He introduces the book with the Roman dictum "if you want peace, prepare for war," claiming that it is "paradoxical in presenting *blatant contradiction* as if it were a straightforwardly logical proposition." Furthermore, he contends that our contradictory *statements* of strategic principles mirror a contradictory strategic *reality*, a reality in which opposites merge into and emerge out of one another.

Luttwak acknowledges a "similarity" between his paradoxical logic and the dialectical logic of Hegel and Marx. This is true. Luttwak's logic of paradox has the same strengths - and the same fatal weaknesses - as Hegelian and Marxist dialectic. The strength of Hegel's dialectic is that it is based on the insight that we learn from our mistakes. Dialectic is a process by which we test the adequacy of our concepts by thinking them through in concrete contexts, causing them to yield up their contradictions and ambiguities and encouraging us to come up with more adequate - that is to say, more coherent - concepts. The weakness of Hegel's dialectic, especially as it has been appropriated by Marxists, is that it can be mistaken for an abstract *method* or recipe which can be detached from the concrete, historical and empirical investigations that it depends upon and turned into a perverse sort of irrational "rationalism" in which the dialectician "deduces" social phenomena and historical processes through "negating" their antecedents. As we shall see, this is precisely what happens to Luttwak.

In his concept of "ordinary linear logic" Luttwak seems to conflate Aristotelian logic, naive commonsense, and dubious applications of "systems analysis" to military problems (e.g. by Robert S. MacNamara during his tenure as Secretary of Defense).

Strategy is filled with alleged examples of the paradoxical nature of strategic reality. For example, common sense tells us the best road is the shortest, smoothest, and most direct. However, when an evading army has to march to a city, the most direct route will be the most heavily guarded. Therefore, runs the argument, in strategic situations the most indirect, inhospitable route becomes the safest. In war, *bad is good*. Or: when an invading army blitzes over the border, easily conquering miles and miles of territory, it dissipates its strength, stretches its supply lines, and opens itself to counter-attack. Therefore, *victory leads to defeat, or: good is bad*.



Now, it is easy to see the truth in these scenarios. The nature of war is such that an indirect route is often the best, and an army is more easily defeated when it is scattered over a vast territory and far from home. Sun Tzu, however, recognized this thousands of years ago and made it intelligible without resort to "paradoxical logic."

Why then does Luttwak insist on formulating perfectly *logical* principles as contradictions? By what error of Aristotelian logic does he come to take a bath in the Heraclitean stream?

Luttwak's error is the equivocation of two senses of the word "paradox". One sense of "paradox" is rooted in the Greek "*doxa*" meaning "opinion" or "common sense". The prefix "para" means "beyond." Together, they mean what is beyond common opinion, what confounds common sense. "Paradox" also, however, means *logical* contradiction. *The two senses are not interchangeable.* Common sense is not logic. And the expectations of naive common sense are not identical to reality. If events confound common sense, there is no contradiction in logic or reality. There is only the clash of naiveté and experience.

Let us put this in concrete terms. Say that we're to invade Tipperary. We ask a merchant which road is best. In the context of peace, the best road is the shortest and smoothest, and he tells us so. If we take the short road and find ambushes at every turn, then we should reflect upon our situation. If we reflect for a moment, we shall realize that it is perfectly logical in the context of war to expect such ambushes. Therefore, in the context of war, the long road is the best road, for it better achieves the strategic goal.

The failure in this example is not a failure of "linear" rationality. It is a failure to act rationally in the first place. An essential feature of rational action is that it is contextual. People do not act in vacuums. They act in specific contexts. Rational action is the pursuit of a goal by means appropriate to the context as well as appropriate to the end. Irrational action means to drop one's context and act according to inappropriate assumptions. For example, a rational chess player recognizes that he is in fact playing chess. He does not, therefore, try to win by using the rules of checkers and the strategy of bridge. Similarly, a rational strategist does not act upon assumptions drawn from common sense. Since common sense is for the most part formed during peacetime, its uncritical use in war amounts to dropping one's context.

It does not, however, amount to an invalidation of Aristotelian logic. Only by equivocation can Luttwak argue that sound strategic principles, which take into account the context of war and therefore conflict with common sense (paradoxes in the first sense), are also contradictions of logic (paradoxes in the second sense).

Indeed, all of Luttwak's examples of the failure of linear logic are actually instances of context-dropping. And all of his alleged strategic paradoxes are quite logical, if one takes the proper context into account. It is not the substance of his analysis with which I take issue. It is the abstract formulation of the results of that analysis that is dangerous. Luttwak has a peculiar talent for formulating perfectly logical principles in contradictory terms.

But this is a trivial wordgame that anyone can play, even in what Luttwak would call "linearly logical" enquiries. For instance, there is the Erwin Schroedinger and Fritjof Capra approach to describing sub-atomic physics. Businessmen have to "spend money to make money." Hedonists have to gain happiness by not aiming for it. Insomniacs trying to fall asleep have to think of something other than falling asleep. And so on.

Equally trivial is Luttwak's contention that war is a realm in which opposites merge into and emerge out of one another, war producing peace, peace giving way to war, etc. Aristotle himself, however, recognized that this is the case in all forms of generation and corruption. Chairs come into being from non-chairs (wood and metal and cloth) and trees from non-trees (seeds and soil and sun). If chairs were generated from chairs then there would be no generation in the first place. But this fact need not be phrased in logical language as "negations negating" and "opposites interpenetrating."

It would be extremely foolish for someone to look at paradoxically phrased maxims like "War leads to peace" and "You have to spend money to make money" and conclude that you can have your cake and eat it too. One should not draw the general conclusion that the best way of getting something is to pursue its opposite. But this is the precise impression one takes away from Luttwak's book. His argument is not that strategic principles can be phrased in contradictory terms just for the fun of it. His point is that such principles must be phrased in such terms if they are to describe the reality of war. Concrete events that confound common sense are identified with logical paradoxes. Logical paradoxes are then turned into an abstract method for strategic thinking. In Luttwak's words: once people understand his book

strategic practice can be freed from the systematically misleading influence of commonsense logic. For the conduct of foreign policy, this offers the prospect of an eventual liberation from the false discipline of consistency and coherence, to allow scope for concerted policies that are purposefully contradictory.

Frankly, this prospect is just plain frightening. Our foreign policy suffers from no shortage of inconsistency and incoherence. I fear that those who are incapable of discerning the contextualist substance of Luttwak's analysis of strategy will remember only the book's catchy, constantly repeated paradoxical formulas. They will treat illogical thinking as a *recipe* for strategic success. Hence the irony that what promised to be the culmination of Luttwak's past work may undo any of its positive effects by giving new license to even more irrationality in our foreign and defense policies.

# Philosopher and Child Together

A Review of Gareth B. Matthews' *The Philosophy of Childhood*

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Like its subjects, this book is direct, simple and often surprising.

Matthews does not offer a systematic philosophy of childhood. Instead, he ruminates on the possibilities and promises of such a philosophy. The book might better have been titled *A Prolegomena to Any Future Philosophy of Childhood*, but that would have been quite a mouthful. What Matthews offers is a vision of the child and the philosopher together - of the childlikeness of the philosopher and the philosophicalness of the child.

In Chapter One, "A Philosopher's View of Childhood", Matthews argues that adults have distorted views of childhood. What Matthews thinks is that adults tend to (sometimes) view children as full-tilt, small-scale philosophers doing philosophy with little words; or, adults tend to (more often) view children as developmental psychologists do, i.e. as lacking both the wherewithal and the hankering to do philosophy.

I think Augustine (at least, Augustine as understood by Wittgenstein: cf. *Philosophical Investigations* 1) is a good example of the first tendency. Augustine describes a child acquiring his native language in a way that requires the child to be an MIT-ish philosopher of language, coordinating (new) words and world and fine shades of behavior.

Piaget is Matthews' example of the second tendency. Perhaps it would be better to say that it is adults with a particular reaction to Piaget's work who are Matthews' example. The problem is that Piaget's remarkable experiments have lead those who think about the experiments into moralizing about them. Piaget's experiments have lead those who think about them to believe that children are strangers among adults, almost a different form of life.

Much of what follows Chapter One is an attempt to correct, or at least to provide counterbalance to, these distortions:

...[W]e must guard against letting...models caricature our children and limit the possibilities we are willing to recognize in our dealings with them as fellow human beings. (Pg.29)

In two fine chapters on the work of Piaget (Chapters Three and Four), Matthews shows that Piaget's model of children's cognitive development has a peculiar power to make adults blind to the actual cognitive achievements of children. Matthews counterbalances this blinding power by illuminatingly comparing the stages of the child's development with the development of Presocratic thinking. The point for Matthews is not that Kristin or Karl or John are (or should be seen to be) Democritus, Jr. Rather, his point is that seeing the stages of the child's development as one-mistake-after-another-until-the-truth-is-found is to miss the adventure of ideas that is being played out in the child's development.

It is to miss the sense in which the child's development is "a natural exercise in speculative metaphysics" (pg.47). Along the way in these chapters, Matthews shows that it is often true that many of the conceptual or philosophical issues connected with Piaget's work are by-passed by Piaget's experimental methods.

In the chapter "Moral Development" (Chapter Five), Matthews again shows the danger of theories of development. While he admits that such theories can sometimes "encourage us to distance ourselves from our children" (pg.66) in ways that are helpful, the very fact that such theories "distance" us from our children suggests that the theories need to be handled deliberately and reservedly.

I am reminded, here, of Thoreau's brilliant paragraphs on theory in *Walden* ("Solitude"). There, Thoreau reminds us that theory - what he calls "being beside ourselves in a sane sense" - is a double-edged thing: while it may make us self-critical, positively self-critical, it may also make us "poor neighbors and friends sometimes", or poor parents and adults.

Looking at ourselves or at our children from sideways-on is at best a perilous practice. Part of the peril is that we sometimes forget who is to be master - our theories or us - and turn a helpful perspective into a prison. (Our theories are, after all, ours. We are often the subjects of our theories but are not subject to them). Matthews ends the chapter by pointing out that

Any developmental theory that rules out, on purely theoretical grounds, even the possibility that we adults may occasionally have something to learn, morally, from a child is, for that reason, defective; it is also morally offensive. (Pg.67)

Chapters Six through Ten discuss the topics of children's rights, childhood amnesia, childhood and death, literature for children and child art. These chapters break with the predominantly critical tone of the first five and turn more constructive. Each chapter attempts to show that children sometimes have something to teach us about, and are capable often of joining in our discussions of, rights, the past, death and art. The old saw: "Not in front of the children", is itself childish. Each chapter argues, roughly, that acknowledging our children, not just noticing them but being actively and continuously attentive to them, is itself an aspect of being adult. We have, all of us, spent time as children. To forget that and to refuse now to spend time with children, not just beside them but among them, is to fail in the task of self-acknowledgement. And self-acknowledgement is a philosophical task.

I recollect that there was once a funny-looking Athenian who spent a lot of his philosophical time with children.

Anyway, Matthews has written a fine book.

# Expectations and the Meaning of Institutions: Essays in Economics

Ludwig Lachmann. Edited by Don Lavoie. New York: Routledge, 1994.

Essay collections typically contain simply too much on too many diverse topics to be given a proper treatment in a brief review such as this. Don Lavoie's collection of papers and essays by the late Austrian School economist Ludwig M. Lachmann, *Expectations and the Meaning of Institutions*, is no exception. Thus, after a few introductory remarks, this review will focus solely on the more controversial of the book's passages -- i.e., those that deal with Lachmann's methodology of "radical subjectivism."

The book is the latest in Routledge's Foundations of the Market Economy series, edited by Mario J. Rizzo and Lawrence H. White, and it collects many of Lachmann's more important papers on economics and methodology -- papers written over a span of more than fifty years. Lavoie divides the book into four sections: "Uncertainty, Investment and Economic Crisis;" the repercussions of uncertainty for capital and investment; the history of the Austrian School's debates with other schools of economics; and subjectivist methodology. The overarching theme of all of Lachmann's work is brought into focus in Lavoie's introductory essay, which characterizes Lachmann's thought as a hermeneutical challenge to the positivist strains of mainstream, neoclassical economics.

At first glance, Lachmann's criticisms of neoclassical economics seem merely to echo the thoughts of some moral philosophers, who note that economic models of human behavior seem to deny free will (and, by extension, the need for moral philosophy). For example, Lachmann writes:

But what to Austrians is most objectionable is the neoclassical style of thought, borrowed from classical mechanics, which makes us treat the human mind as a mechanism and its utterances as determined by external circumstances. Action here is confused with mere reaction. There is no choice of ends. Given a "comprehensive preference field" for each agent, what is there to choose? The outcome of all acts of choice is predetermined. In response to changing market prices men perform meaningless acts of mental gymnastics by sliding up and down their indifference curves. (278)

Of course, as the Nobel Prize-winning economist James M. Buchanan (whose views on the theory of choice are quite similar to Lachmann's own) has noted, such amorality undermines the very mission of economics, which must assume, at the very least, that some economic outcomes are better than others -- i.e., that some outcomes are morally superior. In his discussion of Carl Menger, Lachmann approvingly quotes Menger's assertion that economic laws deal, not so much with human behavior, but with the external, natural phenomena that limit human behavior. As Lachmann writes, "It seems legitimate to interpret [Menger's] statement to mean that while men are free to choose their ends, the means they have to employ are subject to many limitations, and that economic laws ultimately inhere in the scarcity and specificity of means." (216)

Lachmann's rejection of neoclassical determinism has far-reaching consequences that lead to Lachmann's "radical subjectivism." As Lachmann notes, economic knowledge is always knowledge concerning the past. Lachmann agrees with his fellow Austrian School economists that consumer preferences can only be discovered through the market process itself-- i.e., by examining the choices people have actually made given the options available to them. (Of course, one might object that there are other ways of gaining knowledge of consumer preferences. Businesses, for example, use polling as a way of conducting consumer research. Yet this objection, if valid, still does not counter Lachmann's notion that economic knowledge reflects only past preferences.) Since human beings are not, in Lachmann's view, determined in their behavior, they can change their minds about the ends they choose to seek. Thus, as entrepreneurs only know about *past* preferences, they must guess about future preferences.

Entrepreneurial guesswork about what the future holds leads to what Lachmann calls "divergent expectations." Not only do consumers subjectively place value upon economic goods and services, but entrepreneurs must subjectively evaluate economic data and use it to imagine future economic conditions. As Lachmann puts it, "the future is unknowable though not unimaginable." (220) Imagination, however, Lachmann notes, is not prediction. There is no guarantee that entrepreneurs can imagine "correctly." Thus, Lachmann rejects another neoclassical mainstay: equilibrium economics.

In his rejection of equilibrium economics, Lachmann runs afoul of even some of his fellow Austrians, most notably Israel Kirzner and Roger Garrison. Mainstream economic models tell a story of an economy headed towards (if never actually reaching) some sort of "end state" in which all markets clear. The assumption is that consumers know what they want and that entrepreneurs know what consumers want. Clearly such a notion is contrary to Lachmann's model of entrepreneurial guesswork. Garrison, however, tries to save equilibrium by arguing that, over time, entrepreneurs who establish patterns of correct guessing will come to control more and more capital, even as incorrect guessers lose control of capital. Thus, over time, more proficient guessers will come to have more influence in the marketplace, and the market will display a built-in tendency toward equilibrium (even though, of course, it still will not actually get there). So, the controversy within Austrian School economics is born.

For equilibrium to be possible, entrepreneurial expectations must be at least somewhat accurate. Lachmann writes:

In the works of Hayek, I.M. Kirzner and Mises the market as a process, not as a state of rest, is of fundamental importance. Its main economic function here is to co-ordinate existing knowledge scattered over many parts of the economic system and to disseminate the market knowledge thus gained. Nobody can profitably exploit his knowledge without conveying hints to others. But can the market process diffuse expectations in the same way it diffuses knowledge where this exists? (236)

Lachmann's simple answer is "no." He goes on to note that "[t]he dissemination of superior knowledge is entailed by the fact that men can judge it by success. But how successful an expectation is we can know only when it is too late for others to embrace it." (236)

In light of Garrison's criticism, however, it may well be that Lachmann overstates his case. If one entrepreneur establishes a pattern of successful market anticipations, other entrepreneurs may profitably follow the first's lead. Furthermore, even assuming free will, there is no reason to assume that consumer preferences are chaotic. In the aggregate, humans are creatures of habit -- even if it can be said that, historically, they have chosen to be such creatures. Thus, by-and-large, it is safe to rely on knowledge of past preferences when imagining the future. Guesses can be educated guesses.

Yet, even assuming there is historic evidence to suggest that entrepreneurs who guess about future consumer preferences in one instance tend to guess correctly in others (and vice versa) is true, and that there is, in fact, some historic pattern of equilibrium-approaching economic activity within the market, this is not quite the same as saying that the market has some built-in tendency toward equilibrium. It would seem to require some sort of deterministic postulate -- rejected by both sides in the Austrian debate -- to maintain that entrepreneurs *who* do guess correctly will likely do so in the future. There is, simply, a difference between theory and history.

It is at the level of theory -- the pure theory of choice, praxeology -- that Lachmann's radical subjectivism comes into play again, this time in another form. Among some Austrian School economists (i.e., the orthodox followers of Ludwig von Mises), Lachmann's methodological views are even more controversial than his views on expectations and equilibrium. Lachmann clearly rejects Mises's contention that all economic theory can be derived *a priori* from the so-called "action axiom," i.e., from the undeniable premise that humans act purposefully. (The denial of the axiom would itself be a purposeful action.) Instead, Lachmann agrees with Don Lavoie's attempt to reinterpret Mises as "an 'interpretive' thinker." (284) This interpretive reconstruction of Mises tries to clarify the confusion "between form of thought and its empirical content." (232)

Ultimately, however, Lachmann's attempt at clarification is sketchy at best. He never explains exactly what is wrong with the old, non-interpretive version of Misesian apriorism. Instead, he leaves that task to his students. There are, nevertheless, hints as to Lachmann's view. The aforementioned passage in which Lachmann agrees with Menger that economic laws stem from the constraints reality imposes upon choice is certainly a contrast to the Misesian contention that economic laws can come from an understanding of choice itself. Lachmann's thought is, ultimately, more empirical. This seems to indicate that perhaps Lachmann agrees with the view that Mises's axioms are mere tautologies -- i.e., true by definition and, thus, only linguistically true. In this sense, even the action axiom is a tautology. When we use the term human, we use it to denote a being that is, as part of its definition, capable of action. Thus, to say that humans act isn't an *a priori* synthetic truth, but merely an analytic truth.

Lachmann's alternative to non-interpretive apriorism also suffers from the defect of sketchiness. In defense of his hermenutics, Lachmann speaks a great deal about how we must interpret texts and, subjectively, form an impression of meaning in our minds (280-281). But, unlike, say, Thomas Kuhn, Lachmann has little to say about how we choose between different interpretations of whatever phenomena is in question. Lachmann notes that the rules of logic come into play in understanding a particular interpretation

(281), but, given different premises, logic alone is insufficient to choose between alternative interpretations of the same subject.

Taken separately, Lachmann's rejection of equilibrium theory and his hermeneutics are somewhat foggy starting points. Together, however, the two pose a major challenge to traditional Austrian School methodology as outlined by Mises. Taking Mises *a priori* starting point, Lachmann shows that pure economic theory cannot demonstrate the coordinating, equilibrating functions of the Market assumed by both neoclassicals and most Austrians. At most, equilibrating aspects of the market can only be shown, if they do exist, as empirical patterns that need not always obtain.

Lachmann's legacy, as contained in the essays Lavoie collects, is a lesson to economists, both Austrian and neoclassical. That lesson is that economic requires more than mere blackboard logic. It requires its practitioners to actually study and interpret the world around them.

T. Franklin Harris, Jr.



## A Professor's Duties

Peter J. Markie, *Rowman & Littlefield*

It would not be a misnomer to call the present age the Era of Ethics. This is not, of course, to say that we are progressing morally. Rather, since the late eighties, there seems to be a growing interest both among intellectuals and the general public in the moral dimension of social, political, and professional life. No doubt some of this interest issues from media exposure of corruption among televangelists, politicians in high places, and in the world of commerce and finance. Additionally, the litigious nature of our society has brought forward numerous, varied, and widely discussed cases dealing with rights and duties in parenting, employment, abortion, euthanasia, the environment, scientific research, medical practice, and most recently, the burgeoning field of telecommunications. At every turn, we seem beset with issues that are, at heart, of a moral nature. It is now commonplace for hospitals to have an Ethics advisory committee. Corporations seek the counsel of ethicists, and even Congress acts as if it were concerned with the ethics of its members. A former academic, now ethicist at large, Michael Josephson, has appeared often on commercial television and the popular press instructing, challenging, and entertaining audiences with his warning that society is becoming morally bankrupt. Another academic, James Wilson, has a recently published and widely read book titled *The Moral Sense*. This, along with the success of William Bennett's *Book of Virtues*, suggests that social consciousness, if not conscience, has awakened to the questions of ethics.

Understandably, the bulk of the literature exploring the normative aspect of ethical issues has come from philosophers, mainly professors who teach courses in Ethics. In recent years philosophy departments have added offerings in Business Ethics, Bioethics, Medical Ethics, and the Ethics of Law, to name but a few. Considerable attention has been given to the ethics of three professions: Law, Medicine, and Business. It is only fitting that the reviewers also examine their own profession. Peter J. Markie, professor of Philosophy at the University of Missouri-Columbia, has done just that.

In *A Professor's Duties*, Markie explores the ethical issues in college teaching. The book is divided into two parts. The first focuses on "the obligations of individual professors, primarily with regard to issues about what and how to teach." The second is a collection of essays by various thinkers on a wide range of questions concerning the ethics of teaching, from what is a good teacher to conflicts between scholarship and teaching.

Markie begins with a discussion of the role of the professor, observing that college teachers "take on a complex role when [they] walk into class and declare that [they] are the professor: the students' guide to the subject and the subject's representative to the students, representative of intellectual excellence and related virtues, certifier of student progress, academic advisor, and practitioner of an intellectual discipline." (p.5) Markie observes that with this role comes considerable power and autonomy, the exercise of which can have significant effect on the lives of students. There is, then, an ethical dimension to college teaching, which Markie believes many professors ignore or deny:

"We [professors] write a great deal on the ethical issues in other fields--law, medicine, business, engineering--but very little on ethical issues in our own. Indeed, we generally speak as though the issues we face in exercising our power and autonomy are matters of taste rather than ethics." (p. 7) The issues that Markie has in mind here include an array of matters which he addresses in detail in subsequent chapters. Indeed, the remainder of his contribution to the book is a discussion of the ethical duties that a professor has when he/she selects a text, criticizes a theory, assigns a paper, grades an examination, performs research, evaluates students, etc. According to Markie, the denial that there is an ethical dimension to teaching is supported by three arguments: 1) Teaching is an art and as such questions about what and how to teach are matters of personal taste. Markie dismisses this with the observation that there are clearly matters of the profession of teaching that require decisions more substantive than can be settled by personal preference. In other words, though teaching may to an extent be considered an art, it does not follow from this that teaching is free of moral concerns any more than medicine and law are, though these too can be seen as "arts." 2) College teaching, unlike the practice of medicine or law, is not a matter of life and death; at most, a professor's decision may result in the failure of a student. To which Markie responds that, though teaching may not involve dramatic and momentous decisions, a professor's actions on the lives of students can still be quite significant. This creates the ethical dimension of teaching. 3) A professor's obligations are spelled out by his/her contract with the college, and any matters not covered by the contract are matters of personal judgment and academic freedom. Markie counters this with the observation that professors make numerous professional decisions which are independent of the university's regulations but are nonetheless subject to ethical review. For example, a professor may act unethically by engaging in racist humor or sexual harassment, even if the university has no rules against such action. Further, academic freedom does not mean freedom from moral constraints; rather, with academic freedom come ethical duties. Markie concludes that professors do indeed have serious obligations. "We cannot slide out from under the fact by claiming that teaching is an art, that our decisions are unimportant, or that we are only obligated to do what our contract and the university regulations require. To acknowledge that we have important ethical obligations is the first step, to discover their content and source is the next...My concern in what follows is with the second step." (p. 11). And so Markie goes on to discuss the content and source of a professor's duties in teaching.

In his chapter on what to teach, Markie observes that there is, and ought to be, considerable discretion given to teachers. He points out that academic freedom "enables [professors] to represent the truth as [they] see it..." (p. 15) rather than as others with power to control the curriculum might direct. This freedom, however, does not guide the teacher in deciding what to teach, and such decisions fall within the ethical domain. In other words, though a professor has academic freedom, s/he may abuse that freedom, or violate sound pedagogical principles and thereby do wrong. A professor is obligated to consider the students' knowledge and abilities, and adjust accordingly. Additionally, each course ought to be designed so as to "fit the educational purpose assigned to it within the curriculum in general." (p.19) Professors are obligated to guide their students to truth, intellectual excellence, and knowledge within the discipline. This implies, according to Markie, that the professor knows the standards for truth and/or excellence within his/her discipline. This obligation to guide students to knowledge of what is true and excellent must "honor

the intended purpose of the course and the abilities of [the ] students" as well as to teach certain intellectual values and skills (p. 25).

In subsequent chapters, Markie expands on the basic view established in his first chapter. He goes on to discuss issues that arise when asking how one ought to teach. For example, what are a professor's duties when representing the works of others? How extensive is the obligation to promote intellectual inquiry? What is appropriate, given that classroom interaction and the exploration of knowledge may offend students of particular beliefs, values, backgrounds? Ought teachers remain neutral when teaching controversial material? What are the basic duties of a professor in examining and grading students? Where ought a professor draw the line when matters of confidentiality regarding students is an issue? For each of these questions, Markie explores opposing views, and then takes a stand. He concludes his discussion by examining a professor's obligations beyond the classroom. Here he addresses the propriety of personal relationships with students, and offers the general principle that "we must forsake any relationship with students that detracts from our ability to honor our obligations as their professors..." (p. 70). From this principle he derives the conclusion that a professor ought not be friends with his/her students. Markie brings his discussion of obligations beyond the classroom to a conclusion with a brief examination of the ethics of scholarship. Here he argues that a professor ought to engage in scholarship to keep informed of developments within his/her field in order to remain knowledgeable about what he/she teaches. The professor is also obligated to do scholarly work in order to be a scholarly role model for students, though this obligation applies primarily to instructors of doctoral students, he argues. What Markie does not address, perhaps because it is not related to scholarship as such or to teaching specifically, are ethical issues arising in the editing, reviewing, and publishing of academic work. For example, the anonymous review process, despite some measure of justification, invites considerable abuse. Reviewers are often unreasonably tardy in response; reports may consist of arbitrary, unsubstantiated assertions about the merits of the submissions; and the refereeing process itself is sometimes perceived as loaded by the editor's selection of people who they know will look unfavorably upon work that the editor personally disfavors. Though there is a distinction between scholarly ethics and the ethics of dealing with scholars, I think Markie would have done well to at least introduce this aspect of the profession in his book, since the ethics of academic publishing is a part of most professors' lives.

Markie's treatment of the issues, though far from deep, is admirably well balanced. He presents opposing arguments fairly and effectively before offering his own perspective. There is, at nearly every point, room for debate, as evidenced by his ample citing of conflicting views from fellow professors. Markie's own position on each question is arrived at by applying the familiar Aristotelian principle that one's ends ought to determine one's means. Markie thus reasons soundly that a professor's duties are inherent in the activity of teaching itself, the end of which is the intellectual independence and awakened humanity of the student. And so, where there is dispute, or where deliberation is called for, it is with the means, not ends. Markie answers the various questions about what a professor ought to do by appealing to the ends of teaching, and he justifies his answers in terms of those ends. It is up to the reader to decide how compelling Markie's own answers are to the questions that he raises. The second part of the book, a collection of essays by

various thinkers (including a cameo piece by Sidney Hook on what it is to be a good teacher), introduces material not specifically addressed by Markie's discussion, as well as more in-depth explorations of a few issues introduced in the first section.

I think a great merit of this book is its brevity. Markie gives the reader just enough intelligent and provocative material to stimulate response, without losing the reader in extended, detailed discussion and analysis. He has left it up to the intellectual community to flesh out his sparse treatment. And that is how it should be: it is the job of professors themselves to engage in the dialogue and debate that this book ought to evoke, a dialogue long overdue in the professorial community. *A Professor's Duties* is timely, as so many universities and colleges are now undergoing the painful process of restructuring, or redesign, a process that begins with the questions: what have we been doing, why have we been doing it, and how ought it be done? For these questions, this book is an excellent primer.

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# No Harm: Ethical Principles for a Free Market\*

T. Patrick Burke

Justifications in support of liberty are plentiful and diverse. This is to be expected, if the libertarian ideals of free minds and free markets are true, valid principles. For if liberty is justifiable, it is only natural that libertarian principles should be supported by many different lines of reasoning, including pragmatic, utilitarian, consequentialist, rationalist, and natural-law arguments, as well as by intuition, tradition, and common sense. Each time someone comes up with another insight into why freedom works, it adds to the argumentative evidence that individual freedom is a good thing. Patrick Burke in *No Harm: Ethical Principles for a Free Market* contributes to this libertarian corpus and offers yet another vantage point from which to view the virtues of freedom.

Burke's clearly libertarian thesis is that "social justice requires market freedom." (p.9) *No Harm* presents a justification of this thesis with an extended discussion of a rather simple core idea: *that those who have not caused harm have a right not to be harmed*. Libertarians will recognize the No Harm principle as a close cousin of the non-aggression principle which prohibits the initiation of force.

In attempting to establish the No Harm principle underpinning the case for liberty and free markets, Burke does not offer a completely rigorous argument in the manner of some other libertarian theorists. Rather, he takes many things for granted, such as his position that human beings ought not to be harmed against their will, unless they have caused harm (discussed further below). Many of the premises Burke takes as true are accepted by most libertarians as well as by most ordinary people, so any conclusions he bases on these premises are still valuable. Other conclusions that Burke reaches, however, seem incorrect, perhaps because some of his foundations are not adequately defined and justified.

Before discussing the substance of the book, let me briefly make a comment about the book's format. *No Harm* unfortunately contains endnotes rather than footnotes. Although some readers are annoyed by notes at the bottom of every page that "run along, like little angry dogs barking at the text,"<sup>1</sup> in my opinion footnotes are much more convenient to glance at than endnotes, and are thus vastly superior. It is a wonder to me that anyone in this age of computerized word processing would ever use endnotes. (I realize that the use of endnotes in books is still common, however, and I also realize that this very review utilizes endnotes rather than footnotes, but I can only plead that any blame for this lies with the editor.) *No Harm* also contains no detailed table of contents, i.e., one listing subsections as well as chapter headings in hierarchical form. I find that a detailed table of contents, often used in legal treatises in addition to a shorter "summary of contents," is very helpful in understanding in outline form the conceptual organization of the ideas laid out in the book, and in looking up desired topics. But enough of this procedural quibbling and on to the substance.

## Punishment and Harm

In order to establish his case for the free market, Burke attempts to show three things: (1) that those who have not caused harm have a right to not be harmed; (2) that typical market activities do not cause harm; and (3) that governmental actions which proscribe such market activities do cause harm. Libertarians would probably agree with the general thrust of these three points, if "harm" is defined as the initiation or use of force. Indeed, point (1) resembles the libertarian non-aggression principle, under which an individual has a right to do *anything* unless it involves the initiation of (physical) violence, i.e., aggression or coercion. Building on the non-aggression principle, libertarians can fairly easily show that market transactions, since they do not involve coercion, are not rights-violative; and that governmental laws directed at such market actions are thus themselves coercive and illegitimate. The problem that libertarians typically face is justifying the claim that the only fundamental individual right is a right to not be coerced.

Burke wants to approach this problem from a slightly different angle, by focusing on the perhaps more intuitive or more general concept of "harm" rather than solely on the concept of physical violence or aggression. Thus, instead of arguing in favor of the non-aggression principle, Burke attempts to establish that those who have not caused harm have a right to not be harmed. I must admit that I found parts of the structure and organization of Burke's argument somewhat hard to follow. Not until chapter 5 does he really tackle what "Causing Harm" is, and not until the last three chapters, 7, 8, and 9, does he explore his "Principle of No Harm" in detail. Further, many of side-points seem clearly wrong, as I will discuss in more detail below.

In the very beginning of and throughout his discussion, Burke implicitly equates the right to not be harmed with a right to not be *punished*, and thus he implicitly equates harm with punishment. (p.10) Thus, to establish his point (1) (those who have not caused harm have a right to not be punished), Burke must define harm and its causation, and must also explain when punishment is deserved or justified. Regarding harm, Burke maintains that to cause harm to a person by some action, he must be "worse off" after the action than he was before, and the action in question must have "caused" the deterioration in condition. (p.46) Burke's conception of harm and causation are not very controversial, but do not get one very far, either, in terms of normative rights theory, since at this stage they are merely descriptive, not normative or prescriptive.

The big question that Burke must answer is "Who ought to be punished?" Burke says, "The only just answer to this question can be: those who *deserve* punishment." (p.40) Even this formulation is almost tautologically true: only people who "deserve" punishment "ought" to be punished (and vice-versa). Burke's first really synthetic proposition is the claim that only those that have caused harm deserve to be punished. In support of this contention, Burke offers three related principles of "No Harm". The first principle, the Principle of No Harm, states that human beings ought not to be harmed against their will, unless they have caused harm. According to the Principle of No Harm II, those who deliberately cause harm to the innocent deserve to be punished proportionately. Under the Principle of No Harm III, those who do not cause harm deliberately ought not to be punished. (Chs. 7, 8, 9)

Admittedly, if the tripartite Principle of No Harm is accepted as valid, then the rest of Burke's argument falls into place: by the Principle of No Harm, we may punish people only if they have caused harm; the enforcement of any law is a use of punishment and laws may thus not be passed against those who do not cause harm; actions on the free market do not cause harm; and therefore, laws may not be passed that restrict economic liberties. Ultimately, though, Burke does not offer much defense of the Principle of No Harm, crucial as it is to his argument. Instead, Burke relies on its intuitive and widespread appeal. Burke writes:

Since the large majority of people accept the concept of crime, detest crime, and support legal punishment, in that sense and to that extent they already accept the Principle of No Harm. Causing harm would seem in fact to be the quintessence of what we mean by the notion of "morally wrong." Anyone who wishes to cast doubt on this principle has the burden of coming up with an alternative theory as to the principle on which it is wrong to commit murder or robbery. [p.181]

Taking such fundamental rights for granted, it then becomes easy to validate the Principle of No Harm, if it

is simply an unpacking or explication of what is implicit in the elementary belief that it is wrong to kill or injure an innocent person .... That actions such as murder and robbery are criminal and deserve punishment is one of the most fundamental moral intuitions of mankind, and one which has the strongest claim to acceptance on its own terms. We do not need a theoretical construction to tell us that it is valid. Although theoretical considerations may be useful in clarifying this insight, as they can also muddy it, any moral theory we develop must assume its essential validity and be dependent on it. [p.182, emphasis added]

Even though Burke believes that all this is self-evident, he offers some perceptive "theoretical reflections which can lend support to the principle." (p.182) He eschews utilitarian and egoistic theories, because these "kinds of arguments, if indulged in exclusively, would have the effect of reducing the Principle of No Harm to nonmoral factors, .... which runs counter to our ordinary conception of morality." Instead, Burke develops a Kantian position that focuses on man's volition, his ability to make free choices. Because each person is a self-governor, the most fundamental moral obligation is not to deprive others, by physical force, of making free choices. "Coercion, the use of *physical force* to deprive an adult human being of the power of self-government, is intrinsically harmful and wrong, unless he has deserved it by causing harm to others." (p.183, endnote omitted, emphasis added)

Burke's derivation of a right not to be harmed is thus not completely rigorous, because he relies on "the most fundamental moral intuitions of mankind" and the like, rather than justifying these bedrock principles themselves. Nor does he adequately explain why these principles are self-evident, if they are. Burke's conclusions are nevertheless insightful and largely convincing, because most of the assumptions he makes are shared by most civilized people anyway. Given his largely sound framework, Burke does a nice job of showing that market transactions do not usually cause "harm," and thus ought not be "punished," i.e., outlawed or regulated.

## Harm versus Aggression

I believe that Burke's case could have been a stronger one if he had focused more on force rather than on harm, or if he had made his definition of harm more (explicitly and consistently) dependent on force. Such a refinement of his argument would also have helped him to avoid a few missteps along the way.

Much of Burke's argument implicitly recognizes the crucial role of force in defining rights. When, for example, Burke argues that market transactions do not usually cause "harm," he effectively characterizes harm as the inflicting of force on others. He also characterizes the right to not be harmed as a right to not be punished, thereby equating harm with punishment, i.e. force. It is when Burke views harm as the use of force that his discussion is most persuasive, which is not surprising to libertarians, who give force such a central role. Despite this implicit equation of force and harm in these contexts, however, Burke would not appear to agree with a general equation of harm with coercion, of rights-violations with the initiation of force. For instance, Burke maintains that rights-violations are not the only circumstances in which a person can be "harmed" (p.194); and that violence is not the only way to harm someone (see, e.g., his views on blackmail (p.57), defamation (p.57), and "dueling" (p.192), discussed further below). But punishment, after all, a central concept for Burke, is not merely the causing of "harm" — it is specifically the application of force to an individual. Why does Burke focus on (physical) punishment so much, if the physical, forcible element does not necessarily need to be part of the concept of harm? Why does Burke equate a right to not be harmed with a right to not be punished, but not harm with force in the general case?

A more rigorous and consistent case may be made for liberty if the interrelationship between harm, force, rights, and punishment is made clear. Under the libertarian non-aggression principle, an individual has a right to do anything other than initiate force against others; thus punishment (the use of retaliatory force) is justified *only* in response to aggression, and never in response to harm alone.<sup>2</sup> That is, the only punishable harm is one caused by an initiation of force. Burke's concept of punishable harm as being broader than the mere initiation of force leads him to untrue conclusions in a few instances. First, if rights-violations or the initiation of force are not the only way that individuals are harmed (such that punishment may be visited upon the harmer), then it would follow that at least some harmful acts which are not rights-violations or violent can be legitimately punished. But if harm can follow from a non-coercive action, then this opens the door to regulate market activity, for while voluntary market activity does not involve coercion, how are we to say that it never causes "harm," if harm can include non-coercive harm? Certainly the market, while indeed non-coercive, has many other features (e.g., it may be vulgar, crass, or amoral), and I can see no reason, and Burke offers none, that "non-coercive harm" (that nevertheless justifies punishment) is not among them.

As Burke states,

It does not make sense to believe that a person may cause harm to another by engaging in a market exchange with him. It does not make sense to believe that even when there is no question of force or fraud, a seller may cause harm to a buyer by



selling him something which he requests to buy, and an employer may cause harm to an employee by giving him a job which he applies for. [p.42]

Burke also emphasizes that "The question of law .... is always a question of *punishment*." (p.58) As Burke seems to recognize in these comments, the element of force cannot be left out of a viable definition of harm, if "harm" is to be used to justify (forcible) punishment. Any law will direct the use of physical force against certain individuals. Burke is correct that this is a type of "harm," and may be legitimately inflicted on others when they, too, have harmed someone. But the symmetry of the argument requires that the type of "harm" being punished involve force itself. If force is to be inflicted on others, surely this can only be justified when it is in response to an initial use of force. If A merely causes "harm" to B but without inflicting force (i.e., a non-coercive type of harm), B is indeed justified in causing "harm" to A in response — but only a non-force-inflicting type of harm, and thus certainly not punishment, which necessarily involves force.<sup>3</sup> Thus, the only sort of harm that can legitimately be punished is force-inflicting (i.e., rights-violating) harm.

If Burke must resort to the concept of physical force to get useful results from his "harm" principle, one wonders why his thesis focuses on harm rather than on force simpliciter. Burke would do better to substitute the initiation of force for harm, and seek to establish: (1') that those who have not initiated force have a right to not have force used against them; (2') that typical market activities do not involve the initiation of force; and (3') that governmental actions which proscribe such market activities do initiate force. In establishing step (1') characterized this way, it is indeed relevant to ask, "Who deserves punishment?", since punishment, like step (1'), focuses on the use of force itself. When these issues are clarified in this way, however, it becomes clear that the vague concept of "harm" is too broad to sufficiently justify rights and market transactions.

### Further Problems

Burke's view of the concepts of harm, force, rights, and punishment causes further difficulties. For example, consider Burke's view on blackmail. Burke considers the case of the blackmailer offering to "not to publish compromising photographs of a man with his mistress if he will pay \$500." (p.57). Disagreeing with libertarians such as Rothbard, Burke maintains that "To blackmail a person is to threaten to cause him harm. Harm is *not restricted to violence* or the threat of it, but includes injury to a person's reputation by defamation, libel and slander." (p.57, endnote omitted, emphasis omitted) Burke here cites Pennsylvania's criminal code regarding theft by extortion, presumably as an example, but hopefully not as a justification, for surely the mere existence of a positive state law cannot justify such a law. But Burke's reasoning is too skimpy here, and he does not provide an argument showing why (punishable) harm includes defamation, libel, and slander.<sup>4</sup> The mere uttering of sounds or words does not inflict force on others, and thus simply cannot justify retaliatory force against the utterer. Burke even recognizes this in another context: "A mere statement of a belief cannot in principle be harmful to anybody, even if it mistaken, since it always rests within the power of the listener whether he is to believe it or not." (p.213)

For the same reason that we have a right to free speech words cannot aggress against libel and slander laws cannot be tolerated in a free society. The only rights that exist, in my opinion, are rights to tangible, corporeal, property. This is because the only reason for property rights is to assign ownership to scarce resources, and only physical property can be scarce.<sup>5</sup> Ideas and reputations are mere abstractions and are not property.<sup>6</sup> Burke also believes that "a challenge to a duel is akin to blackmail." (p.192; see also p.268 n.15) The argument here is very sketchy and, I believe, unconvincing.

Burke's view on contracts is also problematic. In attempting to justify the "enforceability" of contracts, Burke draws on the traditional legal concept of detrimental reliance. According to this theory,

The binding force of the contract comes from the fact that it leads each party justifiably to expect a certain performance from the other and to rely upon that expectation in such a way that if the other fails to perform, then the first party is harmed. [p.71]

As others have pointed out, this reasoning is circular, for reliance on performance is not "reasonable" or justifiable unless one already knows that the promise is enforceable, which begs the question.<sup>7</sup> What has not been widely recognized even by many libertarians is the fact that the enforcement of promises also violates freedom of speech: if I merely utter words (e.g., "I promise to do X") then I have not used force against you; thus you are not justified in using force against me to "enforce" the contract. Contracts may legitimately be construed only as conditional transfers or exchanges of property.<sup>8</sup>

Burke also offers the Principle of Double Effect as a way to determine whether we may outlaw an action that will have both bad and good effects. Burke submits the example of a terrorist who is threatening to kill a hostage unless certain demands are met:

A police sharpshooter could perhaps shoot the terrorist, but there is a risk that he might shoot the hostage by mistake. Is it morally permissible for him to try to shoot the terrorist?

The Principle of Double Effect answers this question by providing three criteria:

- 1) The evil effect must not be the cause of the good effect. This rule is necessary because the end does not justify the means. We may not do harm in order that good may come of it.
- 2) The evil effect must not be deliberately intended.
- 3) The harm caused must not be greater than the harm prevented, or the good done. [p.198]

There are many problems with these criteria. For example, how in the world do you weigh harms against one another, or the harm caused against the good intended? A more serious problem with this principle is that Burke simply asserts it as if it is true, without offering any justification for it, evidently relying on its somewhat intuitive appeal.

In the area of economics, Burke admirably rejects antitrust laws, but seems to accept the concept of monopoly nonetheless. "If a genuine monopoly is achieved in an industry, and the monopolist firm raises prices above the competitive level, it creates an incentive for other firms to enter the industry in competition with it." (p.80) This ignores, however, Rothbard's demonstration that the very concept of free-market monopoly is invalid.

Burke's views on the Great Depression are baffling. He recognizes that the Great Depression was, contrary to popular belief, caused by actions of the federal government. So far, so good. According to Austrian economic theory, recessions and depressions are caused when the malinvestments of artificial booms, caused by inflation of the money supply, are liquidated. Thus, it is a federally-controlled decrease in interest rates, or the corresponding expansion of the money supply, that causes depressions.<sup>10</sup> Burke, however, maintains that one of the actions of the federal government that caused, or prolonged, the Great Depression "was the action of the Federal Reserve in *increasing* interest rates and further restricting the money supply, precisely at the time when just the opposite action was needed." (p.91, emphasis added; see also pp.33,164) The "opposite action" that Burke believes was "needed" — i.e., inflation of the money supply — is the very type of thing that *caused* the Great Depression. Only Milton Friedman is cited here; apparently Burke is unfamiliar with the Austrian work on the business cycle, or finds it not worth taking into account in his analysis.<sup>11</sup>

In another economic misstatement, Burke says that "Far from causing harm, the seller who raises his prices in a shortage is doing just what needs to be done to reduce the shortage, he is providing an incentive for producers to produce more." (p.95) But it seems to me that this is untrue: the raised prices provide a disincentive to prospective buyers with less urgent needs from purchasing the goods.<sup>12</sup>

Burke's favorable comments regarding democracy are also somewhat naive, or at least paint too rosy a picture regarding the virtues of democracy. He maintains that representative government is an "effectual system," and that "The idea of democracy is enshrined in two principles: majority rule, and human rights. Both of these, but especially human rights, are antipathetic to authoritarianism." (p.23) He also maintains that "democracy is the most effective means of ensuring the protection of human rights against government" (p.163), and he has "no doubt that representative democracy is the best and wisest form of government where it is capable of existing". (p.234) Burke's use of phrase "human rights" rather than "individual rights" is somewhat unsettling, because the term "human rights," like the term "liberal" in American usage, has acquired a leftist or socialist tinge.<sup>13</sup> Further, majority rule as a principle can resolve into mob rule, which is unlikely to favor individual rights. Indeed, democracy has systemic features which make it tend to oppress liberty.<sup>14</sup> Democracy is not as benevolent and compatible with the free market as Burke assumes.

### Useful Insights

All this is not to say that Burke does not make many perceptive points in *No Harm*. Although his Principle of No Harm could stand some refinement and is not defended with complete rigor, it is, after all, true that people should not "harm" one another, and most

decent people do agree with this, stated as a general proposition. Burke has many good explanations that show why, contrary to popular wisdom, we are not harmed by market transactions, and are, conversely, harmed by government intervention. Probably the most praiseworthy aspect of Burke's book is his extended discussion of the "harmlessness" of voluntary market transactions.

There are many fresh insights sprinkled throughout the text. One useful insight of Burke's that had never occurred to me regards the typical leftist assertions that "the actions of a person in economic distress are not free." (p.49) Liberals typically maintain that a person in danger of starvation is "compelled by circumstances" to accept a low-wage, dangerous, or otherwise undesirable job. As Burke notes, this

is thought to be a significant question only because it is assumed that people in distress who accept tough conditions are being harmed. It is supposed to provide an explanation for what otherwise, on this interpretation, would be bizarre and incomprehensible behavior. Given that they are causing harm to themselves, what could explain such a paradoxical action, since presumably they are not masochists? The answer is made that they have no alternative, they are compelled to take the job. It is assumed that this explanation renders comprehensible an action which otherwise would make no sense. Where it is clear that a person is benefiting from an action, however, there is no urgent need to ask whether he does so freely. A penniless beggar given a lottery ticket which turned out to win him a million dollars would be under heavy economic and psychological pressure to accept the prize, but there would be little practical point in questioning whether his acceptance was truly free. [p.49, emphasis added]

Burke also notes that some writers oppose market freedom based on alleged "market failure." For example, a car owner, who is often mechanically ignorant, may be taken advantage of by a mechanic, who has an incentive to lie and diagnose greater problems with the car than actually exist. Since the mechanic or service station owner is supposedly "rational" in this case, this may be a case of "market failure" requiring government regulation. Burke perceptively points out that:

To call lying a case of market failure betrays an elementary misunderstanding of the concept of a free market. Deliberate deception, or fraud, is not a part of the concept of a free market. It is certainly true that the successful operation of a market economy depends on maintaining ethical behavior, and there must be legal remedies available for people who have been defrauded. Fraud, however, is not a case of the failure of the market, but of the moral failure of individuals. [p.89]

## Conclusion

All in all, *No Harm* presents a fresh perspective on the virtues of liberty from the viewpoint of the ubiquitous concept of harm. Burke does a good job of explaining why, in general, people are not "harmed" in a free market, and thus free market activities should not be regulated by governments, whose job is to punish those who cause harm. However, Burke's neglect of foundational issues, justifications, and precise definitions, and his unfortunate willingness to label some non-coercive actions as punishable harms, weaken his overall case, and cause him to stray into error on a few issues. Yet Burke does offer

many useful insights, and is fundamentally correct in championing freedom and pointing out its many benefits. We should always cheer when yet another voice is added to the chorus crying for freedom.

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## Endnotes

\*Page references to this book will be given parenthetically in the text.

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1. S.M. Crothers, "That History Should be Readable", in *The Gentle Reader* 172 (1903; repr. 1972), quoted in Bryan A. Garner, *The Elements of Legal Style* 92 (New York: Oxford University Press, 1991).

2. On the definition of "aggression" and the libertarian non-aggression principle, see Murray N. Rothbard, *For a New Liberty: The Libertarian Manifesto* (New York: Libertarian Review Foundation, reprint ed., 1985), 23. See also Hans-Hermann Hoppe, *A Theory of Socialism and Capitalism: Economics, Politics, and Ethics* 139-41, 237 n.17 (Boston: Kluwer Academic Publishers, 1989) (arguing that property rights protect the physical integrity of property, but not the value of property).

3. See my articles "Estoppel: A New Justification for Individual Rights", *Reason Papers* No. 17 (Fall 1992), p. 61, and "Punishment and Proportionality; the Estoppel Approach", *J. Libertarian Studies* (forthcoming), for a theory focusing on this sort of symmetry.

4. On the illegitimacy of libel and slander (defamation) laws, see Rothbard, *supra* note 2, at 96-97; *idem*, *The Ethics of Liberty* 126-27 (Atlantic Highlands, N.J.: Humanities Press, 1982) and Walter Block, *Defending the Undefendable: The Pimp, Prostitute, Scab, Slumlord, Libeler, Moneylender, and Other Scapegoats in the Rogue's Gallery of American Society* (San Francisco: Fox & Wilkes, 1991).

5. For a discussion of the necessity of the concept of "scarcity" to a proper definition of goods or property, see Ludwig von Mises, *Human Action: A Treatise on Economics* 93, 235-36, 528 (Chicago: Contemporary Books, Inc., 3d rev'd ed. 1966); Murray N. Rothbard, *Man, Economy, and State: A Treatise on Economic Principles* 4 (Los Angeles: Nash Publishing, 1962); and Hoppe, *supra* note 2, at 8-10, 134 *et seq.*

6. On libel laws, see *supra* note 4. For a discussion of intellectual property rights, see Rothbard, *supra* note 2, at 123-24; *idem*, *supra* note 5, at 652-60; Tom G. Palmer, "Are Patents and Copyrights Morally Justified?" "The Philosophy of Property Rights and Ideal Objects," 13 *Harv. J. Law & Publ. Pol'y* 817 (1990), as well as other articles in same issue (No. 3, Summer 1990) and in Vol. 13, issue no. 1 (Winter 1990) of this journal; Tom G. Palmer, "Intellectual Property: A Non-Posnerian Law and Economics Approach", 12 *Hamline L. Rev.* 261 (1989); Wendy J. Gordon, "An Inquiry into the Merits of Copyright: The Challenges of Consistency, Consent, and Encouragement Theory", 41 *Stan. L. Rev.* 1343 (1989).

7. See, e.g., Randy E. Barnett, "A Consent Theory of Contract", 86 *Columbia L. Rev.* 269, 274-76 (1986); Randy E. Barnett and Mary E. Becker, "Beyond Reliance: Promissory

Estoppel, Contract Formalities, and Misrepresentation", 15 *Hofstra L. Rev.* 443, 446-47, 452 (1987). For further discussion of these and related issues, see Williamson M. Evers, "Toward a Reformulation of the Law of Contracts", 1 *J. Libertarian Stud.* 3 (1977); Randy E. Barnett, "Contract Remedies and Inalienable Rights", 4 *Social Phil. & Pol'y* 179 (1986); Rothbard, *supra* note 4, chapter 19;

8. For insightful discussions into the nature of contracts, see Evers, *supra* note 7; Rothbard, *supra* note 4, chapter 19, "Property Rights and the Theory of Contracts"; and Barnett, "A Consent Theory of Contract", *supra* note 6. These formulations are not, however, without problems. I plan to discuss this issue at further length in a future article.

9. Rothbard, *supra* note 5, at chapter 10, esp. pp. 604-14; Hoppe, *supra* note 2, at chapter 9, esp. pp. 180-85.

10. See Murray N. Rothbard, *America's Great Depression* (Los Angeles: Nash Publishing, 2d ed. 1972); *idem*, *supra* note 5, at ch. 12, 11; Mises, *supra* note 5, at ch. XX.

11. In a discussion of the "business cycle," Burke notes that the two chief explanations for this phenomenon are that it is due to excessive investment; or to governmental policies, such as "control of the money supply." (p.94) Burke cites neither Mises's nor Rothbard's work on the Austrian theory of the business cycle. See *supra* note 10.

12. See, e.g., Murray N. Rothbard, "Government and Hurricane Hugo: A Deadly Combination," in *The Economics of Liberty* at 137 (Auburn, Alabama: Ludwig von Mises Institute, 1990) (first published in *The Free Market*, vol. 7, No. 12 (December 1989)); and George Reisman, *The Government Against the Economy*, ch. II, sec. 2, p. 42, et passim (Ottawa, Ill.: Jameson Books, 1979).

13. See, e.g., the United Nation's *Universal Declaration of Human Rights*, U.N. GAOR, 217A (III) (1948), at articles 22-26 (reciting, for example, human rights to "social security" and to "free" education).

14. For perceptive articles discussing this point, see Hans-Hermann Hoppe, "Time Preference, Government, and the Process of De-Civilization From Monarchy to Democracy", 5 *J. des Economistes et des Etudes Humaines* 319 (1994). Interestingly, Frank Knight made a similar point back in 1929. In his essay *Freedom as Fact and Criterion*, Knight stated:

We say that the victim of a highwayman is coerced, not because the character of his choice between the alternatives presented is different from any other choice, but because we think the robber does "wrong" in making the alternatives what they are.

In no other sense is it possible to speak of coercion. No human being can ever literally "force" another to do anything (though one may of course forcibly prevent another from acting). ...[T]he *threat of violence*... as a means of controlling the conduct of a human being has only a figurative kinship with the action of a physical force in changing the state of rest or motion of a mass of matter. It is interesting to

note that when conduct is influenced by an offer to improve one's condition, instead of a threat of worsening it, we do not call it force or duress.

Frank H. Knight, *Freedom and Reform: Essays in Economics and Social Philosophy* 17 (Indianapolis: Liberty Press, 1982).



# Problems and Process: International Law and How We Use It

by Rosalyn Higgins

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Rosalyn Higgins, recently appointed as the first woman judge on the UN's International Court of Justice and former professor of international law at the London School of Economics, has for many years been an outstanding authority on the subject of international law.<sup>1</sup> Her latest offering, *Problems and Process: International Law and How We Use It*, contains several provocative, interrelated discussions of many areas of international law.

The book is not a complete treatise on international law, as are M. N. Shaw's or Ian Brownlie's more general works on international law.<sup>2</sup> Rather, it is a series of interrelated perspectives on and criticisms of several "difficult and unanswered" (p. vi) areas of international law, derived from her lectures delivered at the Hague Academy General Course in International Law. The fifteen chapters of *Problems and Process* cover the following areas:

1. The Nature and Function of International Law
2. Sources of International Law: Provenance and Problems
3. Participants in the International Legal System
4. Allocating Competence: Jurisdiction
5. Exceptions to Jurisdictional Competence: Immunities from Suit and Enforcement
6. Responding to Individual Needs: Human Rights
7. Self-Determination
8. Natural Resources and International Norms
9. Accountability and Liability: The Law of State Responsibility
10. The United Nations
11. Dispute Settlement and the International Court of Justice
12. The Role of National Courts in the International Legal Process

13. Oiling the Wheels of International Law: Equity and Proportionality

14. The Individual Use of Force in International Law

15. The Use of Force by the United Nations

Higgins's discussions and criticisms of these issues are presented in a lively, accessible, and authoritative fashion, and the book is very well-written. Higgins makes many insightful points about and criticisms of many interesting areas in international law, although libertarians would disagree with many of Higgins's conclusions and premises. For example, as discussed below, Higgins sometimes appears to express skepticism regarding the possibility of objectively discovering international law rules, and seems to hold a sometimes positivistic view of human rights. However, *Problems and Process* is full of well-reasoned critiques and analyses that do not depend on these views nor on Higgins's view of international law as a process.

Chapter 3, for instance, contains a probing critique of the traditional concept of "subjects and objects of international law." Higgins's analysis here is well-reasoned, useful, and conclusive. However, even though she claims that her analysis is aided by viewing international law as a process rather than as rules, her reasoning seems to be independent of this characterization. I had no trouble being convinced by her reasoning alone, without conceiving of international law as a process. Also, Chapter 10, "The United Nations," as well as Chapter 11, "Dispute Settlement and the International Court of Justice," are extremely well-written and interesting chapters, although many libertarians would disagree with Higgins's pro-U.N. sentiments.<sup>3</sup> Chapter 7, "Self-Determination," is another enlightening chapter, although, here again, many libertarians would object to Higgins's conclusion that there is no legal right of secession where there is representative government.<sup>4</sup>

### **International Law as "Process"**

In *Problems and Process*, Higgins tries "to show that there is an essential and unavoidable choice to be made between the perception of international law as a system of neutral rules, and international law as a system of decision-making directed towards the attainment of certain declared values." (p. vi) She also attempts to show "how the acceptance of international law as process leads to certain preferred solutions so far as these great unresolved problems are concerned." (p. vi) However, as explained above, her analyses and "solutions" generally appear to be successful despite any flaws in her view that law is a "process."

Higgins defines international law as "a continuing process of authoritative decisions" (p. 2); international law is "the entire decision-making process, and not just the reference to the trend of past decisions which are termed 'rules'." (p. 2) Higgins therefore disagrees with the contrasting view of those who "insist that international law is 'rules', and that all international lawyers have to do is to identify them and apply them ...." (p. 3)

During her discussion of this issue, Higgins notes that international law concerns both power and authority. "Law, far from being authority battling against power, is the interlocking of authority with power." (p. 4, footnote omitted) "[I]nternational law is not the vindication of authority over power .... It is decision-making by authorized decision-makers, when authority and power coincide." (p. 15) (I take "authority" here to be equivalent to legitimacy, since "authority" and power without legitimacy is still merely power.) However, contrary to Higgins, it seems perfectly consistent to regard international law as a set of rules while also recognizing that law requires power as well as authority/legitimacy to qualify as law. A recommended or proposed law has the element of legitimacy only; if accepted and implemented, it also has the element of power.

This is similar to the difference between a natural right and a legal right: natural (or moral or individual) rights may properly be viewed as proposed rights that *ought* to be made into legal rights (i.e., law) or respected as such. An illegitimate law contains the element of power alone, with no legitimacy. Thus, Higgins's formulation of law as the "interlocking of authority with power" nicely captures the distinctions between (1) natural law or proposed law (legitimacy only); (2) valid law (legitimacy plus power, i.e. justifiable individual rights which are actually respected, enforced, and recognized); and (3) mere power (e.g. an invalid law, such as one decreeing that all Jews be killed).

While some would urge that international law must be regarded as a set of rules because only then "will it be possible to avoid the manifestation of international legal argument for political ends," Higgins disagrees with this reasoning. "Reference to 'the correct legal view' or 'rules' can never avoid the element of choice (though it can seek to disguise it), nor can it provide guidance to the preferable decision." (p. 5) Judges do not "find rules" but "make choices." (p. 3) Because "there is no avoiding the essential relationship between law and policy, I also believe that it is desirable that the policy factors are dealt with systematically and openly." (p. 5)

Of course, there are many social and political factors considered rightly or wrongly-when judges make decisions. This being a fact, certainly it should not be concealed. Certainly, such "policy factors" should be dealt with "systematically and openly." But this does not mean that international law is not a set of rules, or that no objective rules can be discovered by judges. Indeed, the need to resort to objective norms is inescapable, since one must still recommend a set of normative "rules" that guide a judge in deciding how to take such factors into account. Libertarians, of course, maintain that objective norms (or rules) *are* discernible by reason and should be followed by judges or by whomever enforces law.<sup>5</sup>

### **Positivism and the Nature of Rights**

Higgins recognizes that law must be based on "authority" as well as power. As mentioned above, "authority," in order to be a meaningful concept, must mean legitimacy, for otherwise only the element of power would be present. This view implies that might does not make right, since power alone is not enough to justify a law. Higgins also seems to eschew positivism when she recognizes the universality of human rights, and passionately criticizes non-universal, relativist views of human rights. (p. 97)

However, paradoxically, Higgins also expresses positivistic views of what rights there are. "To assert an immutable core [of] norms which remain constant regardless of the attitudes of states is at once to insist upon one's own personal values (rather than internationally shared values) and to rely essentially on natural law in doing so. This is a perfectly possible position, but it is not one I take." (p. 21) Also, "human rights are demands of a particularly high intensity made by individuals *vis-à-vis* their governments". (p. 105) This positivistic and relativistic view appears to contradict her absolutist views on human rights expressed elsewhere in the book.

### "Illegal" Expropriations of Foreign Investments

Chapter 8, "Natural Resources and International Norms," contains an insightful analysis of, *inter alia*, problems that arise when western investors invest in developing regimes. For example, when a foreign investor is granted a contract (called a "concession") by a host state (such as Libya) to explore for and produce oil, there is always the danger that the host state will steal ("expropriate" or "nationalize" in modern language) his investment. Thus, as Higgins points out, the problem facing the foreign investor is: "how can he be sure that, given the vast resources he will be required to make, he will be allowed to reap the benefits of his investment and work effort, and that the rewards will not be taken from him just as the fulfillment of the contract terms beings to bear fruit (that is to say, petroleum)?" (p. 139)

Of course, the answer to this question is, he cannot. As long as nation-states have "sovereignty" over their territories, it is always a possibility that the government will infringe the investor's property rights, although there are ways to minimize such "political risks."<sup>6</sup>

Under international law, an expropriation is legal only if the expropriation is: (1) for a public purpose; (2) nondiscriminatory; and (3) accompanied by prompt, adequate, and effective, or at least "appropriate," compensation.<sup>7</sup> However, international law has long been in a state of confusion over how much compensation an expropriated investor is entitled to. In other words, what is "adequate" compensation? There is disagreement as to whether "full value," which includes both *damnum emergens* (e.g. the value of physical assets such as factories and equipment) and *lucrum cessans* (lost profits), should be awarded, or merely *damnum emergens*, and there is disagreement as to whether the amount of damages should be enhanced if the expropriation is in some sense "illegal" under international law.<sup>8</sup> Higgins adopts the common-sense view that the economic "value" of property of course includes expectations of future profits (p. 144), although this view, remarkably, is not universally accepted.

Despite conclusions of other commentators and arbitrators to the contrary, Higgins tentatively concludes "that the value of the property does not change by virtue of the lawful or unlawful nature of its taking ...." (p. 145) This view also makes sense, because it makes little difference to an investor why his property was taken, for the damage done to him regardless of the motivation for the theft is measured by the (full) economic value of the property. Of course, if this is the case, it makes no sense to distinguish between "illegal"

and "legal" takings.<sup>9</sup> For whether the expropriation is discriminatory or not, or for a public purpose or not, full compensation should be awarded to the investor as damages.

Further, because of each state's sovereignty over its own territory under international law, the alleged internationally "illegal" action of a discriminatory expropriation would never justify another nation physically invading the host state to remedy or prevent the expropriation.<sup>10</sup> Accordingly, since the "illegal" status of an expropriation has little or no consequences, the status seems meaningless, a distinction without a difference. For, as Higgins observes, a right without a remedy is hollow indeed. (p. 16 n. 42, p. 53, p. 99)

## Endnotes

\* This book is available from Oxford University Press, 1-800-451-7556 (USA). Its order number is 825767-8. Page references will be given parenthetically in the text. I would like to thank Jack Criss for helpful comments on an earlier draft of this review.

\*\* LL.M. (international business law) (1992), University of London King's College London; J.D. (1991) Paul M. Hebert Law Center, Louisiana State University; M.S. Electrical Engineering (1990), B.S.E.E. (1987), Louisiana State University. The author is an associate in the intellectual property department of Schnader Harrison Segal & Lewis, in Philadelphia. Internet: nskinsella@shsl.com.

1. Higgins has published several important books and articles in this field. *See, e.g., Higgins's United Nations Peacekeeping: Documents and Commentary* (Oxford: Oxford University Press, 4 vols. 1969-1981); *The Development of International Law through the Political Organs of the United Nations* (1963); "The Taking of Property by the State: Recent Developments in International Law," *Recueil des cours de l'Académie de Droit International (Collected Courses of the Hague Academy of International Law)* 176 (1982), p. 259; "Conceptual Thinking about the Individual in International Law," *Brit. J. Int'l Stud.* 4 (1978), p. 1; and "The Place of International Law in the Settlement of Disputes by the Security Council," *Am. J. Int'l L.* 64 (1970), p. 1. While pursuing an LL.M. in international business law in 1992, I took Higgins's course "The International Law of Natural Resources," one of the most interesting and stimulating courses I've ever had the pleasure of taking.

2. M. N. Shaw, *International Law* (Cambridge: Grotius Publications Limited, 3d ed. 1991); Ian Brownlie, *Principles of Public International Law* (Oxford: Oxford University Press, 4th ed. 1990).

3. *See, e.g.,* Ayn Rand, "The Anatomy of Compromise," in *Capitalism: The Unknown Ideal* (New York: Signet, 1967), p. 147-48 (expressing disapproval of the U.N.).

4. For an excellent article on the libertarian view of the right to secede, see Robert W. McGee, "The Theory of Secession and Emerging Democracies: A Constitutional Solution," *Stanford J. Int'l L.* 28 (1992), p. 451.

5. For a few examples of hard-core libertarian justifications for the existence of objective individual rights, see Hans-Hermann Hoppe, *A Theory of Socialism and Capitalism* (Boston/Dordrecht/London: Kluwer Academic Publishers, 1989), esp. chapter 7; Tibor R. Machan, *Individuals and Their Rights* (La Salle, IL: Open Court, 1989); Murray N. Rothbard, *The Ethics of Liberty* (Atlantic Highlands, NJ: Humanities Press, 1982); N. Stephan Kinsella, "Estoppel: A New Justification for Individual Rights," *Reason Papers* No. 17 (Fall 1992), p. 61; and Roger A. Pilon, "Ordering Rights Consistently: Or What We Do and Do Not Have Rights To," *Ga. L. Rev.* 13 (1979), p. 1171. For a critique of legislated law as opposed to judge-discovered law, see Bruno Leoni, *Freedom and the Law* (Indianapolis: Liberty Fund, expanded 3d ed. 1991); Peter H. Aranson, "Bruno Leoni in Retrospect," *Harv. J. L. & Publ. Pol'y* 11 (1988) 661; and N. Stephan Kinsella,

"Legislation and the Discovery of Laws in a Free Society," *J. Libertarian Studies* 11 (Summer 1995), p. 132.

6. See, e.g., Paul E. Comeaux & N. Stephan Kinsella, "Reducing Political Risk in Developing Countries: Stabilization Clauses, Bilateral Investment Treaties, and MIGA & OPIC Investment Insurance," *N.Y. L.Sch. J. Int'l & Comp. L.* 15 (1994), p. 1.

7. Shaw, *supra* note 2, at 516-28.

8. See, e.g., Shaw, *supra* note 2, at 523-24. See also C.F. Amerasinghe, "Issues of Compensation for the Takings of alien Property in the Light of Recent Cases and Practice," *Int'l & Comp. L.Q.* 41 (1992), p. 22; Patrick M. Norton, "A Law of the Future of a Law of the Past? Modern Tribunals and the International Law of Expropriation," *Am. J. Int'l L.* 84 (1991), p. 474.

9. Paul Comeaux and I will argue this point in our forthcoming book: *Legal Aspects of Political Risk* (New York: forthcoming 1996).

10. See, e.g., *Problems and Process* at Chapter 14, "The Individual Use of Force in International Law," and M.N. Shaw, *supra* note 2, at Chapter 18, "International Law and the Use of Force."

