

COMMUNITY WITHOUT COERCION

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In the West, we are witnessing a remarkable regrouping of political forces. Marxism is seen by more and more people as a pure fantasy, irrelevant to our time and day, although it will, of course, linger on for a while in some educational establishments. But with its decline, we may perhaps be returning to the political problems that preoccupied pre-Marxian thinkers, in particular the old tension between conservatism and liberalism. There is one difference: now, those who call themselves socialists are in fact conservatives, while self-styled conservatives are, at least sometimes, liberals. In this paper, I propose accordingly to examine one or two conservative (socialist) arguments against the market order, not in terms of efficiency, but other values, which, it is alleged, market supporters cannot take into account. I will do this with special reference to Hegel, as he seems to inspire many contemporary non-Marxian critics of capitalism.

HEGEL'S ANALYSIS OF CIVIL SOCIETY

The problem with capitalism, as perceived by Hegelians, is this: if society is to be legitimate, there has to be "universality"; in other words, a sense of citizenship, of people identifying with the state. But in capitalism, or as Hegel called it, civil society,¹ there is only "particularity"; human relationships are based on self-interest, on the mutual fulfilling of needs, not on any common identity. Civil society is a society of strangers. Thus, a sense of loss, or alienation,

is created. Some members of the community do not feel as its members, they experience the community as something external and unintelligible. There is, then, a conflict between what Adam Smith called the "commercial spirit," and ethical community in which man can fulfill his role as man. It is a conflict between civil society and the state that can only be overcome by a Hegelian *Aufhebung* of civil society into the state. Translated into modern terms, this means an interventionist state, correcting the outcomes of the "blind" play of the market forces.

Hegel thought that the unhampered free market had two undesirable social consequences. In the first place, the individual was deprived of the intellectual development that was only possible within a community.² Hegel agreed, then, with Adam Ferguson and Adam Smith, that the division of labor, although on the whole beneficial, had some undesirable social consequences which, in turn, meant that the legitimacy of the liberal order was inherently questionable. Hence, modern Hegelians argue that, despite the affluence of contemporary capitalist states, they are seething with discontent. Space does not permit us to provide an adequate response to their argument. It does not, however, appear as convincing now as 10 or 15 years ago when the "New Left" was in fashion.

Let me, however, note four points. First, the problem seems to be somewhat exaggerated. The intellectual development offered to the common man in precapitalistic society was not very great. Second, if the liberal order lacks legitimacy, why do people everywhere try to move from less to more liberal countries? They go from Mexico to the United States, from East Germany to West Germany, and from China to Hong Kong; not the other way around. Third, the discontented group in our societies does not consist as much of ordinary citizens as intellectuals who cannot easily find a market for their "services." Is not the alienation they describe in such detail their own alienation? Fourth, and this is a point to which I will return later in this paper, civil society may be able to generate the identification, fellow-feeling, and social monitoring that may be necessary for its maintenance. This it may achieve through voluntary associations, different communities, churches, localities, and the like.

The other undesirable consequence of the unhampered market, according to Hegel, was that the individual became prey of blind and uncontrolled market forces in all their unpredictability and uncertainty. Overproduction forced people into poverty, turning them into "a rabble of paupers,"³ creating alienation again. As Hegel said:

This inner dialectic of civil society thus drives it—or at any rate drives a specific civil society—to push beyond its own limits and seek markets, and so its necessary means of subsistence, in other lands

which are either deficient in the goods it has overproduced, or else generally backward in industry, etc.⁴

For Hegel, as Michael Oakeshott has remarked, poverty was “the counterpart of modern wealth rather than a sign of personal inadequacy.”⁵ Hegel was well aware of the fact that poverty had existed before capitalism, and he was familiar with the classical economists’ argument that capitalism created wealth, not poverty. His thesis was rather that in the context of progressive society the existence of poverty was a social problem, whereas in precapitalistic society it might have been an individual problem. Poverty was relative rather than absolute; it was the position that the poor occupied in society. By their membership in a progressive society the poor had come to form certain expectations which were legitimate, Hegel believed, but were not fulfilled.⁶

In this paper, I shall concentrate on this argument. First, there is the idea of poverty as relative deprivation that has to be relieved by the state. Second, we have the notion that socially generated expectations are legitimate and that the state has, likewise, to step in and fulfill them. The “inner dialectic” of civil society consists then, as I understand Hegel and his followers, in its creation of needs that society is not itself able to satisfy, so that it is pushed beyond its own limits. The liberal state—the state as confined to civil society—is not enough. It is, in the Hegelian scheme, almost a contradiction in terms. Underlying the argument there is a conception of man as a being who can only capture his essence in the state, by which Hegel meant an ethical community, a community of shared ideals and ends. Man is free only insofar as he is a member of such a community, participating in its *Sittlichkeit*. As a citizen of the state, he has duties toward his fellow citizens; but he also has rights against them that transcend the contractual rights of civil society. The welfare state, with its conception of social justice, is therefore rational, indeed inescapable.

Hegel’s arguments have recently been restated by communitarian critics of liberalism. On the right, Roger Scruton, Irving Kristol, and Sir Ian Gilmour accuse Hayek and other liberals of endorsing the uncertainty which can only sever the bonds of loyalty between individual and society.⁷ Distribution of income has to have, Kristol contends for example, a meaningful moral content: otherwise it will always be seen as illegitimate. On the left, Charles Taylor and Raymond Plant argue that liberals have an impoverished notion of human beings, perceiving them as utilitarian calculators and therefore unable to provide a satisfactory theory of their loyalty to society.⁸

THE HISTORICAL ARGUMENT

Let me try to respond to the Hegelian argument on three levels:

historical, philosophical, and economic. On the historical level, liberals can question the claim that pauperization was a consequence of capitalism. In the early 1950s, a meeting of the Mont Pelerin Society was devoted to the treatment of capitalism by historians, some of the papers being published in a book in 1954, *Capitalism and the Historians*.⁹ There, the authors reach the conclusion, on the basis of their analysis of the movements of wages and prices in the 18th and 19th centuries, that there was a "slow and irregular progress of the working class" during this period.¹⁰ This conclusion has since been reinforced by the research of Max Hartwell and others.¹¹

In his introduction to *Capitalism and the Historians*, Hayek tries to explain why the opposite view came to be dominant. In the first place, he contends, there was "evidently an increasing awareness of facts which before had passed unnoticed. The very increase of wealth and well-being which had been achieved raised standards and aspirations."¹² Secondly, and more importantly, the landowning class had a vested interest in depicting the conditions in the industrial areas of the North as darkly as possible, in its political struggle with the capitalist class. Finally, most of the historians who were interested in economic history in the 19th century were sympathetic to socialism or interventionism; they had certain preconceptions and found ample evidence to support them, as all historians do who seek out such evidence.

But Hegelians can point out that this does not dispose of their thesis. They are concerned about *relative*, not absolute poverty, and about the resulting estrangement of the poor from society. They are right. The Hayekian reading of history, if correct, only serves to change some of their preconceptions, to bring some balance into the picture, but it does not show that the Hegelian worry is groundless. Should hard-working, conscientious people risk losing their jobs or at least suffering worse living standards because of a change in fashion of a technical innovation in another country? Are such people not the victims of circumstances, indeed of market forces? And, perhaps more importantly: Should whole communities that have existed for centuries be allowed to go under, lose their identity, their history, the traditions and social values that they have developed?

THE PHILOSOPHICAL ARGUMENT

This brings us to the second response, which is philosophical. It pertains to how people can come to have legitimate expectations. In his treatment of this problem in *Anarchy, State and Utopia*, Robert Nozick asserts that it depends on whether or not the fulfillment of such expectations requires the violation of the rights of other people to choose. If some people's expectations remain unfulfilled simply because other people have chosen things provided by the former, then those people have no justified complaint, their expectations

have not been legitimate. As Nozick says:

Arturo Toscanini, after conducting the New York Philharmonic Orchestra, conducted an orchestra called the Symphony of the Air. That orchestra's continued functioning in a financially lucrative way depended upon his being the conductor. If he retired, the other musicians would have to look for another job, and most of them would probably get a much less desirable one. Since Toscanini's decision as to whether to retire would affect their livelihood significantly, did all of the musicians in that orchestra have a right to a say in that decision?¹³

A possible Hegelian response to this argument is that these considerations may apply to purely contractual relationships, but that many social relationships are not contractual. Moreover, Hegelians may argue that people are interdependent and that the needs of the poor are shaped by society, or in other words partly by those who then refuse to accept the goods of the poor. In that sense, the poor are victimized. Our rejoinder must be this: first, those human relationships which are interesting from a moral point of view are voluntary. It is the joint decision of two individuals whether or not they marry; there is a joint acceptance of you by society and of society by you, otherwise you emigrate or you lose your citizenship. If resources are transferred from Norwegian taxpayers to fisherfolk in the North in order to sustain their community, then the Norwegian taxpayers have been deprived of something without their direct consent. They have lost, while the fisherfolk have gained. Second, even if it is right that people are interdependent in civil society, it does not follow that they are equally interdependent. It is precisely their market value, their price, as agreed in voluntary transactions, which reflects the dependence of others on them. If they carry a price lower than expected, it only shows that society is not as dependent upon them as they had thought. (This is not to say, however, that such people are worthless in the eyes of society, and hence totally rejected by it. Everybody can carry a price in Hegel's "system of needs," but it may be very low. Nozick has an illuminating discussion of this in his chapter in *Anarchy, State, and Utopia* on "Self-esteem and Envy."¹⁴)

It is undoubtedly true that by living in a progressive society people come to have greater needs than in a primitive society. They therefore feel deprived, even if their standard of living is better than in a primitive society. Hegelians are surely right that poverty can sometimes be relative. In modern affluent society, poverty is not as much starving as not being able to keep up with the Joneses. The answer must then be the rather Hegelian one that people must come to understand that they cannot expect the Joneses to slow down; they have to run faster themselves. Or perhaps they should choose

another competition where they will be better than the Joneses. It is a misunderstanding, moreover, that the only contest in modern society is the competition for pecuniary rewards. Modern society is pluralistic, there are many games going on simultaneously. Scholars, scientists, athletes, and artists, although usually welcoming pecuniary rewards, are not pursuing their careers only in order to obtain such rewards.

Again, Hegelians may offer some responses. They may point out that a transfer of resources from the Norwegian taxpayers to the fisherfolk is perhaps not a question of one community losing and another gaining. The Norwegian taxpayers do not constitute a community as such; they do not perceive themselves in any meaningful sense as the community of taxpayers; self-awareness is to some extent, communitarians can argue, a necessary condition of a community. The rejoinder to this argument must, I submit, focus on the relationship between a fisherman and another Norwegian within the Norwegian community. The real and independent community in this example is Norway itself. In it, all citizens are supposed to be equal. Yet, some are subsidized at the expense of others. Is this not a violation of the communitarian principle that there must be some kind of consensus behind political decisions? The whole idea of community seems to lose its attractiveness if the community is not self-sufficient or autonomous in some sense. If a part of the population becomes dependent upon another part of it for its livelihood, it soon loses its independence of mind, its self-esteem, its moral autonomy. Is the spirit of the pauper really worth conserving?

Moreover, the Hegelian argument may, if followed through, have some perverse consequences. If the "legitimate" expectations of communities are dependent, not on their absolute but their relative, standard of living, then it seems that those in the very affluent community in Beverly Hills in California are as justified in claiming subsidies to maintain their (relative) standard of living as the fisherfolk in Norway or the British miners. If they suffer a loss because the demand for their services has fallen relative to the demand for other services, for example because films have been superseded by other forms of entertainment, then they are apparently, on at least some communitarian principles, entitled to have enough resources transferred to them from others to enable them to live their usual lives.¹⁵

In *The Constitution of Liberty*, Hayek focuses on the moral arbitrariness of our membership of a community; we are usually members by chance, not choice. The demand of subsidies to communities, Hayek says,

is in curious conflict with the desire to base distribution on personal merit. There is clearly no merit in being born into a particular community, and no argument of justice can be based on the accident of a

particular individual's being born in one place rather than another. A relatively wealthy community in fact regularly confers advantages on its poorest members unknown to those born in poor communities. . . . There is no obvious reason why the joint effort of the members of any group to ensure the maintenance of law and order and to organize the provision of certain services should give the members a claim to a particular share in the wealth of this group.¹⁶

THE ECONOMIC ARGUMENT

On an economic level, the response to the Hegelian critique is that in all systems, always and anywhere, some expectations will be disappointed. And it is necessary that they are. In all economic systems there has to be a process in which people take on the tasks for which they are deemed qualified. In all systems those who make mistakes have to be made to realize this in themselves; otherwise they will not be able to correct their mistakes. Under socialism or interventionism everybody is supposedly assigned to that station in life where he can best realize his capacities. But the rulers may make mistakes as well as others, and the ruled may want to do something that has not been assigned to them. Under capitalism, on the other hand, nobody is directly assigned to any one station in life; it is left to each individual to decide and then get feedback from society in the form of a market price. If a person is a miner's son in Wales, then he chooses whether or not to become a miner himself in the light of the information available to him. If he is a fisherman in Norway, the same applies. The feedback may be positive; it may also be negative. What is essential, however, is that there should be some feedback, because otherwise individuals obtain no information about their performance.

AN INTERPRETATION OF ECONOMIC HISTORY

The main point is this: if you make a choice, you also have to understand and accept the fact that others make choices. And the real question is the following: which is, on balance, a better alternative in Hegelian terms, that is to say, less likely to create alienation; to have your station in life chosen by others in a direct manner, or to choose it yourself, thereby having to accept the similar choices of others? There is little doubt that the second alternative is less likely to create estrangement.

An aspect of the problem has, however, rather been bypassed than solved by these considerations. The problem is not that some unfulfilled expectations are illegitimate, but that some people will *feel* that their unfulfilled expectations are legitimate and turn against the free market. The problem can be put in different terms. Much more information is available to many people about their

possible losses than their gains in the market game, and hence this game will in their eyes come to lack legitimacy. People who are experiencing a diminished demand for their services know what they are losing, but they do not know what they may be gaining (for example by rapidly adapting). They are not aware of the opportunities provided by the market. The process will appear unintelligible; the market forces will seem external. This can surely explain much of modern economic history. Those who perceive themselves to be on the losing side in the market game, for example farmers, and some big companies, have combined to try to ensure their relative security from competition by legislation or other political means. Then, one intervention has made another necessary, a vicious circle has developed, and an invisible hand has led people to create an ever-increasing state. This process is, in a sense, made intelligible by Hegelian arguments. The demand by interest groups for government intervention has been an inevitable, although perhaps misconceived, reaction to the vicissitudes of market forces, simply because people have a better sense of such vicissitudes than of the benefits conferred upon them by those same market forces. Hegel's inner dialectic of civil society can be interpreted not as an apology for the welfare state but as the dialectic of excessive expectations or, in other words, as an explanation for the transformation of the liberal order into a welfare state.

THE MODERN WELFARE STATE

What is to be done? Hegel's own dilemma was that he wanted at the same time to retain civil society and to reform it. He recognized that on the one hand, the "particularity" of civil society implied freedom, variety, and individuality. On the other hand, he thought that it implied the alienation of those who were deprived by civil society of the fulfillment of needs which civil society had generated in them. This seems to be an argument for the modern welfare state, where market forces are allowed to operate, but where government "corrects" their operation by intervention. And indeed Hegel wrote:

When the masses begin to decline into poverty, (a) the burden of maintaining them at their ordinary standard of living might be directly laid on the wealthier classes, or they might receive the means of livelihood directly from other public sources of wealth (e.g. from the endowments of rich hospitals, monasteries, and other foundations).¹⁷

But Hegel was acutely aware that such a welfare state might in fact create as well as solve problems. It might be true that civil society caused the alienation of those who were not chosen by the market,

but charity, whether voluntary or involuntary, also caused alienation. As Hegel said:

In either case, however, the needy would receive subsistence directly, not by means of their work, and this would violate the principle of civil society and the feeling of individual independence and self-respect in its individual members.

Another solution, almost Keynesian, was the creation of jobs through public works. "As an alternative, they might be given subsistence indirectly through being given work." But there was a problem about that, Hegel thought:

In this event the volume of production would be increased, but the evil consists precisely in an excess of production and in the lack of a proportionate number of consumers who are themselves also producers, and thus it is simply intensified by both of the methods (a) and (b) by which it is sought to alleviate it.¹⁸

Civil society could not ensure the consumption of its production as it tended, according to Hegel, to overproduction. Hegel also mentioned that civil society might tend to extend its boundaries to what is nowadays called the "underdeveloped nations." But such kind of "imperialism" was only, of course, a temporary solution.

It seems, then, that Hegel was unable to come up with a solution to modern poverty, which, in turn, led people not to identify with the community within his own system. But a few comments are in order. In the first place, Hegel's belief that markets do not clear, his denial of Say's Law, is highly controversial.¹⁹ The concept of price is curiously absent from his analysis. Everything in the marketplace is a matter of degree. If people are willing to lower their price, they will be accepted. In other words, there is no such thing as overproduction (or, in this particular context, oversupply of labor). There is only production at a price other people are not willing to pay. There is also occasional discoordination in the economy that is ascribed by the Austrian economists to a lack of information about available opportunities. Even if the price of a good is lowered, potential buyers may not be aware of it. The task of the state should then, if we accept Hegel's premise, be to try to eliminate rigidities in the labor market and other markets and the distortion of information, and this it can only, according to Hayek and other Austrian economists, accomplish by allowing the market forces freely to operate.

In the second place, the money spent by government on public works would alternatively be spent by profit-seeking individuals. Non-Keynesian economic theory, perhaps more widely accepted today than during the last few decades, tells us that such profit-

seeking individuals are more likely to find opportunities for growth and hence for the creation of jobs than government officials. This is not primarily because they have a greater incentive, although that is certainly true, but mainly because they operate under a more efficient feedback system where mistakes are costly and eventually lead to the elimination through bankruptcy of those who persist in making them.

Thirdly, and most importantly, while a permanent rabble of paupers is created by charity, as Hegel saw, those who are rejected by the market are only rejected so long as they try to exact a price for their services deemed unreasonable by the rest of society. As soon as they lower their price, or alternatively improve their services, they are accepted again by the market. On balance, a Hegelian should prefer bankruptcies of a few businessmen, and the temporary hardship of those hit by market forces, to permanent pockets of poverty as in the slums in the Bronx and in some of the Merseyside communities where individuals may lose all sense of responsibility and do nothing but collect their weekly checks from government.²⁰ The important thing here is that the market is an adjustment process: it allows those who make mistakes to correct them; hence, it gradually eliminates alienation. Our conclusion is, then, that Hegel's economics are deeply flawed, at least from a Hayekian point of view and that the poverty problem can be solved within civil society, although a few poor people will always be with us.

THE ROLE OF AUTONOMOUS ASSOCIATES

Let us, however, turn to an interesting idea that Hegel entertained about at least a partial solution to the problem. It was by individual membership in social classes, (or estates, as Hegel called them) and corporations. By such a membership the individual could gain social identity, begin to feel at home in the world. Such classes and corporations, given freedom of entry and exit, may not be very different from the autonomous associations described by Alexis de Tocqueville in *Democracy in America* or the competing utopias described by Nozick in the last part of *Anarchy, State and Utopia*. By such a membership the individual could enjoy security from losses in the market (and, of course, forsake some gains). This Hegelian idea seems to be implemented to some extent in Japan where workers and management in big corporations form what can almost be described as an organic unity. It seems also to be manifest in some workers' cooperatives (like the Israeli kibbutz). Private insurance companies, autonomous associations, and families also fulfill some such functions. (Secret societies, such as the Freemasons, are supposed also to be informal insurance companies of some kind.)

We realize, then, with Tocqueville, that within civil society there may be means of overcoming the possible alienation and insecurity resulting from the workings of civil society. This is well understood by a left-wing Hegelian, Charles Taylor, who writes that Tocqueville "saw the immense importance to a democratic polity of vigorous constituent communities in a decentralized structure of power, while at the same time the pull of equality tended to take modern society towards uniformity, and perhaps also submission under an omnipotent government." Taylor adds that the convergence between Tocqueville and Hegel on this score "is perhaps not all that surprising in two thinkers who were deeply influenced by Montesquieu."²¹

Of course man is not only a *homo economicus*; he is also a *zoon politikon*. People are socially interdependent; they are indebted to one another. Needs, preferences, expectations, and wants are socially generated. But liberals part company with communitarian Hegelians, whether conservatives or socialists, when the latter try to impose communitarian values on individuals who do not want to step out of their social roles, to make an exit from their communities, and who are not harming anyone by doing so. From the communitarian premises it does not follow that government intervention is necessary or that the artificial creation or maintenance of communities which are no longer viable on their own are necessary. To borrow a phrase from Joseph Schumpeter: we do not need communitarianism in an oxygen tent.

It is an open question whether there are any alternatives to the possible alienation in civil society that are not worse than it. It is surely a shortcoming of some of the communitarian theories about alienation and self-expression through participation, that they do not include a viable model of politics. There, I suggest, communitarian conservatives might learn something from the neo-Hobbesian analysis of politics, pursued by the Virginia School (Public Choice) in economics.²² What is emphasized by this school of thought is that man does not change his nature by moving from a market setting to a nonmarket setting. Much follows from this apparently trivial point. It is difficult to see, for example, why we should not expect selfish behavior from bureaucrats, if we expect it from managers of private enterprises. (And if we are allowed to postulate moral constraints in nonmarket settings, why should we not also postulate them in market settings?) Recent experience of public enterprises, labor unions, and the bureaucracy does not suggest that we can be as optimistic about their public-spiritedness as some Hegelian conservatives may be.

Liberals have won the argument from efficiency. Therefore, we have to prepare for another kind of argument: the argument from identity; the argument not about what we *have* but what we *are*. In this paper, I have dealt with one or two such arguments. I am aware that I have barely scratched the surface of deep problems which

troubled thinkers like Adam Smith, Adam Ferguson, and Hegel. I also know that there are many strong arguments, besides those offered here, which classical liberals can employ. But let me by way of summing up say this: Surely we need community. Of course the market has to be grounded in a specific morality, perhaps best approached in the familiar maxim: *Honest vivere, neminem laedere, suum cuique tribuere*, that is, To live honorably, to harm no one, to allow each their own. But our community has to be a community without coercion, as Tocqueville emphasized. Our morality must be voluntarily chosen or accepted by individuals, not imposed on them. My contention is that the liberal order has the means to cope with problems generated by market forces, and that government is not the solution, but the problem.

1. Hegel's concept of civil society is much more complex and comprehensive than I make it out to be here.

2. *Hegel's Philosophy of Right*, trans. T.M. Knox (Oxford: Clarendon Press, 1942), p. 243. Raymond Plant, "Hegel on Identity and Legitimation," in *The State and Civil Society: Studies in Hegel's Political Philosophy*, ed. Z.A. Pelczynski (Cambridge: Cambridge University Press, 1984) points out that these themes are discussed at some length in Hegel's *Jenenser Realphilosophie* (pp. 229-230).

3. *Hegel's Philosophy of Right*, p. 244.

4. *Ibid.*, p. 246.

5. Michael Oakeshott, "The Character of a Modern European State," in *On Human Conduct* (Oxford: Clarendon Press, 1975), p. 305. See also Raymond Plant, "Hegel on Identity and Legitimation," in Pelczynski, *The State and Civil Society*, p. 232. *Society*, p. 232.

6. *Hegel's Philosophy of Right*, p. 230: "But the right actually present in the particular requires... that the securing of every single person's livelihood and welfare be treated and actualized as a right, i.e., that a particular welfare as such be so treated." See Z.A. Pelczynski, "The Hegelian Conception of the State," in ed. Z.A. Pelczynski, *Hegel's Political Philosophy: Problems and Perspectives* (Cambridge: Cambridge University Press, 1971), p. 9: "The highest type of freedom—freedom in the ethical sphere—is the guidance of one's actions by the living, actual principles of one's community, clearly understood and deliberately accepted, and in secure confidence that other community members will act in the same way." The problem is, as Hegel saw clearly, that in the marketplace we can never rest in "secure confidence" about other people's behavior.

7. Roger Scruton, *The Meaning of Conservatism* (London: Macmillan, 1984), p. 96: "A citizen's allegiance requires fixed expectations, a settled idea of his own and others' material status, and a sense that he is not the victim of uncontrollable forces that might at any moment plunge him into destitution or raise him to incomprehensible wealth." Also, Sir Ian Gilmour, *Britain Can Work* (Oxford: Martin Robertson, 1982), pp. 224-25: "A free state will not survive unless its people feel loyalty to it. . . . In the Conservative view, therefore, economic liberalism, à la Professor Hayek, because of its starkness and its failure to create a sense of community, is not a safeguard of political freedom but a threat to it." And Irving Kristol, "Capitalism, Socialism, and Nihilism," in *The Portable Conservative Reader*, ed. Russell Kirk (Harmondsworth, Eng.: Penguin Books, 1982), p. 629.

8. Plant, "Hegel on Identity and Legitimation," and Charles Taylor, *Hegel and Modern Society* (Cambridge: Cambridge University Press, 1979), pp. 112-113.

9. Friedrich Hayek, ed., *Capitalism and the Historians* (Chicago: University of Chicago Press, 1954), with an Introduction by Hayek and contributions by T.S. Ashton, Louis Hacker, W.H. Hutt, and Bertrand de Jouvenel.
10. *Ibid.*, p. 14.
11. Max Hartwell, "The Consequences of the Industrial Revolution in England for the Poor," in *The Long Debate on Poverty* (London: Institute of Economic Affairs, 1972).
12. Hayek, *Capitalism and the Historians*, p. 18.
13. Robert Nozick, *Anarchy, State and Utopia* (Oxford: Basil Blackwell, 1974), p. 269.
14. *Ibid.*, pp. 239-46.
15. I am indebted to Stephen Macedo for this example.
16. Friedrich Hayek, *The Constitution of Liberty* (London: Routledge and Kegan Paul, 1960), pp. 100-101.
17. *Hegel's Philosophy of Right*, p. 245.
18. *Ibid.*
19. W.H. Hutt, *The Theory of Idle Resources* (Indianapolis: Liberty Press, 1975). And Hayek pointed out in *The Pure Theory of Capital* (London: Routledge and Kegan Paul, 1941), that Keynes's theory implied the denial of the law of scarcity.
20. See, for example, *The Moral Hazard of Social Benefits*, by Hermione Parker (London: Institute of Economic Affairs, 1982). There have been numerous studies in America of the detrimental effects which welfare benefits have, for example, in breaking up the family (by making it more profitable for teenage girls to be able to register as single mothers than as married). This is what elementary economic analysis would have enabled us to predict.
21. Taylor, *Hegel and Modern Society*, p. 118. Also Z.A. Pelczynski, "Hegel's Political Philosophy: Its Relevance Today," in Pelczynski, *Hegel's Political Philosophy*, pp. 240-241: "Tocqueville was under the strong influence of Montesquieu. But so was Hegel, and this is one reason why he shares with Tocqueville the fundamental belief that the spiritual—that is, moral, intellectual, religious, and cultural—forces operating in a society profoundly affect its political life."
22. Gordon Tullock, *The Vote Motive* (London: Institute of Economic Affairs, 1976), and William Niskanen, *Bureaucracy: Servant or Master?* (London: Institute of Economic Affairs, 1973). The theoretical foundations of this approach are laid in James M. Buchanan and Gordon Tullock, *The Calculus of Consent*, 2d ed. (Ann Arbor, Mich.: University of Michigan Press, 1965).