

# interpretation

A JOURNAL OF POLITICAL PHILOSOPHY

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# interpretation

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# Economics or Political Philosophy: Which Should Prevail in Public Policy?

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Besides the excellences or defects that belong to the law and judicature of a country as a system of arrangements for attaining direct practical ends, much also depends, even in an economical point of a view, upon the moral influences of the law. Enough has been said in a former place on the degree in which both the industrial and all other combined operations of mankind depend for efficiency on their being able to rely on one another for probity and fidelity to engagements; from which we see how greatly even the economical prosperity of a country is liable to be affected by anything in its institutions by which either integrity and trustworthiness, or the contrary qualities, are encouraged. The law everywhere ostensibly favours at least pecuniary honesty and the faith of contracts; but if it affords facilities for evading those obligations, by trick and chicanery, or by the unscrupulous use of riches in instituting unjust or resisting just litigation; if there are ways and means by which persons may attain the ends of roguery, under the apparent sanction of the law; to that extent the law is demoralizing, even in regard to pecuniary integrity. And such cases are, unfortunately, frequent under the English system. If, again, the law, by a misplaced indulgence, protects idleness or prodigality against their natural consequences, or dismisses crime with inadequate penalties, the effect, both on the prudential and on the social virtues, is unfavourable. When the law, by its own dispensations and injunctions, establishes injustice between individual and individual, as all laws do which recognise any form of slavery; as the laws of all countries do, though not all in the same degree, in respect to the family relations; and as the laws of many countries do, though in still more unequal degrees, as between rich and poor; the effect on the moral sentiments of the people is still more disastrous. But these subjects introduce considerations so much larger and deeper than those of political economy, that I only advert to them in order not to pass wholly unnoticed things superior in importance to those in which I treat.

John Stuart Mill, *Principles of Political Economy*, v. viii. 3

It is evident . . . that the *polis* is not an association of place and of not acting unjustly to one another and for the sake of trade; but these things are there necessarily if indeed there will be a *polis*, but not even if all of these things were there, surely, would there then be a *polis*; but a *polis* is an association of households and clans for living well and for the sake of a complete and self-sufficient

Paper presented at the Spring 1979 convention of the Southwestern Political Science Association. Although the reader should keep in mind that this would be a *much* different article if written today (both the United States and the author have aged in the interim), the central questions survive.

Thanks are due to Ruth Whipple for her kind help as my graduate assistant in 1978–1979.

life. . . . And this sort of thing is the work of friendship. . . . Therefore it ought to be set down that the political association is for the sake of noble actions.

Aristotle, *Politics* 1280<sup>b</sup>29–1281<sup>a</sup>4.

Our question is whether the science of economics ought to prevail over political philosophy in public policy, and the answer which we shall try to support is an unqualified “no, never.”<sup>1</sup> By the science of economics we emphatically do not mean the study of the allocation of scarce resources. It is obvious that human beings have noneconomic resources as well as economic resources, and ordinary men can distinguish between the two because they know that the economic realm is concerned, at least primarily, with the accumulation of material possessions, including money. The science of economics, then, is the science of the accumulation of material possessions.<sup>2</sup> Apart from

1. Those wishing to pursue this question should read Joseph Cropsey, “On the Relation of Political Science and Economics” in *Political Philosophy and the Issues of Politics* (Chicago: The University of Chicago Press, 1977), pp. 32–43; Cropsey, “Capitalist Liberalism,” *ibid.*, pp. 53–75; Cropsey, “The Invisible Hand: Moral and Political Considerations,” *ibid.*, pp. 207–217; Cropsey, *Polity and Economy: An Interpretation of the Principles of Adam Smith* (The Hague: Martinus Nijhoff, 1957); John Locke, *Two Treatises of Government*, II, *An Essay Concerning the True Original, Extent, and End of Civil Government*; Locke, *Several Papers Relating to Money, Interest, and Trade*; Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*; Smith, *The Theory of Moral Sentiments*; John Stuart Mill, *Principles of Political Economy*; Aristotle, *Politics*; Xenophon, *Oeconomicus*; Leo Strauss, *Xenophon’s Socratic Discourse: An Interpretation of the Oeconomicus* (Ithaca, N.Y.: Cornell University Press, 1970); Jean-Jacques Rousseau, *Discourse on Political Economy*; Henry C. Simons, *Economic Policy for a Free Society* (Chicago: The University of Chicago Press, 1948); John Maynard Keynes, *The Means to Prosperity* (London: Macmillan, 1933); Keynes, *The End of Laissez-Faire* (London: Hogarth Press, 1927); Keynes, *The General Theory of Employment Interest and Money* (London: Macmillan, 1936); Keynes, *A Treatise on Money* (London: Macmillan, 1930); Friedrich A. Hayek, *The Road to Serfdom* (Chicago: The University of Chicago Press, 1944); Herman Finer, *Road to Reaction* (Chicago: Quadrangle, 1963); Hayek, *Law, Legislation, and Liberty: A New Statement of the Liberal Principles of Justice and Political Economy* (Chicago: The University of Chicago Press, 1973); Hayek, *Individualism and Economic Order* (Chicago: Henry Regnery, 1948); Frank H. Knight, *The Economic Organization* (New York: Harper and Row, 1951); Knight, *The Ethics of Competition* (London: Allen and Unwin, 1935); Milton Friedman, *Capitalism and Freedom* (Chicago: The University of Chicago Press, 1962); Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy* (New York: Harper and Brothers, 1942); Schumpeter, *Essays of J. A. Schumpeter*, ed. by Richard V. Clemence (Cambridge, Mass.: Addison-Wesley, 1951); Harry Kalven, Jr., and Walter Blum, *The Uneasy Case for Progressive Taxation* (Chicago: The University of Chicago Press, 1953); and Herbert J. Storing, “American Statesmanship: Old and New,” in *Statesmanship and Bureaucracy* (Washington, D.C.: American Enterprise Institute, 1977), especially pp. 41–44. Of lesser interest are P. T. Bauer, *Dissent on Development* (London: Weidenfeld and Nicolson, 1971); Anthony Downs, *An Economic Theory of Democracy* (New York: Harper and Row, 1957); Gunnar Myrdal, *Beyond the Welfare State* (New Haven: Yale University Press, 1960); Andrew Schonfield, *Modern Capitalism* (New York: Oxford University Press, 1969); and Theodore J. Lowi, “Towards a Politics of Economics: The State of Permanent Receivership,” in *Liberalism and the Modern Polity: Essays in Contemporary Political Theory*, ed. by Michael J. Gargas McGrath (New York: Marcel Dekker, 1978). One could of course add Marx’s *Capital*. A critique of so-called cost–benefit analysis by George H. Peters is of some interest: *Cost–Benefit Analysis and Public Expenditure* (London: The Institute of Economic Affairs, 1966; see 3rd ed., 1973).

2. Some devotees of Aristotle might find fault with our definition. According to Aristotle, the concern of economics is “more about human beings than about the possession of soulless beings;

knowledge for its own sake, the obvious goal of economics is to assist men to accumulate material possessions, and the obvious human passions which correspond to this goal are (1) the desire for self-preservation and (2) an extension of that desire, greed. If the economist is successful at his obvious practical goal of increasing material wealth, *as economist* his judgment on how to allocate the material wealth he generates is limited to pronouncements on which allocations are likely to yield greater or lesser material wealth in the future. Of course the economist may also have opinions about distributive justice, and these very opinions may ultimately animate his work as an economist, but the wisdom or foolishness of his opinions about justice depends entirely upon his mastery of political philosophy.

By political philosophy we mean the philosophic study of men in community striving to order their common lives.<sup>3</sup> Apart from knowledge for its own sake, the obvious goal of political philosophy is to assist men to live well together, and the human passions which correspond to this goal are (1) the desire for justice and (2) the obverse of that desire, spiritedness.

It appears that in its aspirations political philosophy is both nobler and more comprehensive than the science of economics, but high aspirations are no guar-

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and more about the virtue of those than about the virtue of possession, which we call wealth; and more about the free than the slaves." *Politics* 1.xiii.1259<sup>b</sup>18–21. The Greek word οἰκονομική means literally the art of making laws (νόμοι) for the home (οἶκος), and thus includes the master's rule over his servants or slaves, his wife, and his children; ostensibly, at least, moneymaking is a part of the art of making laws for the home only to the extent that moneymaking is necessary to the rule of slaves, wife, and children. Nevertheless, in *Politics* 1 more pages are devoted to the accumulation of property than to anything else. It seems that the family is primarily directed toward simple preservation of life, whereas the political order is primarily directed toward good life; just as the family is primarily erotic, whereas politics is primarily thumotic. Following Aristotle, then, economics is emphatically concerned with material possessions, and cannot rule over politics. When economics in the modern sense attempts to dictate public policy, it is almost certain to confuse politics with the home. Economists on the right exaggerate the importance of mere preservation in politics, and economists on the left exaggerate the importance of eros in politics, nobly but imprudently assuming that governors and governed alike can and should, either now or eventually, treat their fellow citizens as kin. Only rightist economists are true economists, and thus they will bear the brunt of our critique. See n. 34.

Notwithstanding the foregoing observations, if man is truly a political animal by nature, man's natural home is above all the political order. By this reasoning, economics, or the art of making laws for the home (that is, the political order), and the political art would be identical, just as philosophizing about economics and political philosophy are indistinguishable if man's true home is the *polis*. Cf. n. 3.

3. Professor Cropsey has defined political science as the science of "the relation of governors and citizens, expressed in law, and comprehending, in principle if not in practice, all the deeds of all the men." See "On the Relation of Political Science and Economics," in *Political Philosophy*, p. 35. Although we do not depart from his definition in the main, for it to be comprehensive requires that one stretch the meaning of the English word "law" to include extralegal conventions and that one take "citizens" to mean "all of the governed, both citizens and noncitizens alike." Professor Cropsey also offers an unexceptionable definition of classical political philosophy: "For twenty centuries there was but one social science, namely, political philosophy, and it had as its purpose to understand the nature of those who are to rule and of those who are to be ruled, and the nature or constitution of political society in the light of that understanding," p. 37.

antee of practical achievements. The reflection that political philosophy is capable of yielding no *achievable* goals for politics higher than self-preservation and material gain, sometimes leads to the conclusion that economics ought to prevail over political philosophy in public policy. In social science the “costs–benefits” school is a recent offspring of that reflection.<sup>4</sup> The immensely more interesting great-grandstepfather of the “costs–benefits” scholars, however, is John Locke, the original subordinator of political philosophy to economics, and it is to Locke’s writings that we must eventually turn.

We shall first present the strongest arguments we know of on behalf of the priority of economics. Then we shall attempt to indicate why those arguments are unpersuasive, why to the contrary politics must prevail.

## I. ARGUMENTS FOR THE PRIORITY OF ECONOMICS: PRACTICAL

[F]ew disciplines make more claims of their ability to evaluate policy than the economists. . .<sup>5</sup>

4. By the “cost–benefits” school, we mean those social scientists who argue that public officials ought to prepare ledgers of quantified debits and credits on which to base their policy decisions. Quantification is the critical requirement here, and it puts a premium on *economic* costs and benefits. See the Peters book cited at the end of n. 1. Granting fully that economic costs and benefits of public policies deserve the serious consideration of public officials, one can wonder whether anyone truly wishes to live under rulers so obtuse as to ignore all nonquantifiable goods such as love and beauty and self-respect and nobility and even happiness itself. If some members of the “costs–benefits” school would complain that they never dreamed of eliminating nonquantifiable costs and benefits from public policy deliberations, they thereby relinquish their claim to novelty and renounce their membership in a discernible school, for men of multifarious persuasions have known for thousands of years to ask what is good and what is bad about alternative political actions. We are reminded of Aesop’s Fable of “The Mountain in Labor” and of the story of the ant which, while floating down a river, shouts “raise the drawbridges!”

Frank H. Knight’s attack on Herbert Spencer in “Ethics and the Economic Interpretation” in *The Ethics of Competition*, pp. 28–29, is relevant here:

It is interesting to note that “quantity of life” cannot be given an objective meaning as a measurable quantity, to say nothing of its ethical character. Life is a highly heterogeneous complex whose elements resist reduction to any common denominator in physical terms. How compare the quantity of life represented by a hog with that in a human being? They are different *kinds* of things. To common sense, a handful of fleas would contain more “life” than a town meeting or the Royal Society, but Mr. Spencer would hardly contend that it represents more “value.”

There is no mechanical measure of values which will bear examination.

We note in passing that Professor Knight himself relies on common sense to undermine Spencer’s crude position, notwithstanding Knight’s perverse and misguided characterization of common sense. Is not the central error of the “costs–benefits” school the attempt to make a science of public policymaking and thereby to leave common sense behind? Perhaps we should at least be reminded of the emperor’s new clothes.

5. Donald W. Jackson and Ralph B. Maughan, *An Introduction to Political Analysis: The Theory and Practice of Allocation* (Santa Monica, Calif.: Goodyear Publishing Co., 1978), p. 115. For a fittingly brief discussion of the “discount rate formula” of costs–benefits analysis and of its “nonobjective” status, see also pp. 115–117.

Economists of the right argue vigorously that public policies often bring us to grief because the science of economics is not given a free hand over economic matters. Instead, both legislators and administrators formulate public policy under the dominion of special-interest groups or of political “ideologies” or of both. When politics thus intervenes, the economy is sure to suffer. The litany of complaints is a long one, and includes governmental borrowing and expansion of the money-supply to provide the funds for the government’s stimulation of demand, controls on prices of gas and oil, general wage-price controls, rationing, price-supports, legal restrictions on imports (including protective tariffs) and even on exports, subsidies of exports, prohibitions of nonmonopolistic corporate mergers, minimum-wage laws, devaluations of the currency for the purpose of establishing trade-surpluses, unemployment benefits and “welfare” payments, and governmental action as “employer of the last resort.” The result of these political interventions into what should be strictly economic matters, goes the argument, is severe dislocation of the market both domestically and internationally. Only let economics prevail over politics in economic matters, however, and our common lives will prosper.

The economists of the right make a powerful case, and it is no wonder that they are ascending within their discipline. Meanwhile, the Keynesian orthodoxy “is showing clear signs of sclerosis, even senility.”<sup>6</sup> Keynes saw as the central economic defect in the free market its tendency to go into slumps because of deficiencies in aggregate demand. The core of Keynesian economics, therefore, is stimulation of aggregate demand by government action, principally governmental spending. For the most part, Keynesian economics has prevailed in the policies of the United States, on the federal level at any rate, for the last few decades. But as rightist economists gleefully point out, Keynesian economics is simply incapable of explaining or of dealing with the “stagflationary” morass which the application of Keynesian doctrines has produced over the last decade. Government spending to stimulate demand is useless, or rather harmful, unless supply is simultaneously stimulated. But in fact, the result of tremendous government spending (along with multifarious mazes of new regulations and restrictions upon commerce) has been to inhibit rather than to stimulate supply. Every student of Adam Smith knows that increased demand plus restricted supply is a formula for higher prices. The school of economics which is beginning to supplant the Keynesians is the “supply-side” school, so named because it revives Adam Smith’s emphasis on not demand but productivity. “It is only an increase in *productivity*, which converts latent into actual demand by bringing commodities (old and new) to market at prices people can afford, that generates economic growth.”<sup>7</sup>

6. Irving Kristol, “Toward a ‘New’ Economics?,” *The Wall Street Journal*, May 9, 1977, p. 22, c. 3.

7. *Ibid.* For evidence that in politics Keynesianism is on the wane, see the 1979 Annual Report of the Joint Economic Committee of Congress. “The way out, the committee says, is to restrain demand by paring government expenditures and to encourage supply by reducing tax and

The following arguments are impassioned and partisan, but they deserve a hearing before we speak for ourselves.

High governmental spending for the purpose of stimulating aggregate demand, is usually if not always accompanied by a deficit. The deficit can be financed in one of two ways, borrowing or expansion of the money supply. Borrowing takes money out of the hands of private investors who—and this is critical—would otherwise be likely to invest in private enterprise or private lending institutions. Keynes wrote his major treatises at a time when private savings often did not translate into capital investment, but times have changed since he wrote his *The General Theory*. Today, governmental borrowing simply diverts money away from its most efficient economic uses. As a result it becomes more difficult to finance the expansion of existing businesses and to establish new ones. Deficit-generated expansion of the money supply has even more pernicious effects: ineluctable inflation, relative weakening of the currency internationally, unlegislated tax increases, reduced incentives for capital investments and for worker productivity, and eventual increases in unemployment. In the long run, the pattern just described is inescapable whenever the expansion of the money supply exceeds the increase in production; but in the short run, decisions by large numbers of individuals to increase their checking accounts may restrain inflation in spite of excessive increases in the money supply. Germany, for example, has persistently followed this latter pattern. But Germany is, of course, a very unusual country in that respect. Comparative studies by the Federal Reserve Bank of St. Louis show an extremely high correlation between prices to be expected because of the money supply and actual consumer prices in Canada, France, Italy, Japan, the United Kingdom, and, of course, the United States.<sup>8</sup> Even Walter W. Heller, the great enemy of the “supply-side school,” grants that “prices are bound to depend on the quantity of money in the long run.”<sup>9</sup>

As measured by results, governmental controls on gas and oil prices are no less preposterous than deficit-financed stimulus of aggregate demand. The United States, for example, is to this day a country with sizable deposits of natural gas and oil, to say nothing of coal; and yet at a time when these fuels are more and more thought to have tremendous economic and strategic value, governmental price controls continue to restrict the exploitation of these

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regulatory burdens, while following a moderate monetary policy. Gone altogether are the Keynesian ideas that investment is inflationary, that saving is a drag on the economy, and that spending will lead to economic growth regardless of the level of tax rates. . . . According to committee chairman Bentson, ‘this report illustrates an emerging consensus in the committee and in the country that the federal government needs to put its financial house in order and that the major challenges today and for the foreseeable future are on the supply side of the economy.’” Paul Craig Roberts, “Political Economy,” *The Wall Street Journal*, March 22, 1979, p. 20, c. 3.

8. See Allan H. Meltzer, “Money, Growth and Inflation,” *The Wall Street Journal*, May 17, 1978, p. 22, c. 4.

9. Walter W. Heller, “The Realities of Inflation,” *The Wall Street Journal*, January 19, 1979, p. 10, c. 4.

deposits. Thanks to an outrageously complicated, multitiered system of price controls over natural gas, American producers are not building pipelines to natural gas resources in the Gulf of Mexico, resources which by comparison make the Alaskan reserves seem like a drop in the bucket. In fact, natural gas exploration has decreased since the complication of the controls. Predictably, governmental promises of complete deregulation by the mid 1980s have not been stimulating, for producers have not been eager to sell merchandise at bargain prices today when sellers may be richly rewarded years hence. Among the bizarre results of controls on natural gas prices have been purchases from a hostile country like Algeria at exorbitant costs by comparison to domestic prices; and the antagonism of Mexico, a country which otherwise might have been well disposed toward us, when arrangements to purchase Mexican gas at prices exceeding the controlled domestic price were abrogated by the Department of Energy. It is clear that in the long run both economic and foreign-policy costs to the United States will be unduly high as a result. Likewise, under the so-called "entitlements" program of governmental regulation of oil prices, domestic producers are penalized and foreign producers paid a premium for their oil. Is it not obvious that if the free market were left unimpeded by political intervention, the energy situation of the United States would be far better than it now is? Similarly, wage-price controls have had all of the detrimental consequences predicted by economists of the right. It is of course much easier to control wages than to control prices, and to the considerable extent that wages remain frozen while prices continue to escalate, the economic standard of living of wage-earners must decline. Certain it is, though, that price-controls will also have their effects. The shoemakers, let us say, were about to increase their prices in order to sustain an acceptable rate of return on their investments, before the price controls were imposed. For a while they will perhaps continue to make shoes, even as profits dwindle and disappear, in the hope of raising prices again soon and thereby recouping their losses. Before too long, however, most of them will simply cease to make shoes, and the rest will sell them only for an illegal premium. The black-market rate will be far higher than would have been the free-market rate without controls. As usual the rich can manage, but everyone else is pinched. Even if most of the shoemakers remain in business, sometimes introducing "new" lines of shoes and raising their prices in effect, sometimes sustaining losses in anticipation of the forthcoming elimination of controls, everyone is familiar with the explosion of prices which follows the removal of controls. Wage and price controls thus exacerbate those fluctuations of the free market which they are intended to minimize or eliminate.

Rationing, it is argued, is a foolish effort to distribute economic products according to need or merit rather than according to willingness and capacity to pay the current market price. Economists of the right often contend that it is impossible to establish workable standards of either need or merit, and they declaim loudly against the dangers of tyranny which inhere in almost every

instance of governmental control of economic distribution.<sup>10</sup> For the moment we are interested only in the strictly economic argument, that rationing causes economic dislocations. The aftermath of the so-called Arab oil embargo serves as a useful illustration. Although the Arabs sold more oil after the embargo than they had been selling before, the nervous Nellies of the Federal Energy Agency intervened to regulate the distribution of oil supplies within the United States. Consequently, although plenty of oil was available altogether, severe shortages of oil were experienced in some areas of the United States. It goes without saying that leaving the market unimpeded would have resulted in a more rational allocation of oil supplies. The tendency of rationing is to produce or to exaggerate shortages and to raise prices.

Many economists of the right consider price supports to be another example of unwarranted political meddling in economic matters. Although price supports do serve to insulate farmers and dairymen from the vicissitudes of overproductive years, they also bar consumers from access to the advantages of overproductive years. Lower food prices can leave more funds available for capital investment, provided that low food prices result from the operation of the market rather than from governmental fiat. Wealthy farmers excepted, the materially rich hardly notice higher food and dairy costs, but everyone else feels the pain whether he knows his political malefactor or not. Today at least, the pain is altogether unnecessary, because through two new arrangements of the market, "forward contracting" and the futures market, farmers can gain considerable security without any governmental subsidies.<sup>11</sup>

Protective tariffs fatuously restrict our access to the cheaper foreign versions of products which are made less efficiently here at home. Paying more for goods produced inefficiently, we have less to invest in our industries which are far more efficient than the protected industries. But if other countries subsidize their exports, bully for them; for by lowering the costs to us of their goods, they allow us to increase our own efficiency as they decrease their efficiency. If every American who buys a small car chooses a Toyota, and American Motors goes bankrupt, Americans are left in a position to invest in highly efficient American minicomputer industries. If the Japanese government subsidizes Toyotas for export, for Americans the result is the same as, or rather better than, receiving foreign-aid payments from the Japanese government. Protective tariffs only prevent domestic consumers from receiving the subsidies of foreign governments. All legal restrictions on imports, such as antidumping laws and "trigger-price" regulations, have the same bad results for the same reasons. Consequences of governmental supervision of exports are no less ridiculous. A case in point is the Congressional prohibition of the export of Alaskan oil to Japan. That decision was not made for environmental

10. This notion seems to be at the core of Friedrich Hayek's thought (see note 1).

11. Julie Salamon, "Brokers Hit the Road to Induce Farmers to Sell Crops Using the Futures Market," *The Wall Street Journal*, March 20, 1979, p. 40. c. 1.

reasons, because with exports to Japan banned, a tanker terminal and tank-field in southern California are needed, and once built those will increase air pollution at Long Beach markedly. The decision was not made for national security reasons, because the sea route from Alaska to southern California is highly vulnerable, whereas the Mexican oil which we would purchase if we sold Alaskan oil to Japan could be safely transported from the Yucatan to the United States. The only argument remaining is an economic argument: the American economy needs oil, and therefore Americans shall not be permitted to sell American oil abroad. But that "argument" is irredeemable drivel—it would be much cheaper to export Alaskan oil to Japan with one hand while purchasing it from Mexico with the other. The silliness of the current restrictions on Alaskan oil exports is characteristic of the whole *genre*.

Governmental prohibitions of nonmonopolistic corporate mergers are another class of political follies. If capitalism merits two cheers, the Clayton Act probably deserves one of them for prohibiting mergers which reduce competition between businesses; but mergers between conglomerates often do not lessen competition in any line of commerce, and are consequently permissible under the Clayton Act. Senator Edward M. Kennedy, the current chairman of the Senate Judiciary Committee, is currently rallying support for a huge extension of the Clayton Act to prohibit most or perhaps all conglomerate mergers. Senator Kennedy hopes through this legislation to limit the number of absentee-landlords, to keep businesses more connected to communities, and to restrict excessive concentrations of political power. But as a result of departing from anticompetitiveness, the Clayton criterion for prohibitions, the Kennedy bill would protect careless corporate managers from therapeutic threats of being swallowed by giants. Efficient companies would be prohibited from taking charge of their weaker brethren. It is clear that the economy would suffer, but it is far from clear that there would be any benefits.

Outside of the coteries of the Americans for Democratic Action, it is widely known that minimum-wage laws eliminate jobs for semiskilled and unskilled laborers. There is a chilling effect upon investment in certain types of businesses. Predictably, young blacks pay the severest penalties in terms of lost jobs, and in the long run the economy will suffer for lack of their early training in business affairs as much as politics will suffer from their disenchantment.

It is a rare season indeed that goes by without there occurring the devaluation of a national currency somewhere on the globe. Governments devalue for the purpose of raising the price of their imports and lowering the price of their exports. If devaluation succeeds, exports should explode and imports should shrivel, yielding a tidy trade surplus for the devaluing nation. A sizable body of empirical evidence suggests, however, that devaluation is much more likely to bring inflation than a trade surplus. Even if the empirical evidence is ultimately inconclusive, certain it is that businessmen generally prefer a stable to an unstable currency.

Laws providing for unemployment benefits and “welfare” payments reduce incentives to work and hence lower national productivity. As Professor Martin Anderson has pointed out, the highest tax rates in the land are borne by those who attempt to get off welfare. Similarly, governmental action as the “employer of the last resort” produces economic inefficiencies. In most cases, to put it cautiously, workers in such arrangements will not contribute anything to the annual national product; and those who do produce material goods will be less prolific as employees of the government than they would be under the watchful eyes of owners of businesses or of the appointed agents of the owners, and under the stimulus of the promise of salary increases to reward increases in productivity.

In sum, the material wealth of the nation depends upon the hegemony of economics over economic matters. In the world of commerce, politics is poison. So runs the argument which we wish to challenge.

## II. ARGUMENTS FOR THE PRIORITY OF ECONOMICS: THEORETICAL

The protection of these faculties [of acquiring property] is the first object of government. Publius, *The Federalist*, Number 10

A much deeper justification than the one just offered for the hegemony of economics over economic matters, draws upon the political thought of the founders of the American regime. What James Madison, the father of the Constitution, says above in *Federalist* Number 10, he suggested on the floor of the Convention before the most distinguished political leaders his country had. In bolder terms, Gouverneur Morris agreed with Madison: “Life and liberty were generally said to be of more value, than property. An accurate view of the matter,” exclaimed Morris,

would nevertheless prove that property was the main object of Society. The savage state was more favorable to liberty than the Civilized; and sufficiently so to life. It was preferred by all men who had not acquired a taste for property; it was only renounced for the sake of property which could only be secured by the restraints of regular Government. These ideas might appear to some new, but they were nevertheless just.

John Rutledge and Pierce Butler promptly endorsed Morris’ speech of July 5, 1787, and there is no evidence, from the record, of dissent on that day. On July 13 James Wilson disagreed “that property was the soul or the primary object of Governmt. and Society. The cultivation and improvement of the human mind was the most noble object.”<sup>12</sup> But the striking thing about Wilson’s remarks

12. *The Records of the Federal Convention of 1787*, ed. Max Farrand (New Haven: Yale University Press, 1937), Vol. 1, pp. 533, 534, 542, 605. For a very intelligent and knowledgeable

is how anomalous they are at the Convention. No one else gives any support to this position on the floor of the Convention, and if one's conclusions should have to rest on the evidence of the Debates alone, one would have to say that the protection of property rights was understood generally to be the principal purpose of government. Of course we are not so restricted, and so we recall that the most widely revered political document among American leaders in 1787 was the Declaration of Independence. The purpose of government is to secure the rights to life, liberty, and the pursuit of happiness. As stated, the "right to the pursuit of happiness" seems to be lacking in content. Content was given, one can argue, prospectively by Madison on the floor of the Convention and in *Federalist* 10, and retrospectively by John Locke in the *Second Treatise* which the Declaration of Independence echoes.

As we have seen, Madison understands the right to the pursuit of happiness as being roughly or exactly synonymous with the right to accumulate property. On the one hand that right will best be enhanced by democratic republicanism, and on the other hand democratic republicanism urgently requires material prosperity. In Madison's view democratic government had always been bad government, because rule by the majority meant rule by the poor, and the poor were invariably incompetent to rule and disposed to tyrannize over the rich. It should not be surprising that the poor should try to improve their material condition by seizing the possessions of the rich for themselves, but it would be surprising if their efforts led to anything but social misery. In the well-known scheme of *Federalist* No. 10, Madison designs to suppress the class distinction which previously has afflicted all democracies. Taking his cues from Adam Smith, Madison notices that a large republic will provide for a large market-area which will support a tremendous division of labor. Provided that natural acquisitiveness is unrestrained, the division of labor will serve as the engine for increasing tremendously and for a very long time the annual national product, provided that a natural system of liberty is maintained. In these circumstances workers will no longer think of themselves as poor men but rather as members of various interest groups which cross over the line between rich and poor and which cross over one another. Because the coalitions of interest groups shift frequently, no majority can coalesce long enough to sustain a tyranny over a minority. And of course the very process of forming coalitions tends to keep majorities moderate. For the first time moderation and even competence can be qualities of democratic rule—provided that the economy continues to expand. Madison's scheme has proven to be tremendously successful, but his formulation of it contains a sharp warning: if ever material prosperity falters for very long, workers will begin to think of themselves not as members of interest groups, but as members of the poor class who can and should take property away from the rich through the democratic franchise.

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discussion of Wilson, see Ralph A. Rossum, "James Wilson and the 'Pyramid of Government.'" *The Political Science Reviewer*, Vol. 6 (Fall, 1976), pp. 113–142.

So far as we know, there is no evidence that Madison ever supposed that Smith's "invisible hand" would cease to provide for increasing material prosperity within the next millennium, barring the follies of politicians. For the most part, economics should reign over politics in the regime set by the United States Constitution; if not, and if economic prosperity should wither, the Constitution itself should be expected to fall.

The Constitution and the Declaration of Independence rest upon the foundation of John Locke's contract theory of government. Locke elaborates his contract theory in his famous *Second Treatise*, which is intended both to demonstrate that "the great and chief end . . . of Mens uniting into Commonwealths, and putting themselves under Government, is the Preservation of their Property," property comprehending here lives, liberties, and estates; and to indicate those governmental institutions which best secure that end.<sup>13</sup> Protection of property is the one, true, natural standard by which all political arrangements are to be judged, and falling short of which any regime may be rightly overthrown. As stated, this teaching need not indicate the primacy of economics over politics, provided that governmental protection of men's estates is for the sake of insuring their liberty. But in the chapter on property in Locke's *Second Treatise*, not liberty but "the conveniencies of life" receive heavy emphasis, and materially wealthy Devonshire is extolled over America, where liberty is richly abundant. Locke is so far from setting limits on man's natural acquisitiveness for the sake of higher political liberties, that he asserts with uncharacteristic boldness that God has given us property simply "to enjoy," for "any advantage of life."<sup>14</sup> Unlimited acquisition is justified not only as a shield to fend off infinite threats to a man's preservation, but also as a deep well from which every desiring element in a man is welcome to drink. "The greatest happiness consists," says Locke in *An Essay Concerning Human Understanding*, "in having those things which produce the greatest pleasures." And, "that which is properly good or bad, is nothing but barely pleasure or pain."<sup>15</sup> There is no hierarchy of pleasures and no hierarchy of desires, except insofar as all pleasures and all desires depend upon the satisfaction of the desire for preservation. Once the most primordial requirement of nature has been met, "there is no above, no below!"<sup>16</sup>

How does Locke know the chief purpose of government is to preserve its citizens? He knows by having thoroughly investigated the state of nature, which precedes and sometimes interrupts government. The original state of nature is

13. Locke, *The Second Treatise of Government: An Essay Concerning the True Original, Extent, and End of Civil Government*, secs. 124, 123, 199–243.

14. *Ibid.*, secs. 25–51, especially 31, 37.

15. Quoted in Leo Strauss, *Natural Right and History* (Chicago: The University of Chicago Press, 1953), p. 249.

16. Friedrich Nietzsche, *Thus Spoke Zarathustra*, III, "The Seven Seals," 7, in *The Portable Nietzsche*, trans. Walter Kaufmann (New York: Viking Press, 1968), p. 343.

plenteous, but that plenty is almost totally worthless until it is transformed by man's labor. Because of the problem of spoilage, nature's nearly worthless gifts cannot be converted into abundant riches until the widespread use of money allows men to amass possessions in proportion to the extent and ingenuity of their labor. Neither the development of property in the sense of estate nor the replacement of barter by monetary exchange requires civil society, but since the state of nature is a state of perfect freedom within the bounds of the law of nature, material possessions are at the mercy of strong men who do not know or rightly apply the law of nature. And men "being biassed by their Interests, as well as ignorant for want of study of [the law of nature], are not apt to allow of it as a Law binding to them in the application of it to their particular Cases."<sup>17</sup> To put it mildly, for the most part the law of nature has no force in the state of nature, for there is neither an accepted judge of that law as it applies to particular cases nor a powerful executor of that law. In these circumstances every man fears the depredations of his neighbor, and the state of nature tends to become indistinguishable from the state of war.<sup>18</sup> Not for long will men consent to suffer such miserable conditions; instead, for the sake of the preservation of their property, they contract to form civil society and therewith to be governed by the rules of the community as long as the community shall serve its original end. Thus that political order is best which best preserves men materially. Economics reigns in the best regime.

We now rest the case for economics and turn to our own position.

### III. ARGUMENTS FOR THE PRIORITY OF POLITICS: THEORETICAL

The pain which removes pain is labor. . . . Locke identifies the rational life with the life dominated by the pain which relieves pain. . . . The starting point of human efforts is misery: The state of nature is a state of wretchedness. The way toward happiness is a movement away from the state of nature, a movement away from nature: The negation of nature is the way toward happiness. . . . Just like the primary pain itself, the pain which relieves pain "ceaseth only in death." Since there are therefore no pure pleasures, there is no necessary tension between civil society as the mighty Leviathan or coercive society on the one hand, and the good life, on the other: Hedonism becomes utilitarianism or political hedonism. The painful relief of pain culminates not so much in the greatest pleasures as "in the having those things which produce the greatest pleasures." Life is the joyless quest for joy.

Leo Strauss, *Natural Right and History*, pp. 250–51

Locke's teaching on the origin of civil government is neither self-evident nor unchallenged. Nietzsche, for example, speaks contemptuously of contract-

17. Locke, *Second Treatise*, secs. 4, 43, 37–50, 124.

18. *Ibid.*, secs. 19, 21, 125–127.

theories as sentimental. According to Nietzsche, the oldest political order was a monstrous and oppressive tyranny, established by the conquest of a formless and nomad people by “some pack of blond beasts of prey, a conqueror and master race which organized for war and with the ability to organize unhesitatingly lays its terrible claws upon” the nomads.<sup>19</sup> Nietzsche considers it preposterous to suppose that the first governments devolved from collective acts of rational deliberation.

He who can command, he who is by nature “master,” he who is violent in act and bearing—what has he to do with contracts! One does not reckon with such natures; they come like fate, without reason, consideration, or pretext; they appear as lightning appears, too terrible, too sudden, too convincing, too “different” even to be hated. Their work is an instinctive creation and imposition of forms. They are the most involuntary, unconscious artists there are.

Nietzsche’s account of the origin of politics strikes us as much more likely than Locke’s. Even assuming that men in the state of nature might become so deliberate as Locke seems to imagine, when each man comes to fear the aggression of his neighbor, how can two men (let alone a whole community) ever establish a contract—except in the metaphorical sense in which contracts can be said to be implicit in relations of brute force between men? Moreover, what grounds are there for assuming that men in the state of nature will develop their faculties of reason sufficiently to devise communal contracts, even if they could negotiate with their fellows? If a few succeeded in so developing their reasoning abilities, why should we suppose that the others would listen?<sup>20</sup> Considering that Locke himself drops hints here and there that his contract theory is but a construction and that men under the first governments were subjugated by force of arms to tyrants, we are encouraged to asseverate that contracting out of the precivil state of nature is simply impossible.

Even if it should be true that the original root of civil society is the tyrannical will to dominion within the breast of the ruler, that truth alone would tell us nothing about the standard by which civil society ought to be measured. As Locke himself puts it, “at best an Argument from what has been, to what should of right be, has no great force.”<sup>21</sup> Aristotle rightly observes that although the city comes into being for the sake of mere life, it continues in being for the sake of good life, that is, whether achieved or frustrated, good life is the true end of politics. The effort to understand politics in terms of its precivil origins has been compared to the effort to understand the family solely in terms of the sexual attraction which originally propelled male and female in the

19. Friedrich Nietzsche, *The Genealogy of Morals*, II, aph. 17, in *Basic Writings of Nietzsche*, trans. and ed. Walter Kaufman (New York: Random House, 1966), p. 522.

20. Cf. Plato, *Republic* 327c10–12.

21. Locke, *Second Treatise*, sec. 103.

direction of marriage.<sup>22</sup> Marriages, like civil society, mature into a higher and more complicated set of goals than those manifest in their origins. Another illustration which comes to mind is that of the high-school graduate who wanders off to college in the hope of securing a respectable job upon receiving his degree. After a year or two at the University, the student may come to see his studies as the gateway to fulfilling his highest aspirations for benefiting his fellow man. He wishes, perhaps, to learn all he can about civil injustices so that he may right them. He wishes to learn about justice for the sake of imposing it upon the world, doubtless more successfully and grandly than ever man has done before. And yet by the time in cap and gown he reaches for his parchment scroll, and the time for joining the battle has come, his ardor may yet again have been redirected, perhaps to something still higher. How the thought of books unfathomed pains him; books unread, still more. How can he hope to advance the cause of justice when he knows that he is not yet wise? In addition our young scholar is not insensible to the pleasures of the life of the mind. And so he continues to move in the direction of Socrates, that human being in terms of whom all universities and all men, too, must ultimately be measured.

A political order in which economics has priority over politics in the comprehensive respect advocated by Locke, is unacceptable because a human life which is consumed by concern for preservation is not a good human life. Even Adam Smith, the father both of the modern science of economics and of capitalism, recoiled at the vision of “a tremendous industrial mob, deprived of nearly every admirable human quality.”<sup>23</sup> As a therapeutic measure, Smith advocated publicly financed elementary schools and the legally encouraged proliferation of religious sects; he thus acknowledged that good life is impossible, that men are ugly, without a healthy development of intellectual and moral virtues. Even granting that commercial men can evince “frugality, economy, moderation, labor, prudence, tranquility, order, and rule,”<sup>24</sup> these characteristics are but shadows of the virtues discussed by Aristotle in his *Nicomachean Ethics*. The hedonism of commerce minded men impels them to be immoderate on the side of excess with respect to bodily pleasures, and immoderate on the side of deficiency with respect to bodily exercise. The so-called “moderation” of the man of commerce is a dessicated version of the true virtue of moderation. The man of commerce is likely to be just not out of a genuine concern for the common good but because “crime does not pay.” He will not be truly liberal even if he gives “generously” to charity, because he prefers to accumulate possessions for himself rather than disperse them to others.

22. Cropsey, “Political Science and Economics,” p. 42.

23. Cropsey, “‘Capitalist’ Liberalism,” p. 72.

24. Montesquieu, *The Spirit of the Laws*, v, 6. See Martin Diamond, “Ethics and Politics: The American Way,” in *The Moral Foundations of the American Republic* (Charlottesville: University Press of Virginia, 1977), pp. 39–72.

The truly liberal man prefers exactly the opposite. The man of commerce is by definition concerned with a multitude of petty things; when business is bad, he is upset. The magnanimous man contemns such pettiness and cares for naught but the very grandest things. If piety is a virtue, perhaps the man of commerce can possess it, but one does have to wonder with what difficulty a camel may pass through the eye of a needle. Least of all is the man of commerce courageous and wise, for he is far from a noble type. The example of Socrates is almost incomprehensible to Smithian man, who believes that "reason and philosophy will in vain attempt to defend" him "against fear and anxiety, the great tormentors of the human breast."<sup>25</sup> Above all, Smithian man is horrified by the thought of death.<sup>26</sup> Under the influence of Hobbes, Locke, and Smith, men allow the fear of fear to take over their lives as they engage in the joyless pursuit of joy.<sup>27</sup>

The most serious defect in Smith and in Smithian man is a failure to respect the dignity and the powers of philosophy. This defect sometimes leads Smith into a vulgarity which is extraordinary for a man of his intelligence. For example, in explaining the meaning of value, he distinguishes between "value in use" and "value in exchange," observing that these two *genera* of value exhaust the class. Although water can be used to purchase almost nothing, its value is great because it is useful for the quenching of bodily thirst. A diamond, which Smith says has "scarce any value in use," will suffice to purchase a great quantity of other material goods.<sup>28</sup> Now, although much of what Smith says in these two examples is quite evident, Smith's own illustration in the latter case exposes the misleading character of Smith's definition of value. For a diamond has value totally apart from its utility and leaving aside all the goods which its owner may command on the market for it: a diamond is beautiful. Likewise, although Smith says that the value of "all the wealth of the world" is "precisely equal to the quantity of labor which it can enable possessors to purchase for command,"<sup>29</sup> certain it is that the wealth of intelligence which Socrates possessed was by no means equal in value to the quantity of labor which Socrates could purchase. Even in commonsense terms, it has to be said that Smith perverts the meaning of value and of wealth. Again, out of his lack of respect for philosophy, Smith insists that one's own passions provide the only standard by which to judge the reaction of another to a painting, a poem, or a joke. In fact, great masterpieces of painting are distinguished from random blobs on a canvas primarily by the painter's understanding of nature and his skill in conveying (and in some cases disguising) that understanding.

25. Adam Smith, *The Theory of Moral Sentiments* (Indianapolis: Liberty Fund, 1969), Part I, Section I, Chapter I, p. 52. Cf. p. 53.

26. *Ibid.*

27. Strauss, *Natural Right*, pp. 250–51.

28. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (New York: The Modern Library, 1937), I, iv, p. 28.

29. *Ibid.*, I, v, pp. 30–31.

That is to say, there is a rational standard, which does not depend upon the idiosyncrasies of the viewer, by which to judge paintings. The same is true of poems and of jokes. It is Smith's supposition that reason is incapable of arriving at such standards which occasionally causes him, and which almost inevitably causes regimes based on his principles, to sink into the gutter.

It is Hobbes who articulates the fundamental misunderstanding which is operating here. "[E]very part of the Universe is Body; and that which is not Body, is no part of the Universe: And because the Universe is All, that which is no part of it is nothing." Hobbes, Locke, and Smith refuse to admit any transcendent rational standards because they know that matter in motion exhausts the world. We know that body is, because we experience it with our senses. As for the meaning of body, to be bodily means to take up space, it seems. That which is, has length, width, and depth. The corporealist takes as confirmation of this understanding of being, the fact that it is impossible to imagine a world which is not a world of length, width, and depth. But corporealism is open to several objections. Length, width, and depth are relations; do they not therefore require a relator to do the relating? Or as Kant put what is perhaps the same question, are not space and time built into the human mind rather than being a part of the world as it is in itself? A second objection has to do with the truth or untruth of corporealism. Corporealism is of interest to us only if the corporealist claims to know the truth about the world. But if corporealism is true, everything which is, can be located in space. Where then is the space which truth occupies? Since truth is not itself corporeal, by corporealist doctrine there is no truth. A third objection which can be raised against corporealism is that in equalizing everything, corporealism is ignoble. In particular, without an eternal return the corporealist damns everything but the atoms themselves to utter obliteration. Finally, corporealism cannot give an adequate account of how a mere body can think. In consideration of these objections to the most fundamental prop of all to the priority of economics over politics, the case for economics collapses beyond repair.

#### IV. ARGUMENTS FOR THE PRIORITY OF POLITICS: PRACTICAL

It is a mistake . . . to believe that it is King Louis-Philippe who reigns . . .

[A]bove the Constitution is the holy, venerable, solid, amiable, gracious, beautiful, noble, young, all-powerful five-franc piece!

Balzac, *Cousin Betty*

The morals of a commercial nation are not completely those of merchants. The merchant is thrifty; general morals are prodigal. The merchant maintains his morals; public morals are dissolute. Montesquieu, "Effect of Commerce on Government"

[T]here is a very dangerous phase in the life of democratic peoples.

When the taste for physical pleasures has grown more rapidly than either educa-

tion or experience of free institutions, the time comes when men are carried away and lose control of themselves at the sight of the new good things they are ready to snatch. Intent only on getting rich, they do not notice the close connection between private fortunes and general prosperity. There is no need to drag their rights away from citizens of this type; they themselves voluntarily let go. They find it a tiresome inconvenience to exercise political rights which distract them from industry. Such folk think they are following the doctrine of self-interest, but they have a very crude idea thereof, and the better to guard their interests, they neglect the chief of them, that is, to remain their own masters

If, at this critical moment, an able and ambitious man once gets power, he finds the way open for usurpations of every sort.

Tocqueville, *Democracy in America*

Prudent political leaders, we both grant and insist, would as such never lose sight of the extent to which their regimes require economic support. In the United States in particular, material prosperity does seem to be an indispensable bulwark against the onslaughts of a fearsome class struggle. Accordingly, protracted expansion of the money supply well beyond the rate of increase in the annual national product, for example, should be avoided under nearly all circumstances: economists right, left, and center agree that such policies undermine a nation's material well-being. Other concessions, such as resistance to wage-price controls or to increases in the minimum wage, would have to be made to rightist economists in order to maintain the economic props to our system of political liberty. We cannot afford to plunge our daggers into the commercial goose that lays our golden eggs. And governmental officials should never say what Harold Denton, the director in charge of regulating nuclear reactors for the Nuclear Regulatory Commission, recently remarked upon shutting down five large nuclear power plants in the United States: "Denton said the commission is not allowed to consider the economic and social repercussions of its safety regulations and actions."<sup>30</sup>

Were those who set public policy to deliberate primarily as economists, however, the most crucial political goods might be neglected. "The crux in practice is what kind of decision results from one view or the other. Grant that the general will make bad decisions if he utterly ignores questions of cost (which the fact of limited resources makes it extremely difficult to do), but what about the economist? What kind of decision is the economist likely to make? Is he not likely to be easily shifted from a 'utility' that is costly to one that is [financially] less so? Is he not likely to prefer utilities and costs that are measurable over those that are not? I do not claim that the economists *necessarily* make such errors in practical reasoning—any more than

30. "Five Reactors To Be Halted," *Memphis Commercial Appeal*, March 14, 1979, p. 38, c. 1. We are inclined to agree with the decision to close the reactors pending investigation.

it can be claimed that the general is irresponsible or indifferent to cost/benefits—but that is the tendency.”<sup>31</sup>

To the strict economist, the rational principles of the free market are universally valid. Thus the economist tends to abstract from the particular traditions, moral and religious opinions, and other circumstances of a people, and insofar as these are noticed, they are likely to be treated as irritating hindrances to a truly rational order. But it is precisely the particular character and circumstances of his people in which the prudent political leader lives and breathes. Prudence consists exactly in recognizing that for *this* people at *this* time in *these* circumstances, the economic price ought to be paid for, say, the government’s subsidizing a certain export or supporting the price of a certain product; in fact, the decision may require an assessment of the characters and circumstances of other peoples as well.

The gravest flaw in the prospect of rule by the economist is that he does not, *qua* economist, reflect seriously on the conditions and ends of good government. Is not the final cause of government the happiness of the people, for which happiness both freedom and virtue are preconditions? The pristine economist will understand that freedom is the precondition to self-gratification. But he may deny that freedom and virtue are ineluctably interdependent, and he may even deny that virtue exists outside of the realm of superstition. Economists congratulate themselves on being “realistic.” But is it “realistic” to imagine that liberty is as secure to the most crassly self-indulgent people as to a people which evinces old-fashioned political virtues? And is not John Stuart Mill correct to assert that economic prosperity itself depends on a certain system of morality?

(This is not the occasion to rise to a full-fledged defense of virtue, but one can begin by noticing that the corporeal analogue of virtue, i.e. physical health, is also increasingly challenged as a merely subjective notion. But bodily health can be altogether nonarbitrarily defined as the condition of the body in which (1) all the parts are capable of performing their natural functions (2) without pain (3) into the foreseeable future; and in which (4) there is a sense of physical well-being. Without a doubt, the second and fourth elements are in part “subjective,” that is, dependent on “accidental” physiological-psychological peculiarities. Moreover, there are greater and lesser degrees of physical health; few, if any, of us are simply healthy. But the “objective” element is weighty and often decisive: rarely is most men’s poison another man’s meat. Is this not the model to begin with in reflecting on psychic health?)

The tendency of authentic (right-wing) economists to disparage the notion

31. Herbert J. Storing, “American Statesmanship: Old and New,” in “Statesmanship and Bureaucracy,” mimeograph, ed. Robert A. Goldwin (Washington, D.C.: American Enterprise Institute, 1977), pp. 43–44; published as *Bureaucrats, Policy Analysts, Statesmen: Who Leads?* (after some revision) under the same editorship and by the same press in 1980, p. 109.

of trans-subjective virtue—a tendency which ill harmonizes with their songs of praise for successful entrepreneurs—does not enhance their political judgment. Proposals to discontinue state-licensing requirements for airline pilots, morticians, medical doctors, attorneys, dentists, plumbers, and cosmeticians never lose their luster among Milton Friedman's devotees, but they are blind to the many objective standards by which practitioners of these arts can and should be judged: these are *not* matters of mere preference. Citizens are entitled to governmental protection to ensure that their physicians know how to distinguish stomach from gallbladder and have the good sense and good will not to remove the former when only the latter needs to be excised. Such examples of how even relatively libertarian governments must concern themselves with virtue could be multiplied a thousandfold.<sup>32</sup>

Unquestionably there are many economically inefficient governmental agencies, among them some licensing agencies. But it is politically important to escape the appearance of callousness, to say nothing of avoiding callousness itself. Even if the Social Security Administration, for example, is basically a very expensive and inefficient transferrer of income from middle class to poor, it is generally perceived as doing some good and adds some legitimacy to the regime. Similarly, even if opening the public coffers wide to support state school systems reduces our economic prosperity, prudence counsels that we not jettison the public schools or jeopardize them with a radical Friedmanite voucher system which would leave them only the dregs of society.<sup>33</sup> The weaker the public schools, the more dubious is the political order which sponsors them. Professor Friedman's claim that the absolute quality of public education would improve under his scheme is not made plausible by his assertion that any

32. To strengthen the sense of community and promote virtue, governments will generally find it necessary to impose certain restrictions on business. Again, the extent and type of appropriate restrictions will depend upon the traditions, current opinions, and other circumstances of a given people. In the United States today, strong public-spirited arguments can be made for maintaining and strengthening our Sunday-closing laws. See Robert L. Stone's highly informative, unpublished treatise, "Scrooge's Day Off," which includes practical recommendations for legislation. A self-consciously *impractical*—but nevertheless extremely thoughtful and theoretically strong—argument for Congressional abolition of television (again for the sake of virtue) in the United States is made in George Anastaplo's "Self-Government and the Mass Media: A Practical Man's Guide," in Harry M. Clor, ed., *The Mass Media and Modern Democracy* (Chicago: Rand McNally, 1974), pp. 181–232. More practical proposals for economically inefficient but politically desirable policies include the following: legislation providing for unemployment compensation, medical insurance and old-age insurance; pure food and drug acts; collective bargaining legislation; compulsory public education; governmental subsidies of the sciences and of the humanities and fine arts; preservation of national, state, and local parks and monuments; anti-child-labor laws; enforced pollution-control; and federal disaster relief. The foregoing measures have been instituted imperfectly in the United States, but any economically inspired efforts to scuttle them would be highly impolitic. These policies help us both to be and to appear to be more humane.

33. Milton and Rose Friedman, *Free to Choose: A Personal Statement* (New York: Harcourt, Brace, Jovanovich, 1980), pp. 158–170, especially p. 170. Cf. the reservations against voucher systems expressed in George Anastaplo, "The Religious Clauses of the First Amendment," 11 *Memphis State Law Review* 2, pp. 151–230.

transfer to a free-market model tends to produce a better product. The worst products on the free market maim their customers and bankrupt their investors, which is exactly why the free market must be regulated by government.

Those who aim to speak for virtue should not forget the remark of the Shakespearean character, “Dost thou think, because thou art virtuous, there shall be no more cakes and ale?” Comic self-mockery and philosophic resignation are rarely in surplus, and without them the virtuous do threaten our liberty in the worst way. But those who wish to make cakes and ale central to our lives<sup>34</sup> offer new lamps for old, imploring us to trade the wisdom of the ages for a flealike hop and a starless gaze.

34. Doubtless many economists will protest that they are far from advocating that we make cake and ales central to our lives. To define economics as the science of the accumulation of material possessions is to construct a straw man, they would contend, for there are welfare-economists, public-policy economists, Marxist economists, and so on. Thus the appropriate definition of economics is indeed, they would conclude, the science of the allocation of scarce resources.

We answer that men have many scarce resources which are essentially noneconomic, for example, the legal right to marry or leisure time on weekends. For most men the decision to marry this woman rather than that one is not essentially an economic decision, nor is the choice between watching a televised play and reading a novel ordinarily an economist's choice as such. The standard definition of economics is absurd on the face. Moreover, it will not do to define economics as whatever economists engage in. A number of plumbers may dabble in architecture, but that does not make plumbing inclusive of architecture. In the crucial respect, politics is to economics as architecture is to plumbing.