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LIPPMANN'S *THE GOOD SOCIETY*¹

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THAT Mr. Lippmann's book is brilliant goes without saying to any reader of serious current social and ethical discussion in the English language in the post-war years. Economists will be interested in qualities which they consider—perhaps presumptuously—more substantial. In fact as well as in the author's aims, it is obviously a very "serious" book; it is intended to exert influence as well as to educate—one may say to exert influence by educating. It is not written for the economist, or the specialist in any social science, hardly even for the social philosopher. In consequence, it is perhaps the more important for all of them. It is as important in content as it is finished in form.

The theme is the currently familiar one of a diagnosis of the malady or "crisis" of "Western civilization" (in the meaning which the expression carried during the era of liberalism) plus an indication of the treatment necessary for its salvation. For liberal civilization is found to be in process of running by one course or another into one form or another of totalitarianism, which would negate all the liberal values of freedom and humanity and destroy all genuine cultural life, not to mention the probability of physical destruction in war of the whole material and moral basis of civilized life of any kind. This eventuality is, of course, not merely a danger; it is definitely the goal of the tendencies visibly operative in the 1930's, and which—most significant fact of all—"liberals" are doing their best to promote, in the relatively few countries which have not already formally abandoned political liberalism or democracy.

Mr. Lippmann's interpretation of recent and current history and his general thesis seem to the reviewer both entirely sound and fairly simple and obvious. He shows how the nineteenth-century liberals made two fatal mistakes. The first was to identify liberal political policy with one of extreme economic *laissez faire*. Then, when the falsity of a too literal *laissez faire* was demonstrated by experience, they in-

¹ Walter Lippmann, *The Good Society*. Boston: Little, Brown & Co., 1937. Pp. xxx+402. \$3.00.

creasingly fell into the second and equally disastrous blunder of reacting from the faith in a free-market economy to collectivism. The author insists earnestly and at length that a regime of collectivism will inevitably be a dictatorship, a tyranny over the whole cultural and personal life of man as well as over economic activity, however defined. The turning-point from liberalism as *laissez faire* to liberalism as collectivism, miscalled liberalism, is set at about 1870.

The current phase of the movement toward collectivism in the United States, as regards the structure and process of government, is the active development of pressure groups under the wing of the government itself, together with the displacement of the activities of legislature and courts by administrative organs and processes. The original liberal movement was, more than any other one thing, a struggle for an effective legal order. Our self-styled liberals of today are doing their utmost to get away from legality. Ostensibly they would have the administration operate under a general legislative grant of power. But it is obviously a short step to a condition in which the legislative mandate will be under the control of the administration of the day itself—and then a shorter, relatively immaterial step to the adjournment “without day” of all lawmaking by elected representatives as a superfluous formality or an impediment to action. This means the end of all popular control of government, all “responsibility.” Only an omnipotent and irresponsible state can deal with or suppress the organized pressure groups—or all but one of them, which one would become the state. All this seems to the reviewer as clearly as it does to Mr. Lippmann not only historically inevitable but actually necessary if there is to be any political order at all in a country where the leading economic and (perhaps other) special interests have been taught to think that it is the business of government to fight their battles against “business” and have been organized, or encouraged or allowed to organize, to get “justice” for themselves, or their “rights”—or simply what they want.

It might have been thought self-evident, if anything in the field of politics can be called such, that the first essential function and task of government is to preserve unthreatened its own monopoly of political power, and that this means prevention of the development of dangerous power groups outside itself. As against the currently popular version of “liberalism” Mr. Lippmann sees all this and expounds it in noble prose, along with an eloquent plea for the maintenance of liberty through action, in contrast with inaction.

As a concrete program for making liberalism real and permanent by maintaining the framework of the free-market economy, the book gives an extensive and detailed "Agenda of Liberalism" (chap. xi). The first two sections point out (somewhat too one-sidedly) that the "moral" of theoretical economics should have been an effective dramatization of the contrast between the "assumptions" of abstract equilibrium analysis and the facts of life, i.e., between the conditions under which pure *laissez faire*, except for policing against direct predation and the cruder forms of duress and fraud, would lead to socially ideal results, and the conditions under which economic activities are actually carried on in the real world. The third section of this chapter on "The Field of Reform" lists—though it scarcely does more than list—a dozen or so fields in which action, or active interference, by the state is called for. The main items are: the quality of the people, eugenics and education; conservation of resources; increasing the mobility of capital (in contrast with maintaining a degree of permanence in the location of labor, i.e., in community groupings); controlling the size of business units and the powers of business corporations; management of money and credit, particularly with reference to control of general prices and of the business cycle; improvement of market machinery; elimination of "necessitous bargains"; prevention of monopoly; social insurance; elimination of unearned income; an expanded conception of public works; and reform in taxation, with a view both to apportioning burden in accord with ability and to reducing economic inequality. In connection with market machinery and monopoly, the author also mentions encouragement of co-operative organizations of producers, farmers, workingmen, and consumers. This seems to be the only reference to labor organizations in the book, and it is wisely coupled with a notation of the obvious temptation of all such special-interest groups to become monopolies in restraint of trade.

This is no doubt an excellent list of agenda; but the statement is a natural introduction to some more critical observations regarding the book as a whole. In terms of "science," or of really practical analysis, it does not get very far. Many of the author's proposals of lines of reform involve difficulties which are both staggering and obvious to the student of economics, so that his suggestions seem optimistic to the point of naïvety. It is rather astounding to read repeatedly throughout the chapters that "there is no reason whatever" why various suggested measures should not be put into effect. Before such a program could have any concrete significance for action, careful

analysis of virtually every main proposition would be called for, coupled with elaborate investigation of facts and estimates of costs, both in the narrow economic sense and in that of evil consequences to be offset against the good. Most of these policies would need to be carried out gradually, tentatively, experimentally; and different lines of action would have to be carefully planned as to order of attack and co-ordination in prosecution.

The absence of analysis and of a scientific approach is noteworthy at every stage of the argument—whatever that may or may not imply in the way of criticism, in view of the type of book the author was trying to write. There is virtually no scientific inquiry into the concrete reasons why extreme *laissez faire* breaks down, or fails to function in a way to satisfy the social critic or the people who live under such a regime. It is not possible here even to suggest the outline of such an investigation; but, without investigation, the economist-reader will be conscious of many connections in which even a little analysis would have thrown much-needed light on the problems of the agenda itself. Perhaps even more “glaring” is the absence of any real argument on the question as to why a collectivist regime must be a despotism. Even in a book of this sort, intended for a wide audience, it is somewhat jarring to have it simply asserted as the proclamation of an “inexorable law” (or a plain dogma), not merely that collectivism means tyranny but apparently that it is impossible, or at least theoretically incompatible with social life above the level of savagery. We read: “The really inexorable law of modern society is the law of the industrial revolution, that nations must practise the division of labor in wide markets or sink into squalor and servitude.” . . . And again, “There is no way of practising the division of labor, and of harvesting the fruits of it, except in a social order which preserves and strives to perfect the freedom of the market” (pp. 206 and 207).

In another place (p. 94) reference is made to the “discovery,” by Professor Ludwig von Mises, that a collectivistic economy in peace is incapable of planned and calculated organization of production. It is true that Professor Mises argued for this “impossibility,” but the position is indefensible. The essential fact is that the government of a collectivist state would do anything it liked, within the limits of physical and human, i.e., political, possibility and its own competence. It might “theoretically” run economic society in substantially the way in which, say, the United States of America is run today, as to the activities of men and their results, collective and individual. The es-

establishment of governmental monopoly of enterprise with ownership of productive wealth would not necessarily change much, if any, of the concrete process. Or, it might convert society into a model orphan asylum, or into a shambles. This indeed is "where the trouble comes in." It is only too easy to imagine a government, placed in charge of everything, operating to any result which, for reason of any interest or prejudice, one may like to picture, within the limits of possibility, and even far beyond. No one knows at all definitely what is politically possible. Real governments have on various occasions and for various intervals actually operated in almost inconceivably divergent ways, and what a government "might" do is limited chiefly by the powers of creative fancy in the person drawing the picture. There is practically no science in terms of which any fairly certain prediction can be made as to how a government will operate under any given conditions, to say nothing of predicting the conditions under which collectivism would come into operation.

In consequence, there are few, if any, political principles, and not many political facts, which can stand up against the wish-thinking of anyone who wants to believe in any particular hypothetical prediction. Thus it is usually quite futile to argue with radical reformers. In fact, they commonly start out from an explicit premise which eliminates in advance all rational discussion. To assume that the establishment of socialism will "change human nature" is to destroy all possibility of predicting the future from the past, and one can establish any sort of subsequent social life desired or fancied by simply asserting the appropriate change in human nature. It is, of course, possible to argue such questions with a considerable degree of cogency, for open-minded and truth-seeking people. Those who wish to do so can know something, even if discouragingly little, about the behavior of persons in power, and the reactions to the exercise of power on the part of other persons made subject to authority. Impartial reflection on such considerations should give a fair idea of the amount and kind of power which would have to be placed in the hands of any "central authority," given (or even having imposed upon it) the task of directing the economic life of a modern nation, and some idea also of the way in which this power would have to be exercised.

In the reviewer's opinion, the view that collectivism means dictatorship is correct beyond reasonable doubt. The authorities of a collectivist state would have to have unlimited power, and security of tenure, and would have to exercise their power ruthlessly to keep the

machinery of organized production and distribution running. They would have to enforce orders ruthlessly and suppress all disputation and argument about policies; and, as a condition for minimum efficiency, they would also have to do everything possible to remove grounds of difference of opinion, by giving the people the appropriate "information" and conditioning of attitudes, i.e., "propaganda." They would have to do these things whether they wanted to or not; and the probability of the people in power being individuals who would dislike the possession and exercise of power is on a level with the probability that an extremely tender-hearted person would get the job of whipping-master on a slave plantation. Such things, to repeat, cannot be clearly and logically demonstrated; they are largely matters of judgment. But Mr. Lippmann might have gone much farther than he has in indicating the facts and the line of reasoning which make such a position reasonably certain.

Another position taken over from the theorists of extreme *laissez faire*, of whom Professor von Mises is an extreme example, is the easy and optimistic disposition made of monopoly. We read that "few effective monopolies have ever been organized and none can long endure except where there is a legal privilege" (p. 223). There is a disconcerting amount of truth in this assertion for the defender of historical liberalism as the *status quo*, while to the true liberal without prepossessions it is what he would like to believe. Its truth would simplify the problem of freedom enormously. But, stated as Mr. Lippmann states it, it is mere dogma and, to most economists, improbable.

The later sections of *The Good Society* deal explicitly with legal and political problems. As already indicated, the reviewer agrees with the general conclusion that it is an essential condition for the preservation of fundamental human liberties to maintain the general pattern of political organization inherited from the revolutions of the eighteenth and nineteenth centuries and nineteenth-century developments and further revolutions (1830, 1848). This refers especially to the integrity and independence of the courts, and the supremacy of the legislative branch, based on the representative principle, itself preserved through a wide suffrage and free campaigning and elections, and freedom of party organization. But, again, Mr. Lippmann is disappointing in his failure to get beneath the surface of the problems. In fact, he rather tends to gloss over (if he sees them) the real and tremendous difficulties, internal and external (international), set for free government by the development of modern technology and its social and cultural

consequences or accompaniments. He seems to think that little or nothing is required beyond a determination to maintain the institutions and the efficacy of case law. He places the legislature in essentially the same position as the courts (pp. 285-86); that is, it also is only to adjudicate conflicts of interest, merely more general and permanent conflicts, between interest groups rather than parties in a particular case. He hardly seems to recognize the necessity of administrative action on an expanded scale under modern conditions, and his discussion throws little or no light on the problem of demarcation between legislation, adjudication, and administration or on that of maintaining legislative control and ultimate responsibility to the people, where extensive and important powers are delegated to administrative bodies.

It is surely evident in fact that legislatures must do much more than enact statutes of a codifying sort, and beyond setting up administrative organs and courts and defining their jurisdiction. To an important extent the modifications of the law which are necessary to deal with new problems created by social growth and change can be taken care of by interpretation in the courts, and occasional legislative restatement. But this is true only within limits. To a large extent, also, the legislature, as the fundamental thinking and deciding organ in a free society, must face general questions and formulate principles for the guidance of future change in the structure as well as the policies of government. Mr. Lippmann's picture seems to hold hardly any place for fundamental public and constitutional law.

It is in this field, in the reviewer's opinion, that we encounter the really profound problems of modern social life, from the standpoint alike of political philosophy and of procedure. Every now and again in the history of any society, it comes into a crisis situation. Interpretation must recognize fundamentally opposed currents of development as well as general drift in a direction obviously prescribed by the evolution of conditions. Such opposed and incompatible currents can be compromised, the interests at stake arbitrated, within some limits. But a time comes when fundamental principles must be threshed out, and a choice made, development in one direction embraced wholeheartedly and that in other, opposing, directions given up and suppressed. Values as well as interests conflict, and it is the conflict of values which gives rise to the really serious problems. The tendency of the two to become confused only aggravates the general problem. For it is only in terms of common values that any conflict between

interests or values can be discussed. It is not too much to say that the history of modern democratic systems leaves the issue unsettled as to whether representative machinery of any kind, or government based in any way on popular discussion, can meet such a crisis and survive.

Perhaps the most outstanding actual historical case is the crisis in American democracy over the slavery issue. It is true that the nation survived, or was re-established, on a democratic basis. The issue itself, however, was by no means settled by democratic process, but by civil war, fought to the exhaustion of the weaker party. Of course, any appeal to history is the occasion for boundless qualification and endless argument, since every case is highly unique. The best general inductive case for democracy is doubtless to be made on the basis of English (or British) history since the foundation of parliament and relative stabilization of the common law in the thirteenth century. But the "other side" would be the obvious survival in England today of feudal-aristocratic traditions and social structure, and the question of the permanent compatibility of monarchy, a hereditary peerage with legislative power, an established church, and (perhaps most important) highly class-restricted educational opportunities beyond the primary grades (and correspondingly restricted entry into leadership careers), with democratic political institutions.

The essence of the crisis of modern civilization is evidently the loss in the public mind of faith in the fundamental equity of the values and terms of relationship established in the open market, particularly with respect to the prices of services, through which the joint product of organized economic activity is distributed, and social status largely determined. Connected with this more or less justified if not very understanding and intelligent revolt, and almost equally important, is the crisis in international relations. The latter, to be sure, is not based directly on living standards but is in a different sense economic. The distribution of essential resources among the political divisions of the world as they have come down from past ages is incompatible with current nationalistic ideals of self-sufficiency and rivalry for power; and the same distribution of resources, in relation to modern technique of warfare, clearly implies fundamental rearrangements if the national rivalries come to the test of force, or even of potential force, without actual war. To deal with these questions by the easy method of simply prescribing free trade is again to ignore the underlying issues and the essential social forces at work. (Mr. Lippmann's discussion of inter-

national relations [chap. viii] aims only at tying nationalism up with collectivism and is brief, vague, and superficial.)

The crisis of civilization embodies a conflict of moral principles, and the question which it raises is whether modern public-school-educated, newspaper-reading populations can settle such issues by discussion or will resort to violence or to "leadership" based on force and using it unreservedly. We do not, of course, imply that such methods will solve the problems in any satisfactory sense of the word. But the student, whatever his sympathies, must face the question whether dictatorship may not be able to keep order where democracy fails, and even whether it may not be about as conformable to public opinion as a government based on the competitive struggles of political parties. He must also face the question whether there is any "solution" for the problem of order, justice, and progress in the huge political units required to exploit modern technology. The human race did not evolve in any such environment and may not be fundamentally adapted to it. The real historical future may be like the known past, a welter of progress and decadence, order and turmoil, "humanity" and "brutality"—a term which usually slanders the animal kingdom.