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Source: *Journal of Economic Issues*, Mar., 1975, Vol. 9, No. 1 (Mar., 1975), pp. 15-38

Published by: Taylor & Francis, Ltd.

Stable URL: <https://www.jstor.org/stable/4224383>

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On Some Fundamental Issues in Political Economy: An Exchange of Correspondence

*James M. Buchanan
and
Warren J. Samuels*

The letters printed below are published by the correspondents with the hope that they will stimulate discussion and creative rethinking about some fundamental and interesting issues that are often ignored in the conduct of economic analysis and research and the application of traditional tools and concepts. The issues, we are aware, are not novel. Our conflicts and apprehensions replicate, in varying degree, past methodological controversies. But we are convinced that the fundamental nature of the topics argued warrants continuing reexamination. Just as each generation of economists has the burden of interpreting for itself the history of the discipline, each generation also confronts, directly or indirectly, the problem of the methodological foundations of economic analysis. Moreover, as the discussions in the letters illustrate, methodological issues are closely related to normative or policy positions, although the relations are often ambiguous and equivocal.

Each reader will have to work out the problems raised in the letters and also interpret our respective positions. The issues are drawn in the letters in ways which represent our thinking during 1972 and

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1973 and also are not necessarily how they would be more widely formulated in the profession.

Among the issues raised and discussed in the correspondence are: the meaning of *positive* and *normative*; the role of antecedent specifications of property and other rights; the role of the status quo in positive science; the normative status of the status quo; the role of belief systems, social myths, and pretense in social science; the intrusion of additional normative premises into ostensibly positive analysis; the normative consequences of positive analysis; the attitude of the scholar to the world; the nature of liberal and conservative in economics; and, *inter alia*, what economics is all about. The most conspicuous substantive issue concerns the nature of public choice, specifically the economic role of government and how best to approach it as economists. While we both remain too ignorant in these fields, we have learned more about what each other, and ourselves, intends to accomplish therein.

The letters have been slightly edited, as indicated by ellipses, primarily to exclude material irrelevant to our primary discussions. Publication of the letters does present ideas in a somewhat novel or unusual format, and they were not written with publication in mind and do not have the gloss of analytical rigor and polish usually found in journal articles. Rather, they are informal and exploratory ventures by two economists with clearly different points of view and approaches to government who nevertheless respect and are willing to learn from each other.

The correspondence began with a letter from Buchanan accompanying the draft of his "Politics, Property, and the Law,"¹ written in response to Samuels's "Interrelations Between Legal and Economic Processes,"² and which elicited a "Defense" by Samuels.³ The letters, therefore, ideally should be read in conjunction with these and other materials referred to in the correspondence.⁴

Since the publication of the aforementioned articles, Buchanan has published his "Before Public Choice," in which he clarifies his position as follows:

Where does this leave us in trying to discuss criteria for "improvement" in rules, in assignments of rights, the initial question that was posed in this paper? I have argued that the contractarian or Paretian norm is relevant on the simple principle that "we start from here." But "here," the status quo, is the existing set of legal institutions and rules. Hence, how can we possibly distinguish genuine contractual changes in "law". . . .

Can we really say which changes are defensible “exchanges” from an existing status quo position? This is what I am trying to answer, without full success, in my paper in response to Warren J. Samuels’ discussion of the *Miller et al. v. Schoene* case. There I tried to argue that, to the extent that property rights are specified in advance, genuine “trades” can emerge, with mutual gains to all parties. However, to the extent that existing rights are held to be subject to continuous redefinition by the State, no one has an incentive to organize and to initiate trades or agreements. This amounts to saying that once the body politic begins to get overly concerned about the distribution of the pie under existing property-rights assignments and legal rules, once we begin to think either about the personal gains from law-breaking, privately or publicly, or about the disparities between existing imputations and those estimated to be forthcoming under some idealized anarchy, we are necessarily precluding and forestalling the achievement of potential structural changes that might increase the size of the pie for *all*. Too much concern for “justice” acts to insure that “growth” will not take place, and for reasons much more basic than the familiar economic incentives arguments.⁵

On the other hand, Samuels, insensitive to neither the ethical limitations of assuming the propriety of the status quo system of working rules and rights assignments nor to the problem which Buchanan poses to orderly change and growth, prefers to analyze descriptively resource allocation as a function, proximately, of demand and supply, but more deeply as a function, in turn, of the power structure, rights, and the use of government. Samuels prefers to direct attention to such general interdependence dualisms as these: The power structure is a function of law *and* the use of government is a function of the power structure, and income and wealth distribution are a function of law *and* law is a function of income and wealth distribution. Samuels’s interest is in the positive or objective comprehension of the interrelations between legal-political and economic (or nominally market) processes, in part for better understanding the chain of consequences of various government (and private) economic policies. As for the contractarian norm, Samuels finds it congenial but also finds a limited actual scope for Pareto-better adjustments and that such adjustments are always a function of the power structure as well as a wide range of non-Pareto optimal changes.⁶

In Buchanan’s response to Samuels’s initial article, in Samuels’s defense, and in the early letters, the issue of positive versus normative, or of description versus prescription, was debated. The discussion quickly moved to various facets of the consequences of a positive analysis which posits the working rules of law and morals as contingent

and subject to change and to concern with the consequences of an assumed propriety of the status quo system of power and use of government. We have somewhat different perceptions as to what order requires, as to what should be the “best” approach to the study of government as an economic variable (although neither would deny the other the opportunity to work as he pleases), and, *inter alia*, how these fundamental issues are to be reflected in the conduct of economic analysis. We agree with the Davenport-Samuelson principle that “there is no reason why theoretical economics should be a monopoly of the reactionaries,”⁷ but we are quite far apart as to the nature of an economics (specifically the nature of the analysis of the economic role of government) which will both contribute to a free and open society and have meaning as knowledge. Needless to add, neither Buchanan nor Samuels takes one position or another in pure black-and-white terms. But just where we stand and the impact thereof for the issues debated will have to be assessed by others as well as by ourselves. It is our hope that more economists will once again turn to these important issues.

Notes

1. James M. Buchanan, “Politics, Property, and the Law: An Alternative Interpretation of Miller et al. v. Schoene,” *Journal of Law and Economics* 15 (October 1972): 439–52.
2. Warren J. Samuels, “Interrelations Between Legal and Economic Processes,” *Journal of Law and Economics* 14 (October 1971): 435–50.
3. Warren J. Samuels, “In Defense of a Positive Approach to Government as an Economic Variable,” *Journal of Law and Economics* 15 (October 1972): 453–59.
4. James M. Buchanan, “The Limits of Liberty: Between Anarchy and Leviathan” (Chicago: University of Chicago Press, forthcoming). See also his “The Coase Theorem and the Theory of the State,” *Natural Resources Journal* 13 (October 1973): 579–94. See Warren J. Samuels, “Welfare Economics, Power and Property,” in *Perspectives of Property*, Gene Wunderlich and W. L. Gibson, Jr., eds. (University Park: Institute for Research on Land and Water Resources, The Pennsylvania State University, 1972), pp. 61–148, and “Public Utilities and the Theory of Power,” in *Perspectives in Public Regulation*, Milton Russell, ed. (Carbondale: Southern Illinois University Press, 1973), pp. 1–27. See also Warren Samuels, “The Coase Theorem and the Study of Law and Economics,” *Natural Resources Journal* 14 (January 1974): 1–33, “Law and Economics: Introduction,” *Journal of Economic Issues* 7 (December 1973): 535–41, *Pareto on Policy* (New York: American Elsevier, 1974), and “Some Notes on Government as an Economic Variable” and “Government in the History of Economics” (in manuscript).

5. Gordon Tullock, ed., *Explorations in the Theory of Anarchy* (Blacksburg, Va.: Center for Study of Public Choice, 1972), pp. 36–37. Compare the review thereof by Samuels in *Public Choice* 16 (Fall 1973): 94–97.
6. Compare Samuels, “Welfare Economics,” and “Some Notes on Government.”
7. Paul A. Samuelson, “Maximum Principles in Analytical Economics,” *American Economic Review* 62 (June 1972): 261.

18 May 1972

Dear Warren:

Thanks for sending me your draft response to my paper critical of your initial paper. I hope that Coase will decide to print it, since I think it does carry the discussion several stages along. And, after all, this is the purpose, to carry the discussion since neither of us would surely claim to have any of the final answers in these issues that have been discussed for centuries.

Let me make one or two more specific points by way of reaction. First, you protest too much your positivist stance. I agree that one can contrast a positivist and a normative stance, and I accept that my own is strictly normative in this context. But I submit that an unbiased reader of your piece would indeed read normative elements into it, and sometimes strong ones. And this through no necessary fault of your own. It is almost impossible to be purely positivist here, and, of necessity, we look at common facts through different windows, to use Nietzsche’s term, and these windows are necessarily normative to a degree.

But, as I say, a good point can be made here.

I agree with many of the subcriticisms of my approach, which can be criticized on several grounds. I do not treat of property assignments, and this is what has been troubling me most this year. What can we say? I do not especially like the status quo defense that my methodology forces me into, but where can I go? I have been worrying about this for months now without much resolution or progress.

I should continue to insist that unanimity must remain the only acceptable rules for change, ideally, in any genuinely individualistic social order. And here is the problem. It is essential for social order, or a tolerable one at any rate, that men act as if and think as if the process works in a certain way even if, from another vision, the facts may seem so different. I do not really think that a viable social order that either of us would accept could exist if all men really looked on politics in the eyes of the elder Pareto, which sharply separated the rulers and the ruled. The basic and necessary myths of the free society. These are my main concern, and, admittedly, I have been partially concerned about my own little role in dispelling some of these. Once majority rule is shown to be the tattered relic that analysis must reveal it to be, what are we to think??? And of vital importance for our time (as surely is evidenced by the Wallace support) men must *not* see the judiciary as overtly legislating, even though, as scholars, we must recognize that judges do legislate and always have. But Earl Warren’s tragic error was his failure to understand this.

These are but a few reactions. I should have more as I reread the paper and think about it more adequately.

Sincerely,

Jim

May 24, 1972

Dear Jim:

Thanks for your letter regarding my response to your paper.

Let me comment as follows:

I basically agree with you concerning the impossibility of a completely value-free positivism—but I think that the effort to generate as pure propositions as possible is desirable. People *will* read normative things from any positive proposition, but in reality they are adding their own normative premise and it is from that premise they draw their normative inferences. Thus, for example, my paper on government in the history of economics has made happy neither scholastic, libertarian, nor Marxist—but the central argument, despite its tautological element, remains intact!

Concerning the defense of status quo rights, the problem is that there is no agreement on the mechanism of change. Either we posit the status quo rights or some other structure of rights, or we posit some system for change. The problem has been discussed by Cardozo and Pound in books done years ago; see Cardozo's *The Growth of the Law*, *The Nature of the Judicial Process*, and, especially perhaps, *The Paradoxes of Legal Science*, and Pound's *Social Control Through Law*. The genius of the common law has been its gradualism, involving a balancing of continuity of rights against change of rights. The lawyers overdo the wisdom of their lady of the common law, but they have a point.

My own methodology forces me into allowing that an agnostic positive analysis opens the doors to change, to the lifting of the veil, so to speak. At the bottom of your first page, you say that, "It is essential for social order, or a tolerable one at any rate, that. . . ." Two points here: first, we must distinguish between seeing social order as a substantive attainment—i.e., as a set of particular relations—and seeing social order as a process of adjustment, including adjustment between continuity and change. Second, men (and women) do live by myths, but I dislike the game of pretending that things are otherwise than they are, that only safe things should be said in public, and so on. I dislike that with the admitted displeasure that there is only so much change that a society can put up with at one time or over a period of time. Here too we must distinguish between a particular structure and the process: In order for the pretense to have very much recommendatory forces, the status quo at stake must have some recommendatory force of its own—so that when I consider the function of pretense I try to examine it not only in the case of my own society but also in the case of societies of which I am not at all fond, e.g., the USSR, among others.

So there are dangers from an absolute and uncritical acceptance of the status quo *and* from an absolute and uncritical piercing of the veils and

masks of society. This goes back, of course, to Plato versus Aristotle and their conflicting theories of the relation of knowledge to social action; to Mannheim on ideology and utopia; et al.

I think that this problem was the central problem which disturbed the late Frank Knight throughout his intellectual life. As for Pareto, what he said in the *Treatise on General Sociology* was said perversely but with much wisdom; but there has been much work done since then.

A last word: perhaps you are right about Earl Warren's error, I do not know; what I do know is that if he was in error, so was the "conservative" court in the 1890s and 1920s and early 1930s in so clearly doing the same thing, namely, reading *their* vision of good economic policy, their vision of the proper resolution of class and other interest conflicts, into the Constitution. What I also know is that the Constitution is only a framework and it is inevitable that different world views will read and interpret it differently. I think that one role of the scholar here is to articulate how that has been done and not to mask it or to read his own interpretation of the clauses involved into his own analytical work. That is the value of a positivist approach, so far as it will take one.

Yours sincerely,

Warren

16 August 1972

Dear Warren:

As we both realize, our basic positions differ substantially. Despite this, however, I think that your efforts in this, and other pieces, are extremely useful. Economists need to be pulled up short on just what it is they are assuming when they talk about government, about the state. And your piece ["Government in the History of Economics"] certainly accomplishes this.

My difference with you lies, I think, in what you have called my essentially normative position, which I do not, in turn, quite accept as such. I think that there are positive elements that can enable us to distinguish among governmental forms. It seems to me that we can derive a logical basis for government of what you call the Lockean variety from the simple calculus of free men, and that no similar logical basis can be so derived from alternative forms. Descriptively, of course, I agree with you. We can always look on government as the agency through which some men exert power over others, Pareto's position. But we need to do more than sit outside, so to speak, and describe. We need to work within a philosophy, or so it seems to me. And there are differences among the alternatives. This is where I categorically disagree with you I think. The alternatives are not equally weighted. The despotic government is "worse" by objective standards, or quasi-objective standards, than the free government. Hitler was worse than Churchill. We

can apply positive analysis to derive a constitutional structure, and this structure will have many elements of what you label as Lockean that merely support middle-class interests and property. But property, correctly interpreted, is nothing other than the way we define a man, his ability to do things. Hence, any government must defend property. You slip too readily into meaningless terms when you talk about defense of classes and groups.

All of this relates quite closely to what I have been working on all summer. I have been trying, with only partial success, to derive a concept or theory of government as it might have emerged out of Hobbesian anarchy. This involves first a description of this anarchy and then a discussion of the basic contract, with its emendations. From this I get into the role of government in its various forms. I plan to then use this derivation as the basis for diagnosing what is wrong now. We agree, I suspect, on the fact that there is utter chaos in our thinking about most of these matters. And this is where I come full circle. Your paper can be of benefit in forcing economists and other scholars to think more clearly.

Sincerely,

Jim

August 23, 1972

Dear Jim:

. . .

Let me react to your letter as follows, all too briefly.

There are positive elements which *help* us to distinguish between forms of government; but is the differentiation to be normative or positive? You refer to objective standards and then qualify the argument by jumping to quasi-objective standards. Let's face it: whether you use logic or anything else, a logical basis for government of the Lockean variety is like any other normative, normative in its conception of what you call "the simple calculus of free men"—"free men," Jim, is too general, it avoids the problems arising when principles of freedom conflict and it avoids too specifying the underlying conception of "freedom." Furthermore, whatever the logic, as de Jouvenel put it (p. 249 of *Power*), "ideas get political meaning from the class which takes it over" (quote may not be exact; working from notes). But my main point is that your derivation of the logical basis of or for government will be normative. So that when you use this derivation (your last paragraph) as the basis for diagnosing what is wrong, you will be circular or tautological in that you will be applying the notion of wrong that is built into your logic or premises. You cannot derive an ought from an is alone and your analysis will not permit you to do so: you will be applying the ought built into your logical system or whatever you call it.

You cannot apply positive analysis to derive a constitutional structure *alone*: you need norms; implicit or explicit they are there, e.g., built into your concept of freedom or consent or what have you. I agree with you about the meaning of property but class is not entirely meaningless; you use it yourself three lines earlier.

I agree with you, too, about Hitler being worse than Churchill and about the need for working within a philosophy, and that there are differences—qualitative differences—between the alternatives. But: (1) there should not be an economic science built up pretending to be a science but which is only another ideology, and (2) there should be positive descriptive work (of my type) so that those who do want to construct normative systems will be better informed as to what is involved. Our norms are probably rather close; but we differ as to whether economics can be positive when it includes certain values which take on the luster of hard truth. I do not say that the alternatives are equally weighted; I am saying that we ought to know just what each one involves.

You earlier wrote me that your system favors established rights; when established rights are concentrated in relatively few hands, such concentration runs up against the notion of freedom involving a wide diffusion of rights and power; and it is exacerbated when the power holders use their power to further enhance their own capture of opportunities and inhibit the rise of the nonpowerful. The freedom for the few is wrong, just as the equality is wrong which is self-defeating in terms of the system.

Yours may well be an idealist position when mine, perhaps the realist position, says that you are trying to simulate with logic what is *in reality* a function of power, knowledge, and psychology. Or, whatever “the basic contract,” it is only a framework within which power play etc. takes place. Yours is the attractive but utopian position, I think! Or, to the same effect, so long as anarchy without social control is repugnant, the problem boils down to what (whose) system of social control.

The real gut issues, which cannot be resolved once and for all time, are: whose values; the balancing of freedom and control; the balancing of continuity and change; the balancing of hierarchy and equality. There is no simple calculus of free men—or none that does not ignore important facets (someone’s important facets) of what it means to be free. Thus Hayek emphasized the rule of law, but as one of his own students (I believe) put it, there can be a foul law which we would not want all to be equally subject to. Moreover, the tragedy is that perhaps every institutional arrangement which perfects or cements freedom in one regard or for some people can be used to tyrannize others.

I repeat: I do not deny the existence of qualitative differences between alternatives, but (a) let’s think clearly about government, and (b) let’s see exactly what those differences are. Perhaps what I dislike the most (relevant to this discussion) is the pretense of those who would enjoin others’ use of government while denying their own use of government, when the heart of the matter is which (whose) use of government. Knight would insist that my analysis does not make a good propaganda for economic freedom (his words, from his review of Robbins on the classicists) but I do not intend it to be—except in the sense that I believe that open and full and free discussion is necessary for a free society, in large part as a check on the cupidity of the powerful and on the foolishness of many others.

Perhaps the best historical way of putting this is in the terms I heard some years ago about the Chicago School: in their zest to defend the business system they defended anything that businessmen did (and against all others, save the consumer). Well, there is more to the business system than optimal

market adjustments—as you have read in my paper on welfare economics, power, and property, and perhaps in the one on utilities and the theory of power.

Apropos the utility paper “Public Utilities and the Theory of Power,” I hope to prepare an appendix dealing with responses to the paper while in draft stage. Among other responses, I have one which presumes what Gray called the old public utility concept (which he says has been corrupted) and concludes that I show the utility system to be corrupt etc.; and I have another which says that since that is the way the system is, anything the utilities do is fine. Needless to say, given that my analysis is positive description (and correct—which I do not want to argue, at least here), in order to reach either of those positions, one needs an additional normative premise—which I did not provide!

I have gone on much longer than I had planned; I hope I have not bored you.

Yours sincerely,

Warren

27 March 1973

Dear Warren:

Gordon Tullock has showed me a copy of your review of the anarchy volume. It is a fine and perceptive review, and I shall find it helpful in my own efforts toward completing the book I am half-way through in draft.

Your response to the JLE paper was, also, very good. One of my projects, to be completed when I get the time, is to write a new paper, not in response to you so much, but one stimulated directly by your accusation that my position is normative. I found this at first amusing, since I had just returned from a conference on property rights in San Francisco where I was, literally, read out of court because I was “positivist” in refusing to allow ethical norms to enter explicitly into the analysis. At the conference, I had read essentially the same paper as that which you discuss at length in the review and the first of my two in the anarchy book.

But, in a sense, you are quite correct. But we do use the word “normative” in two quite distinct ways, that need to be carefully distinguished. My approach is not normative in any sense in which this term is most often used. I am not taking an advocacy position grounded on my own or anyone else’s values. What I am doing, and explicitly, is to look at the universe of observations from a specific vision or window of social order, essentially the contractual one, in which men are free to trade. You are correct in that this way of looking at the world, either currently or historically as in the red cedar case, depends on my own private set of philosophical principles or tools. But most people would not call this normative, although it is personal, subjective, private. My main argument against you is that your position is, necessarily, also normative in this sense. At this level, positivism is impossible. You are, and you are of course allowed to do this, looking at essentially the same universe of observations, but with a different private, personal, subjective

vision. You see different relationships because you look with different tools. Neither of us is normative, and both of us are positive, in the standard usage of these terms. But both of us are normative in the solipsist, subjective sense, as indeed all social science must by nature be.

I do bridle a bit at being labeled an establishmentarian. At a deep emotional level, I hate the "eastern establishment," far more, I am sure, than you do, and I suspect that, at base, I come much closer to the "revolutionary" than do you. One perceptive reader of our exchange in JLE interpreted you as defending the status quo, not me, and I think, correctly. In my vision, the status quo does have a unique place, for the simple reason that it exists, and hence offers the starting point for any peaceful (contractual) change. This is not properly labeled a defense of the status quo, as such. It seems to me that the establishmentarian would be one who defends the established way of doing things, which is far from my own position. We have gone far far away from the constitutional order that I should think essential, and my last chapter is, I hope, to be on "Prospects for Constitutional Revolution." I am, basically, a "constitutionalist" first of all, which is inherent in "individualism," terms that I gladly accept as descriptive of my position.

There is, at base, a faith here. If your "positivist" analysis of what we see is correct, and it may well be, then I simply cannot extrapolate this into a viable future social order at all. There will be collapse into anarchy, or tyranny, of one sort or another. I am by nature pessimist, but I must retain faith that what you describe is not basically descriptive, or at least need not be. I must hold onto the faith that individuals can live with one another, with at least the minimal respect for rights of others (minimal delineation of property rights) that makes society possible. My efforts are aimed at trying to analyze just how social order, to be viable at all, depends critically on a mutual willingness to accept individual rights, defined constitutionally, and enforced by the State. And how this might possibly be done without the state assuming powers of Leviathan. Perhaps you can call this a romantic attitude, perhaps it is. Your position, as I now interpret it, is closer to Hobbes than I had originally interpreted it. Incidentally, I was wrong in putting you in the "social welfare function" camp in the JLE piece, or at least I now think so.

But these are interesting issues, far more so than those with which most economists, or social scientists for that matter, deal. When and if I get my book in any sort of draft that I am ready to show to readers, I should greatly like to get your comments. I am shooting for September as the time for this, and I may send a copy along if my schedule is met.

Sincerely yours,

Jim

April 5, 1973

Dear Jim:

. . .

On the normativism issue: yes, we are both subjective and we are both making methodological judgments (see Tarascio, *Journal of Economic Issues*,

March 1971, 98–102). But you are deliberately building in—presuming the propriety of—the status quo whereas I am “only” providing for critical discussion of the status quo. Your specific vision builds in values on the most fundamental level; mine does not. If that is correct then the deepest normative element in my analysis is the provision I make for changing the status quo by building in the critical discussion of the status quo—but notice that this is open-ended, as no specific values are built in to guide change, only the door is opened. There is infinitely more implicit ethicizing in your approach than mine (selectively exercised, to be sure) as my paper on welfare economics, power, and property argues in regard to the ethical significance of the Pareto criterion. Further, I think that you are selective in what you accept from the status quo.

As for being establishmentarian: your writings seem to mix (a) the defense of the status quo and (b) an ideal system in which change comes from gains from contractual trade. Two points. First, it is hard to follow all this since you shift from a prejudice for existing rights to a desire to institute a new system of a particular genre. Part is against change and part is for change and the part that is for change is against all but contractual change thereafter. The second point has to do with your constitutionalism: whose constitution is it to be, since that will be of profound consequence in terms of results? Which rights will be protected and what provision for rights change in ways not loaded in favor of those in superior or advantageous positions in the status quo will be provided? I find, further, that in the real world of today you are more statist, Platonic, and authoritarian in your system than I am in mine: you want to establish a system whereas my analysis does not.

As for my own posture in re the status quo, I prepared a paper last summer on public utility regulation and power to which some responses had me convicting the utilities of social sins and others had me taking them off the hook. I urge that my analysis is strictly objective (given the subjectivity alluded to above) and that others' reactions involved *their* injection of an additional normative premise by which they read me as supporting or criticizing utilities, when all that I intended was to describe and nonnormatively interpret. My analysis, while it does open the door to critique of the status quo, does not presume its propriety nor does it abort any assumption of the propriety of any other system, including yours, insofar as it is normative. The reader of our exchange in JLE who saw me as defending the status quo either read certain normative elements into my analysis or juxtaposed my analysis to your proposed social order, a juxtaposition that was improper because my analysis is positive and not normative in regard to the status quo (and would be positive and not normative in interpreting your system if it existed) whereas yours is normative.

As for the problem of faith: you are, indeed, a pessimist by nature. I am not a pessimist by nature, though I am somewhat increasingly becoming a cynic. I always try to be an objective analyst—trying, whether optimistic or pessimistic about anything in particular. I do not see anarchy or tyranny, but much muddling through—though I must confess . . . that I dislike the state and the concentration of power via the war power. But I would guess that you elevate national security very highly and, while not in favor of the nation-state system, are prepared to live with it, with the war power of great moment necessarily. Also I would guess that while you may have

second thoughts about the current administration and its corruption and arrogance (Watergate, ITT, etc.) you favor it versus a so-called liberal administration.

I would add that whatever the merits of your proposed system, and it has its attractions, its functional role in this world is to protect the status quo.

I am not sure, moreover, as to your meaning of "eastern establishment" and why you feel the way you do about it.

Also I would urge that society is comprised of more than property rights, that there are functional equivalents to property rights which your analysis neglects, e.g., regulation, because (at least in part) you prefer a once-and-for-all-time determination and assignment of rights by law.

Yours sincerely,

Warren

August 8, 1973

Dear Warren:

Now to your comments in the letter dated 5 April. The real issue concerns the place of the status quo in our respective scheme of things. I realize that my own position necessarily makes it seem that I am defending the status quo, and in a sense, I am doing so, not because I like it, I do not (and in this respect I am surely more radical than you are I think). But my defense of the status quo stems from my unwillingness, indeed inability, to discuss changes other than those that are contractual in nature. I can, of course, lay down my own notions and think about how God might listen to me and impose these changes on me, you, and on everyone else. This seems to me what most social scientists do all the time. But, to me, this is simply wasted effort. And explains much of the frustration. It seems to me that our task is really quite different, that of trying to find, locate, invent, schemes that change command unanimous or quasi-unanimous consent and propose them. Since persons disagree on so much, these schemes may be a very limited set, and this may suggest to you that few changes are possible. Hence, the status quo defended indirectly. The status quo has no propriety at all save for its existence, and it is all that exists. The point I always emphasize is that we start from here not from somewhere else. And as an economist, all I can do is to try to talk about and explain ways of changing that are conceptually contractual, nothing more.

This does allow me to take a limited step toward normative judgments or hypothesis, namely to suggest that the changes seem to be potentially agreeable to everyone, Pareto efficient changes, which must, of course, include compensations. The criterion in my scheme is agreement, and I cannot stress this too much. My approach is strictly Wicksellian here.

Having said all this, I realize that we are a long long way from ever defining properly just what is the status quo, and here I think my book

goes a long way toward resolving some of your worries about my position. Given universal adult franchise, we had best start thinking in terms of just what this set of rights does via political process about the nominal claims to physical property that we talk about. "Ownership" is very fuzzy here, and needs clearing up, at least before we can so much as begin to suggest constitutional-legal changes.

Perhaps my own position is best summarized by a statement I made in the manuscript: viable society is impossible unless most people conceive political order in the consent paradigm. I am working always from this base.

Your position, as I now interpret it, is very close to Pareto, and I have much respect for it, and it holds continuing attraction for me, far more so than it does for the overwhelming majority of our colleagues in the profession. But aside from the necessary subjectivity in observation, which we both acknowledge, the positivist position is, at base, too cynical for me. As both Washington Irving and Joseph Conrad said, along with many others, it is nice to treat the world as if we were sitting in an observer's rocking chair and looking at its absurdities. But this is not enough. I think that I have, personally, some responsibility to do more than this.

As for your inferences about my current political attitudes, these are only partially correct. I do view the greatest danger to be Leviathan, the State, and I was strongly in Nixon's camp when he tried to make this the second-term theme, pre-Watergate disclosures. For these reasons, I tend to support whatever party or candidate that will promise to cut the size of government, central government in particular, down. I am not, as you infer, greatly interested in or concerned about national security issues. Perhaps I should be, but this is a point of continuing argument between Gordon Tullock and me.

My comments about the eastern establishment and my feelings toward it are based on a personal experience that has colored my attitudes. As a southerner, I was long ago explicitly and overtly subjected to discriminatory treatment of a particularly blatant sort. Hence, my broad sympathies with those who talk about the establishment. More soberly and rationally, I use the term pejoratively to refer to the dominant and pervasive attitude of the eastern-based media-intelligentsia axis. Exemplified now by the *Washington Post* treatment of Watergate.

Sincerely yours,

Jim

September 1, 1973

Dear Jim:

We apparently do not disagree as to the place of the status quo in your approach. Whether you defend the status quo for one reason or another it still has the position of being taken for granted. Moreover, you do more than say that it has to be reckoned with because it does exist; you go further and apply the unanimity or consent rule to any change from the status quo,

thus giving it a preferred position normatively; it may not have any propriety at all save for its existence, as you put it, but the propriety which you give it because of its existence is all that is necessary. Change or continuity of the status quo is a normative matter and your approach builds in the continuity of the status quo.

You are quite right in stipulating (p. 2) that we are a long way from ever defining properly just what is the status quo. The status quo is selectively perceived and changed; it is differentially treated, depending upon the identification thereof. This is a point I made in my paper on welfare economics and power. The principle of selective perception, with regard to the status quo, freedom, coercion, government and so on, is very critical to the areas in which we are working.

You want only contractual changes from the status quo, i.e., consensual, unanimous (or quasi-unanimous) changes. But I find ubiquitous externalities produced by contractual changes. The Buchanan-Stubblebine Pareto-relevant and Pareto-irrelevant analysis obscures the importance of this (as I developed in the same paper). The problem with the consensus-unanimity-consent rule is that it neglects non-Pareto optimal changes through the market. It has a narrow identification of injury and of evidence of injury. The Pareto rule is thus itself applied only selectively and not to all changes or to all visitation of losses. The thrust of part of your analysis would also apply the consent rule unequally or selectively: only to government and not to market changes. The generalized externality problem is much greater, deeper, and more ineluctable, I fear, than you recognize.

Propos the normative quality of your analysis, I reiterate my plea for a positive analysis of government and of public choice generally. The political economist, institutionalist or otherwise, must study more than choice from within opportunity sets (which is what the contractual model involves) and study the formation of the structure of opportunity sets, as they are in the real world. As you correctly perceive I am not trying to play God, only trying to study the legal-economic world as it is. It may shock you for me to say this but your endeavor to find or invent schemes that change through unanimous or quasi-unanimous consent is itself one form of playing God, Jim: for you are trying to reduce the set of change processes that are open to society, to subgroups within society, and to individuals. That the consent principle is attractive to me (whatever faults I find with it) does not obliterate that fact. Needless to say, I would not deny that the consequences of positive or descriptive, objective study of what is may have similar effects and that some of them may be untoward.

As for the status quo, it is not contractual and there is no justification for giving it such preeminent status simply because it is in existence and requiring contractual and only contractual (consensual, etc.) change from now on. Let me make a series of terse points about this:

1. Your approach to continuity versus change would very narrowly channel, indeed, very narrowly interpret, what Joe Spengler has called the problem of order. As a practical matter—not as a normative matter—I think that Pareto knew better, that while he was clearly sympathetic to the Pareto-rule he must be chuckling at the extent to which many people seem to think it empirically relevant. In a forthcoming book on Pareto one of the things I show is the extremely narrow empirical status of the Pareto rule according

to Pareto himself. I also show his great realism as to how the world really is, as well as his own use of the rule in a conservative manner. Normative predilections do have to come up against the real world—though you may feel that I am here decidedly much less radical than you, perhaps even reactionary.

2. Your approach to public choice (which defends the status quo indirectly, as you put it) neglects the hard decision-making society faces with regard to difficult issues of the power structure (the balance of freedom or autonomy and control, as Spengler puts it); or, rather, predisposes both normative and positive analysis along the lines of one strained (I think) solution or resolution thereof. It allows the privileged in the status quo to hold out and perpetuate themselves by being able to withhold their consent. As attractive as the consent (unanimity) rule is, it places too much power in the hands of the already privileged, indeed cementing their mortgage upon the future; and it fails to comport with the experience and realities of public choice, and is evasive of the real problems of public choice—which Tullock and others did get to in the *Explorations* book. In other words, in part, it reenforces the power of the powerful in the status quo to produce non-Pareto optimal changes not subject to controls exogenous to themselves, and it does this by giving them a veto (as Arrow and Baumol have commented).

3. Your approach, then, or so it seems to me, completely avoids the distributional issues: distribution of income, wealth, power, and so on. It epitomizes the rationale of a contractual age to the neglect of status or distributional realities in the status quo and thereby to the neglect of private power play factors; to the neglect, that is, of the fact that power operates *through* the contractual market even *cet. par.* government.

4. As for government, your once and for all time legal property rights identification and assignment process (quite a mouthful but very important) denies opportunity for future generations to review the social structure—even incrementally—and to revise institutions, including the Constitution. It perpetuates the past, which is to say, it perpetuates the decisions of those with power in the past (the status quo); it ignores non-Pareto optimal changes and their impact; it subjects the future to the system of the past. Continuity versus change is a problem and cannot readily be resolved through a unanimity rule; resolution through the market is only one narrow and incomplete solution.

5. I also must say that your disregard of the distributional issue takes for granted the existing pattern of interests which government has been used to support, whereas the rights identification and assignment process is a continuing one. There is something of fantasy here: a fantasy of a once and for all time rights identification and assignment process, a fantasy which parallels the fantasy (of the Coasian analysis) of ubiquitous markets for everything.

6. I would repeat the point which Al Schmid and I have repeatedly made: before Pareto efficient changes can be made, an antecedent determination of whose interests must be made. Your analysis seems to accept the status quo when it was not contractually produced or adopted, a major restriction upon your own principle.

7. I would add the point that you cannot derive an ought from an is: the fact that the status quo does exist does not mean that it ought to be defended by any rule like that of unanimity, does not mean that it should

be given, even indirectly, preeminent status. History involves a subtle value clarification process in which values are exploratory and emergent, and the changing status quo must be subjected to valuational analysis—and your unanimity rule is not the only component thereof.

Continuing, with regard to your statement on p. 2 that “viable society is impossible unless most people conceive political order in the consent paradigm,” I suggest that you must have a special meaning of “viable” that becomes tautological with the consent paradigm: e.g., given viability requiring consent, it follows that only consent produces viability.

Returning to my emphasis on the positive (your p. 2, paragraph 4): I emphasize knowledge (positive analysis) is a basis for action, thereby making choice and the art of the possible more informed, trying to minimize or at least identify any values that creep in. This is hardly a cynical position (though I do have considerable cynicism in regard to power play in reality). If we do not follow a positive approach with students then we tend to make of ourselves high priests in respect to our own values and, moreover, we obscure the scope and meaning of the actual “public choice” processes that exist in society. Before we try to change those processes (there I go again, becoming a reactionary!) we had better learn how they work—which is the message long insisted upon by conservatives. My objection, then, to your scheme is that it is unrealistic in those respects—I think that I called it utopian in the best tradition in my response to your paper reacting to my JL&E paper.

I come next to your desire to cut the size of government, to reduce the power of government. I make the following points:

1. the power of alpha is relative to that of beta; if one’s power is reduced, the power of the other is increased. Whose power is enhanced if government power—central government power—is reduced? That is an empirical question, in part at least.

2. De Gaulle wanted to “reform” the French senate ostensibly to diffuse power back to the localities; the French saw through that, I think: they saw that this meant that only he would have real power at the center and that the ostensible diffusion of power really meant further concentration of power.

3. Nixon’s new federalism similarly may be seen—you will find this offensive, I am sure—as an attempt to reduce the use of government (the central or federal government) by certain groups by diffusing the power of government—but this would only mean that certain other groups in control at the state level and lower would have power. This is not diffusion of government as much as it is a restructuring of the control of government. It may also mean that government would be controlled by more concentrated power than—paradoxically—when it was centered in Washington, i.e., government in the aggregate becoming less responsive to the larger numbers or wider range of interests than formerly.

4. So that I suggest that the mere invocation of one change in the power structure without study of the total power structure may not and probably would not permit perception of just what power-diffusion or power-concentration consequences will follow.

5. I guess that we may differ in your eyes this way: that you oppose concentrated government power and my analysis looks to all concentrated

power and the two are different, government power being more malicious. That may be true to a point; but I would have you recall my argument that it is not a question of government or no government but which government or which interests government is to support. If Howard Hughes were the nation's or the system's sole capitalist we would be just as socialized as if we had a traditional socialist regime.

Finally, apropos Watergate: Jim, de Tocqueville inquired as to where the principle of authority in our system resided and he found it in public opinion and, upon seeking further, located it in the press; that is to say, he saw a tension between the politicians and the press when there was no alliance between them, both competing at times to influence public opinion. In my view, the *Washington Post* was doing precisely what it would have been doing following de Tocqueville: serving as a check on government. The pity is that more papers were not so inquisitive and that the *Post* stumbled on it all by accident almost. The press is a major check on the emergence of tyrannical power in our world—it is this despite its seeming and perhaps actual arrogance. (Social control institutions are, after all, power players themselves; the answer is in pluralism, but that is another story.)

Your attitude, Jim, toward the *Post* seems to me to presume too much in favor of governmental authority. You seem to identify with authority here, perhaps because you would prefer to think of Nixon as safe, perhaps not. I think that there is in your mental structure a subtle admixture of emphasis upon freedom and emphasis upon tradition and authority (see the first three papers in Meyer, ed., *What is Conservatism?*). Nixon-Agnew is a disaster for the moral fibre of this country. Knight said that there is precious little freedom even in a free society; I hope that we have what little there is now in 1984. Orwell was no fool; I think he sensed that tyranny would come from the right in the West.

I think that I share your dislike of the nation-state system; at any rate, I thoroughly dislike the nation-state system. Yet I have great concerns and fears about national security in the existing nation-state system. We are surely entrapped in a Greek tragedy. But I also fear the abuse of national security by political groups on the make and by self-serving politicians, as well as by those enamoured of nationalism and the like. We are caught in a web of dysfunctional psychology, misconceived and misapplied definitions of reality, and the machinations of those who play the game of power in the nation-state. With your views about the *Post* and Watergate I can only infer that you would excuse the Administration because it is "safe" insofar as socio-economic policy is concerned. If that is too strong, please excuse me for jumping to conclusions.

As for the discrimination you have suffered as a southerner: I lived in the South for something like seventeen years in Miami, one year in Missouri, and one year in Georgia. I can understand, perhaps, your feelings and sympathize with them, though I do not know of my having been discriminated against, at least on that account. I hesitate to say this, Jim, but the reputation of the South (which is admittedly not that much worse than the North) is deserved in the matter of slavery and segregation. I know that both are "solutions" to the problem of heterogeneous populations, but I think that the valuational process of society can and has come up with better solutions. Still, two wrongs do not make a right. Incidentally, this is a good example

of how social-structure and power-structure factors can inhibit and impinge upon and operate through the contractualist marketplace.

In sum, then I would say the following. You are primarily normative and I am primarily positive in our respective endeavors; you are trying to indicate how things would go if they were organized in the manner you prefer (e.g., your interpretation of *Miller v. Schoene*) and I am trying to objectively describe (as objectively as I can at any rate) how things are going in the way they are presently organized. Curiously, you take the status quo for granted in your normative system and I take it only as the object of my positive study. Furthermore, with regard to your normative approach, while I am sympathetic I find problems with it, first, in juxtaposition to other normative considerations and, second, with regard to its feasibility in the world as I see it positively. Is this how you see our respective positions and relationship?

Yours sincerely,

Warren

16 November 1973

Dear Warren:

There is a basic philosophical difference between us; this we both acknowledge. There also remains some communication failure, but it seems unlikely that this can be cleared up in correspondence. The central point hinges around the discussion of the status quo, and about the humility required of the social scientist. Let me demonstrate by reference to one phrase in your letter of 1 September (bottom of page 2, middle of paragraph). You say that my position "places too much power in the hands of the already privileged." I accept this, and agree with it, as a value judgment. But who are you and I to impose our private values as criteria for social change. Each man's values are to count as any other's, at least in my conception, and what I am looking for are the implications of this genuinely "democratic" position for what we can, as social scientists, say about social change. This is the whole basis for the status quo and its uniqueness, and for the Wicksell-Pareto criterion for change. I can readily extend my conception to cover your worries about ubiquitousness of externality in market dealings. In an extremely abstract model, one in which the status quo is very well defined, and agreed on, all changes, in any form, must require unanimous consent, at least in the limit of rules.

Many of the points of disagreement will possibly be clarified, at least to the extent of knowing precisely where we disagree, when you get the opportunity to read my book, a manuscript of which I shall send you as soon as I get a copy available to send you.

Sincerely,

Jim

December 13, 1973

Dear Jim:

You are correct that we maintain our original differences but I think that now we are more informed about them. Perhaps there is communication failure also, I am not sure and tend to doubt it. Our differences are, first, over the valuational force of the status quo and, second, the role of positive and descriptive analysis.

I concur that the status quo is unique: it exists. But it is not humility to accept it: it is a valuational choice, a choice which constitutes the imposition of one's private values for (against) social change. Your private values (or mine, for that matter) with regard to the status of the status quo are no better than any change oriented one, notwithstanding that the status quo exists and has to be reckoned with.

The rationale that each man's values are to count as any other's is inaccurate and obscurantist in the context of any system of privilege. It presumes an equality that does not exist. There is coercion even in a market relying upon contracts; the problem is not coercion or no coercion but coercion within which institutional or power structure. The Wicksell-Pareto rule, as you call it, governs, but does not eliminate, the structure of coercion and sacrifice. Neither you nor Rothbard seem to want to recognize that structures of private privilege—particularly when ensconced in the Pareto criterion—can be just as damnable as government at its worst, especially when viewed from the perspective of those excluded from privilege. Moreover, the unanimous-consent-within-the-rules begs the substance of the rules as, say, imposed and/or administered by and in favor of the privileged.

Your position is clearly normative except in the context of a science (positivism) which studies the status quo only to cast luster on it, which gives effect to antecedent normative premises concerning the propriety of the status quo, in which case the normative character is present albeit not so clearly seen.

I find it hard to believe that you would have the Wicksell-Pareto criterion apply to any and all extant systems, to any status quo.

I also find that disciples of your position do not merely accept the status quo (and then proceed to exchange as the route to change) but only selective aspects of the status quo, e.g., accepting concentrations of power deemed hospitable to or consonant with capitalism but excluding others.

In short, I think you carry your acceptance of the status quo too far.

As for positive science, I still insist upon the possibilities of knowledge about legal-economic interrelations that can be gained from positive, objective descriptive analysis of the status quo, as in my original JL&E paper. I have further developed my ideas in the paper sent you earlier, comprising some notes on government as an economic variable.

Apropos the problems I find with your seemingly uncritical acceptance of the status quo, I find that positive study indicates that the world is an arena for struggling over continuity versus change and that the future, like the past, is made in the process. The reality is one of vast difficulties in adjusting the status quo to desired changes and that is an existential burden upon man, one not easily avoided by adopting the Pareto criterion.

Which brings me to Pareto himself: Pareto, in the *Treatise*, knew better, namely, that there is only a thin slice of social reality amenable to the Pareto criterion (as we have come to call it), and that most of the world is a matter of power play, the manipulation of derivations as vehicles for the manipulation of sentiments. My relation to you, in terms of principles, is much the same as the relation of Pareto's descriptive work to the Pareto criterion. Moreover, Pareto did not advocate the Pareto-rule as *the* criterion (as you do); he coupled it with the possibility of change in accordance with other decision rules based on values and/or sentiments; this notwithstanding that he strongly tended to conservatively apply the Pareto criterion himself.

In short, I think that we had best objectively analyze government as an economic variable, in part as an economic alternative.

Yours sincerely,

Warren

January 1, 1974

Dear Warren:

Thanks for your letter dated 13 December. Let me respond once again to your remarks on my interpretation of the status quo. Apologies if I seem to be repeating what I have said before, but maybe we are coming closer to an understanding of each other's position.

The key remark that you make, to me, is "in the context of any system of privilege." This implies that you, somehow, have already introduced some standard, some external criterion, to determine whether or not privilege exists. My approach requires, and allows, no such external criterion to be introduced. I say that I observe persons, as they exist, and as they are defined by the rights they possess. I do not place evaluation on relative positions, since, conceptually, I cannot know what relative positions should be in some normative sense. Note that I do not, repeat not, imply that persons are *entitled* to what they possess. (I use this word here because just yesterday I read Nozick's long piece on "Distributive Justice" in the new issue of *Philosophy and Public Affairs*; presumably a chapter from his forthcoming book *Anarchy, Utopia and the State*. Nozick does, in contrast to me, present an entitlement theory of justice.)

Persons possess rights, vis-à-vis each other in an observed social order of sorts. What is my role, as a specialist in *contract* here? Is it not to try to point out ranges of mutual gains from exchange, from trade, in whatever form? This is what I mean by humility, an unwillingness to go beyond the contractual limits imposed by the disciplinary specialization of economics.

By comparison, if I were a specialist in power relations among persons, I should look at the same set of interactions and try to suggest ways in which some persons may gain more power over others or may present others gaining power over them.

I do not see that these two roles need intersect in the same diagnosis or that the prescriptions be the same at all. Nor do I see that either approach

necessarily involves evaluation in the sense that you suggest.

Consider the following mental experiment. You are allowed to observe, but not to be a participant in life on another planet. You observe two beings, which seem to be of different species, interacting one with another. You have no external criterion to tell you whether or not the observed interaction is imbedded in a system of privilege since you have no way of knowing much about alternative systems. As an economist, you observe what seem to be potential improvements, defined in the Pareto sense as providing more of everything to both parties. Your contribution lies in pointing this out, in explaining these possibilities.

I agree that, in a separate and distinct role, you may also make positive contributions, in the purely descriptive sense, in working out uniformities in the relationships that you observe, in delineating the structure of power. And, in offering some understanding of this set of relationships, you can be of assistance in the former and different role. Also your work may be of major help to the party whose power may be enhanced by greater understanding. (The Prince who followed Machiavelli's precepts surely fared better than the one who did not. But this did not imply that Machiavelli, himself, placed any normative evaluation on the role of one prince or the other.)

My distance from Pareto, or from you, is not nearly so far as you imply. Descriptively, most of what I see is explained precisely as you suggest Pareto explained most of what he saw. But this wholly detached role is simply not a responsible one until and unless one does something else. I go beyond this purely descriptive role in trying to find contractual improvements; that is all. You too, go beyond this role in talking about systems of privilege, etc. Pareto, in his old age anyway, more or less opted out, in my sense became irresponsible. Is this the ideal role you seek to play? I can respect this, but, if so, you need to rid yourself of evaluations, to quit talking about systems of privilege and the like, and to sit back, literally, in the scholar's rocking chair and do nothing but observe the world that you see.

Sincerely,

Jim

January 7, 1974

Dear Jim:

Perhaps we are coming closer to mutual understanding notwithstanding repetition.

Certainly I disagree with your view that specification of the power structure—say, system of privilege—requires a standard, some external criterion. I admit that it is a difficult task but positive (descriptive) and normative definitions or specifications of status quo power structures can be differentiated; one does not pass judgment, necessarily, upon a power structure by identifying it. As I perceive your position on this, it easily becomes useful

as a stratagem to mask the existing system of privilege, to obscure it, or to permit selective alternation of it. Needless to say, the high priest function is repugnant to me, although I do acknowledge its function in legitimizing this or that system or subsystem.

I certainly do not totally object to seeking contractual solutions; but I do think that they cannot be projected in a vacuum which allows the status quo power structure to go unspecified and unexamined. As for economics as a discipline, I do not feel that the disciplinary specialization of the field mandates contractual limits. Economics does serve the high priest function (some economists perform very well at it) but I prefer to see economics as the objective study of the factors and forces governing resource allocation, income distribution, level-of-income determination, and the organization and control of the economic system. I do not feel that disciplinary specialization requires that I preach or preach only certain things—or study only certain things. As someone interested in power relations, furthermore, I am interested in description and not the advisory role.

With regard to your extra-terrestrial example, your argument rests upon ignorance by the observer, which further study can tend to correct; this same ignorance must tend to distort the substance and decrease the usefulness of any perceived potential improvements. Nothing wrong with making such suggestions, of course; but that is different from descriptive analysis. I question how wholly detached is the role you assume. I have in mind here not only that it takes the status quo power structure as given and operates to give it normative stature or propriety, but that as the position is usually employed it resonates with and serves to reenforce traditionalist or conservative arguments. Witness your dismay at liberalism, so-called, which I interpret as objection to certain uses of the state and not others. Your reliance upon the Pareto rule resonates very well with other anti-liberal or conservative arguments.

Upon reflection I find it interesting that you find my analysis of power to necessarily contain evaluations and I find your use of the Pareto or contractarian formula to necessarily contain evaluations. Your position is based upon the value-status of the contractarian principle—which I find admirable but capable of severe abuse—and my position is based upon the value-status of positive, neutral description—which you find, I think, acceptable but capable of severe abuse.

Perhaps we are each following a different strand of Knight's reasoning. You are concerned with order in the sense of stability, continuity, and reliance upon the market, as well as "minimizing" the economic role of government; and I am concerned with description on as fundamental a level as I can get to and master. Thus Knight could argue that there is precious little freedom even in a so-called free society and that religion is not only the opiate of the masses but the sedative of the classes.

(Apropos the last clause of the preceding sentence, I think that you would agree with me that Knight was not introducing external criteria when he recognized the existence of classes [however much they are difficult to precisely identify], that his was a most penetrating analysis of what I would call power.)

When you get a chance to read and reflect upon my paper on some notes concerning government as an economic variable I would appreciate your

reactions, particularly as to how I handle the role of government as both a dependent and independent variable, but also the descriptive quality of the analysis given its level of generality.

Rereading your paper once again induces the following, though it is somewhat repetitive of an earlier letter of mine. On page one, paragraph three, you reiterate the humility argument; but on page two, paragraph three, you chastize me for taking a detached view which is not a responsible role (I extend your criticism of Pareto in his old age to me). The argument is—I think—contorted by introducing your perception of my need to rid myself of evaluations (see above); but you would have me not opt out. Two points here: first, I hardly think that an attempt at positive description is really opting out (though I do confess that it makes taking extreme positions for partisan purposes more difficult), rather it seems to me to perform one of the social roles of science; and second, it is not humility to be responsible according to your usage but activism—and an activism that, insofar as the Pareto rule is followed, gives effect to the interests of those with already dominant positions of power. Thus we have come back to where your letter starts, namely, with my interpretation of your posture with regard to the status quo!

Yours sincerely,

Warren

23 January 1974

Dear Warren:

Incidentally, our own extensive correspondence has been helpful, for I found very little to criticize in your last long letter to me, dated 7 January 1974. This seemed to me to be a good statement of our differences. With respect to the last paragraph of your letter, concerning my associating you with the aging Pareto's position, and with my own worries about this position, you will be perhaps amused to learn that the major criticism I got from Chicago Press referees was on my refusal to take an activist-partisan role and propose explicit reforms. If I had tried to stay all the way over to the position that you take, I should have brought down the house. Let us face it. People demand saviors, and they want all of us to show them the way. One of the readers for my book even said "he has showed us the way to the golden doors but he refuses to show us how to open them." So it goes.

Sincerely,

Jim