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NOTES

THE DILEMMA OF A LIBERAL ECONOMIST

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THE humanist is often found to anticipate by many years the social scientist, perceiving by a finer sense of understanding or "intuition" that which the latter grasps as a result of careful analysis. Certainly, when Robinson Jeffers wrote, in the 1920's,

"While this America settles in the mould of its vulgarity,
heavily thickening to empire,
And protest, only a bubble in the molten mass,
pops and sighs out, and the mass hardens."

he was anticipating the indictment which would be thrown heavily against our culture in the 1950's by a good number of people, among them at least a few sincere and careful scholars. Whether these critics must be considered to belong to a never quite thoroughly respectable underworld of socio-economic thinkers—as did, say, Douglas and Marx in their time—or whether they will eventually become the main stream of change, it is still too early to predict. Yet the general climate of disillusionment and doubt among intellectuals and "practical men" alike seems apparent enough that one cannot simply write off what has been and is being said by such as J. K. Galbraith, C. Wright Mills, Henry Steele Commager, William H. Whyte, and Aldous Huxley.

The picture which, in one form or another, they paint of "our America" is not one particularly to inspire confidence, or to which citizens of "man's last best hope on earth" might well aspire. And, to say the very least, some of the outward signs of our culture—our mass media, the pronouncements of our national leaders both political and industrial, the trend in our leisure habits, our celebrities—do not appear to contradict the impression these critics have gathered of our age.

The economist finds himself particularly sensitive to this criticism, for most of it boils down to a criticism of the basic framework and workings of the economic system. Phrase it as we may—and we have phrased it many ways over the past few generations—the real test of our economy has been and is now its ability to produce wealth. We have, of course, also worried about the distribution of this wealth once produced. But, in general, and impounding all else in *ceteris paribus*, that which has resulted in the production of more wealth has been judged "good"; that which results in less judged "bad." A kind of "social" profit motive has underlain the philosophy of the "individual" profit motive and justified

it. Now come the critics, who in the furthest depths of their criticism throw doubt upon the appropriateness of this social profit motive, or at least point out by-products accompanying it which may be lethal to human freedom, perhaps to humankind. If they can succeed in destroying the economist's faith in the production of wealth, with what salt shall his food of life be salted?

* * *

It is perhaps unfair and improper to include Galbraith in the same category as the other critics, for nowhere does he really despair of the system. In fact, in his *American Capitalism*¹ he breathes the hope of a newly-born vintage of competition through countervailing power which may perform, in its own peculiar way, many of the functions of the "atomistic competition" so long gone save in agriculture. His main theme in *The Affluent Society*² is not that the production of wealth has led us to a sorry end, but that we have produced more of one type of wealth than we need at the expense of another type which would serve us better. Yet in the development of this theme, Galbraith exposes some of the generic frailties of our culture upon which the others also focus attention. Thus while perhaps more optimistic of a final cure, he nevertheless makes at least a partial diagnosis of the disease which the others, too, view with alarm. Galbraith is by no means alone in his views. Adlai Stevenson³ and Adolph Berle,⁴ to mention but two, have in recent writings taken very much the same stand with respect to the basic orientation of our production. Both seem to agree with Galbraith that more attention needs to be given to the production of hospitals, schools, recreation facilities and the like, and less to the further multiplication of consumer goods—particularly those which appease our desires for conspicuous consumption.

Whyte,⁵ of course, concentrates upon what becoming an "organization man" does to people and to the communities in which they live. The modern corporation, he says, has brought with it a "social ethic" which, while perhaps virtuous in motive, nonetheless reduces the individual to a place of secondary consideration vis-a-vis the group, the corporation, or "society." While all this is done in the name of efficiency, and "the greatest good for the greatest number," the ultimate result may not be a happy one.

¹ Galbraith, John K., *American Capitalism, the Concept of Countervailing Power*, Houghton Mifflin, Boston, 1952.

² Galbraith, John K., *The Affluent Society*, Houghton Mifflin, Boston, 1958.

³ Stevenson, Adlai E., "Extend Our Vision to All Mankind," *Life*, May 30, 1960.

⁴ Berle, Adolph A., Jr., "The Irrepressible Issues of the 60's," *Current Issues on Higher Education*, Association for Higher Education, National Education Association, Washington, D.C., 1960.

⁵ Whyte, William H., *The Organization Man*, Simon and Schuster, New York, 1956.

Certainly, Whyte's organization man does not appear one who could or would take leadership in promoting economic growth, for growth involves imagination and vision. Both of these, save in minuscule quantities, appear *verboten* in the caricature he draws. And the "organization man," as described both in embryo and full development, seems less than an aggressive champion of freedom, economic or otherwise.

The indictment of our culture by C. Wright Mills in his book *The Power Elite*⁶ is a severe one. Much of it revolves around what he considers our standard of values: that the real measure of success in America is the accumulation of wealth, no matter by what means one accumulates it. Thus the wealth accumulators, along with the warlords produced by years of hot and cold wars, form a small group of elite who are the real decision makers of society. According to Professor Mills, this "power elite" is an unfortunate one because it consists largely of men whose only qualification is that they have inherited or acquired money. They lack, says Mills, the principles and the basic moral character which leaders should have.

Commager appears to agree with Mills' critique at least with respect to where the power rests. Writing recently in the *New York Times* on the subject of why we lack statesmen in our present age, he says:

If we ask what our young people are expected to admire and emulate, the answer is easy enough. The great rewards in our society go to the leaders of business, industry and finance. It is the business men, the bankers, the corporation executives, who run our communities. They are the men who sit on the boards of the universities, the hospitals, the orchestras, and the museums; they are the men who garner the richest harvest of honorary degrees from universities whose business is presumably scholarship.⁷

Aldous Huxley summarizes the basic points of Whyte, Mills and Commager in *Brave New World Revisited*,⁸ when he speaks of over-population and over-organization as being the two forces most threatening to our freedom. Economists since Malthus have been familiar with the first, although there has been a resurgence of concern in recent times. As does Whyte, so Huxley views over-organization as an outgrowth of "economic efficiency." It is so much more "efficient" to deal with a "uniform product," even if that product be people. Thus "social engineering" which can act to make this human product more nearly uniform plays a greater role in our society. But what is the impact upon freedom? Says Huxley,

⁶ Mills, Charles Wright, *The Power Elite*, Oxford University Press, New York, 1956.

⁷ Commager, Henry S., "Urgent Query: Why Do We Lack Statesmen?" *New York Times Magazine*, January 17, 1960.

⁸ Huxley, Aldous L., *Brave New World Revisited*, Harper and Brothers, New York, 1958.

“. . . man is a moderately gregarious, not a completely social animal. . . . A great gulf separates the social insect from the not too gregarious big-brained mammal. . . . Men cannot create a social organism, they can create only an organization. In the process of trying to create an organism they will merely create a totalitarian despotism.”

Of even more concern is the possibility that our very ability to produce an affluent society will weaken our power to prevail against this despotism, for “if bread is supplied regularly and copiously three times a day, many . . . will be perfectly content to live by bread alone—or at least by bread and circuses alone.” And certainly in the United States we have developed the productivity to provide this bread, along with meat, fruits, vegetables, and milk, canned, fresh, frozen, precooked, prepackaged, or dehydrated, to say nothing of circuses of every type and variety wherever and whenever the circus customer wants them delivered. And even if these fail in the long run to satisfy—if, as Huxley says, the cry of “Give me television and hamburgers but don’t bother me with the responsibilities of liberty,” changes to “Give me liberty or give me death,”—the interim during which television and hamburgers were adequate could well be long enough to work the wonders of dictatorship by the manipulation of minds and reflexes, which methods too have been produced by our marvelous science and technology.

Of these last, Huxley has much to say. The upshot is his contention that potential oppressors now have such subtle and wonderful methods of permanently converting other human minds to their purposes, that there is no reason why the really scientific dictatorship of the future should ever be overthrown.

* * *

Despite a difference in emphasis or perspective, a common thread can be seen running through the tapestry woven by a good many careful thinkers (many more than have been cited here), as they strive to depict the contemporary United States. It is a thread of contradiction—quite non-Marxian in nature—between the dream of the ultimate glory of an affluent society, and what really may be happening as we approach that state of affluence.

One of the wonders of our society has been its consumer orientation. And so oriented it has been, despite some charges to the contrary. This, indeed, has been one of the prime factors which has attracted liberal economists. Consumer orientation, coupled with the emphasis upon productivity and efficiency—continued growth—have resulted in a standard of living for most people far beyond anything dreamed in other lands and times. And we seem to be standing on the threshold of even greater plenty. This, too, has been attractive to the liberal economist.

But what is a "liberal" economist? First of all, of course, he is a "liberal" in the classical sense, whatever that may mean. The term has been much used and abused, but in the last analysis it resolves itself into an attitude concerning the freedom of the individual. But for the economist, "liberalism" can be more specifically identified. The liberal economist is one who, I submit, wants increased welfare for society; who thinks of this welfare as being at least partially expressible in terms of goods and services (tangible and otherwise), valued in a market; and who, with Pigou,⁹ considers welfare as being increased whenever (*ceteris paribus*) (1) total national product is increased, or (2) there is a shift in distribution of the product in favor of the poor.

The contradiction with which the liberal is now faced is that the very ends he has sought may, in the course of being accomplished, bring lethal by-products. To maintain continued growth we must maintain consumption even to the point of driving people mad with the urge to find new and better wants. But even more critical, our phenomenal ability to produce "television and hamburgers" in such abundance for practically everyone—even now for many of the once poor; in two or three decades perhaps for all—may be giving the great opportunity to the potential oppressors and dictators who are with us always. Perhaps Keynes was correct in saying "it is ideas, not vested interests, which are powerful for good or evil." But in so saying he was assuming ideas to exist. In a world of infinite quantities of "bread and circuses," ideas may no longer be of interest until it is too late. The very affluence of the society along with its consumer orientation which has aimed at making a king of the "common man," may instead have turned him into a slave simply because gorged with "television and hamburgers" he no longer gives a damn!

If all of this is really true, it places the liberal economist in the most uncomfortable position of having to ponder the wisdom of a group he has always shunned and scorned: the fundamentalists. They long have argued that material progress is a false god which will lead one down the primrose path of dalliance and eventually straight to hell. Calling for a return to the good and simple things of life—the subsistence homestead, longer hours of harder work, less consumption, etc.—these fundamentalists have tended to irritate the liberal who has seen the "possibility of civilization" in increased productivity freeing man from the backbreaking, inhuman labor which has been the lot of the majority of humans through the ages. Certainly the opportunity of at least some leisure for contemplation and thought, for culture and education, did not appear as a false god. Certainly the quest to release human beings from the slavery of brutalizing labor could well be a gallant one. It has been the conserva-

⁹ Pigou, A. C., *The Economics of Welfare*, Fourth Edition, Macmillan and Company, London, 1950.

tives, the vested interests, who ever seemed arrayed against this attempt to allow man to attain the dignity and individuality which, in the Judeo-Christian tradition, was rightfully his. It was ever the liberal who tried to forge ahead in this direction.

Hence the dilemma of the liberal today, particularly if he is an economist. He still finds himself charmed by the logic of the discipline which has been created by his kind. He still believes, or wants to believe, in the market mechanism. The mechanism seems, as it more nearly approaches perfection, to be a wonderful way of getting the best use of resources in line with consumer desires. He still wants badly to have faith in the concept that, after all, individuals should have freedom of choice: even the freedom to be wrong. He knows well the imperfections of the mechanism, but he wants to believe that despite them the system works reasonably well, or at least better than any other of which he can dream. Perhaps by continuing to chip away at monopoly, at lack of knowledge, at immobility of resources, the machine can be made to work better. Perhaps there are "competition simulators"—countervailing power and the like—which will get the job done in wondrous though mysterious ways. Certainly if people become better educated, if freedom of thought and expression exist, if forces are allowed to balance each other, we will eventually muddle through. Perhaps, as some will say, there are always exploiters and the real problem is distribution. But even this can be solved. Workers of the world unite!

Yet if the web woven by the critics is a real one, even these last would fall to the doomful prophecies. For having lost their chains, to find instead "bread and circuses," the workers of the world would no longer care, and the chains would steal back again unnoticed and unfeared.

* * *

One may, of course, raise the question as to whether the critics cited are really correct in their analysis and conclusions. If they are not, then the dilemma evaporates and the liberal economist may return to his traditional labors. And the question is a valid one. Unfortunately, the answer is not immediately forthcoming. What "data" do exist are, in large measure, subjective in nature, at least with respect to their interpretation. After a good night's sleep, and most particularly on a bright and beautiful day, the writer finds himself less likely to accept Mr. Mills' or Mr. Huxley's outlook on our society than in some less "optimistic" environmental situation. The really important thing is not that their unhappy view reflects reality as it actually exists now, but that it portrays a picture which could be, at some future time, an accurate one. If their words have any value, it is as a warning not yet too late to heed.

There have, of course, been prophets of gloom and doom in all ages. And somehow, despite or even partly because of them, man has continued

to make material progress. Perhaps he has even moved in the direction of greater freedom. That such a long-run trend has existed is comforting, although there is no guarantee of things remaining so. And, of course, such a secular trend does not alter the fact that some cyclical, or perhaps random variations may exist which, though finite in duration, nevertheless seem infinitely long to us who in the long run shall all be dead.

Does all of this then mean that the liberal economist must, in the last analysis, take the road he has always abhorred? Like the fundamentalist, must he shun material progress for society because it can lead only to a diet of "bread and circuses" far too rich for humans in general? Is our experience beginning to indicate that, as economic growth proceeds beyond a certain point, it becomes directly contradictory to economic freedom, so that we can have more of one only by sacrificing increasing quantities of the other? If this be the case, then the liberal economist must surely change his stripes, for he has no longer a liberal dream to which to cling. His faith has always been that in the long run the possibility of more freedom could be best assured by more growth. In the light of mid-20th century cold reality, the seeds of doubt are sown. Can he be blamed for wondering if perhaps his best of all possible worlds is being slowly turned into a nightmare?

Yet, if he is a true liberal, I suppose he will gird up his loins to do battle, even against odds which appear overwhelming. For always in the depths of his mind will dwell the suspicion that his fears are really only an indication of his own shortcomings. Perhaps he is merely unequipped to deal with a fast changing world. Perhaps if he had the real intellectual and moral resources which one raised in the great Western tradition should have, he would know how to meet the future and conquer it!

And there may well be, in the liberal mystique, a way out of the apparent labyrinth of doubt. Affluence is by no means yet the lot of all the world. Even in our land the poor are with us still, though in a declining proportion. And certainly there are places where we could invest more—education, recreation, housing, health—and gain a positive social return. For this we have the means if we have the will. But for most of the rest of the world even the means do not exist. If we set ourselves to the task of increasing Pigouvian welfare throughout the world, in terms of greater total product and perhaps in a shift of distribution in favor of the poor (even though this meant from us to them), perhaps we could recapture some of the liberal fervor from days gone by.

Commager apparently was thinking of this possibility when he wrote:

The men who won our independence and laid the foundations of the American nation were devoted patriots but they were, too, men of the world. For all the devotion to the nation they were creating, they were children of the Enlightenment. Reason taught them that all men were brothers, that purely national distinctions were artificial, and that there existed a great community

of arts and letters and philosophy and science cutting across and transcending mere national boundaries. The Declaration of Independence, it is relevant to recall, appealed to the opinion of Mankind, and asserted the Rights of Man.¹⁰

In truth, it may be the liberals who have failed. The ills of our society and time may stand only as a reflection of that failure. Bread and circuses need not conquer us unless we want them to! Television and hamburgers need not become the be all and end all of existence, if we take the trouble to seek something more worth while. Perhaps accepting the challenge of bread and circuses for all rather than for just ourselves, the chosen few, is the answer.

If, of course, the critics are correct, and the end point of affluence is enslavement, then to bring our gift of productivity to all nations will eventually end in their bondage too. "Today bread, circuses and slavery for America, tomorrow the world!" But at least our efforts may put off our own capitulation for a few generations, and perhaps in the interim we can somehow find a method of strengthening our defenses to save us from opulence and ourselves. This is a worthy challenge and the hope the liberal must cherish in his heart. Otherwise his only choice is to proclaim, with another melancholy poet:

". . . for the world, which seems
To lie before us like a land of dreams,
So various, so beautiful, so new,
Hath really neither joy, nor love, nor light,
Nor certitude, nor peace, nor help for pain."

This certainly is an epitaph no liberal would strive to claim.

¹⁰ Commager, *op. cit.*, p. 36.

A NOTE ON THE ECONOMIC DEVELOPMENT OF EAST AFRICAN AGRICULTURE

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THE purpose of this Note is to comment on the recent article by Dr. S. D. Neumark in this *Journal* from a viewpoint greatly influenced by the present state and recent history of agricultural development in East Africa.¹

Against this background there is a great deal in Dr. Neumark's analysis which rings true and with which one agrees. It is, however, believed that Dr. Neumark has failed to mention certain factors and minimised others

¹ S. D. Neumark, "Some Economic Development Problems of African Agriculture," *J. Farm Econ.*, Feb. 1959.

By East Africa is meant the three British territories of Kenya, Uganda and Tanganyika.