Laissez Faire in History—Fact and Fiction

By EDWIN PHELPS

To examine the definition and decadence of laissez faire is to be confronted with a basic problem of social existence—today as well as when the phrase was coined. That problem is, How *should* government function in the production for social maintenance?

The conflicting ideologies of the current scene, with the nations gearing for moral conflict, makes crystal clear that the solution, if one is to be found, rests on an adequate appreciation of the individual and the social order. This prospect of a staggering catastrophe, which the people of 1951 face, is not a circumstance of sudden creation. Rather, it is the fruit of a century or two of endeavor to predicate the functioning of government on the antithetical doctrines of "natural rights" and "socially-derived rights." These doctrines take generically opposing views as to the place of the individual and organized society. Here are some facts with which the attempted answer must reckon.

"Mature individuals unite to form families, but these families beget immature individuals," wrote Ernest Hocking of Harvard, in *The Lasting Elements of Individualism*. "No individual or set of individuals can be said to have founded 'the family' as an institution. So with the state, dependency seems to run both ways—the citizen depends upon the state, the state depends upon its citizens . . . the state is prior to the individual and the individual is prior to the state; here is an alternating current or cycle in which neither can claim absolute priority."

Later in his book, Mr. Hocking comments, "men are not born as independent, self-sufficient entities;—they grow slowly toward separateness of being and destiny . . . Hence, there was law in the world long before there were individual rights."

In England in the first quarter of the nineteenth century there developed and became most vocal, proponents of the doctrine of "Natural Rights of Man." These proponents were opposed to the extensive legislative control of men in industry and commerce already secured and being further sought by the ruling "conservative" class. The program of these proponents of natural rights became designated as "individualism." In their organized political activities they were tagged with the label "liberals." Their estimate of government in the affairs of men was declared to be expressed in the concept of laissez faire:—let men alone in industry and commerce.

Incidentally, it may be noted here that during the contest between the liberals and conservatives, there emerged a group of socialists known as the Fabians. Their contention was that, in the interests of the best welfare of all the people, the state should own all the factors of production, thus *controlling* production for social maintenance.

For a century and a half, writers of lasting fame have debated these differing concepts and theories of liberalism, conservatism, and socialism. Which has acquired the ascendancy in the past, and seems presently to command the greater allegiance of mankind—much to the apprehension of the advocates of "individualism"—is self-evident. Recognizing these facts, it is natural for one to wonder why "individualism," as advocated by the liberals, has failed to secure greater consideration in the present affairs of men.

Hocking's contention is that "liberalism"—of which "individualism" is the kernel—failed for three important reasons.

1. FAILURE TO ACHIEVE SOCIAL UNITY. Unity is not natural. Experience proves that it has become progressively hard to get. It is not a habit inherited from feudal society. Society is not an organism, as some contend, since, as is not the case with cells in a true organism, individuals in society can set up an independent life within the society. The larger the social group the more difficult the achievement of unity.

After pointing out how the political state, because of its division and sectional interests, has no such unity of purpose as an operating railroad, and also pointing out how business finds it impossible to be concerned with interest in the rank and file, the author concludes that "action as a whole and for the whole is beyond the reach of purely individualistic enterprise."

2. RIGHTS WITHOUT DUTIES. " 'Right' has become attached to the ambiguous word 'natural'; and a natural right would appear to be one with which a person is born, one which he cannot help having, one for which he has paid no price, and has no price to pay; furthermore, one of which he cannot divest himself, and of which no one can deprive him. This latter property is conveyed in the term 'inalienable'.

"For the mature person, *there are no unconditional rights.* And the assumption that there are such has passed with the altered times from a useful encouragement to a pernicious flattery. . . . The conditions of all right are moral conditions; without goodwill all rights drop off."

After discussing John Locke, Hocking declares, "being born free and equal meant . . . simply an immunity from being exploited; and that this situation carries with it an imperative duty to refrain from exploiting anyone else. To claim a right is at the same moment to attribute it to others and their duty to my right is reciprocated in my duties to their rights. For every right received, then, there are innumerable duties payable. That right of 'equality' which defends me from arrogance of a thousand pretending superiors defends me a *hundred* thousand against my own arrogance. Hence, the cry of 'my right' should never have been uttered except with the undertone of a vast humility."

After illustrating the many ways in which many people convert "inalienable rights" into privileges at the expense of the community, the author concludes, "when the common stock of America . . . is thus corrupted through long, insidious schooling of rights receivable and duty free, liberalism has not merely shown a flaw, it has undermined itself and prepared the way for a general regime of dependence."

3. EMOTIONAL DEFECT. Man is neither good nor bad. In the course of his growth he becomes something of both. "No strong social order can be built on the basis of the amiable sentiments alone."

Liberalism has bred a race of self-confident, vigorous men, but it has not bred a race that can be trusted with power. "It may be a half truth, but hardly deniable, that the dominant note in American education has produced a nation of spoiled and juvenile minds, unable to think, devoid of the power of self-criticism and therefore incapable of mature political responsibility."

Society is a composite of individuals each with desires—natural and acquired—for which all but the most unusual individuals are willing to labor to satisfy. Is not that society likely to be the best wherein the individual is vouchsafed the greatest freedom to undertake the labor which offers him the best fulfillment of his desires? That is but a recognition of the fundamental premise of economics that "man seeks to satisfy his desires with the least possible effort." Along with that, one must recognize that man's strength is in his association.

Realizing the paths along which man's inadequately-conditioned potentialities lead him is it not inevitable that if such association is to be most fruitful for the well-being of the social unit—predicated on the best well-being of each individual in that social unit—directive influences will have to be agreed upon? Will those directive influences not have to seek to establish an element of equality of opportunity in that association? Is not that, then, the function of government in production for social maintenance?

Has the seventeenth-century idea, of which laissez faire is supposed to be the epitome, come into collision with the twentieth-century facts of life?