

# LIBERTY REVIEW

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8335 ALLISON POINTE TRAIL, SUITE 300  
INDIANAPOLIS, INDIANA 46250-1684

## LIBERTY REVIEW

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# HISTORY OF POLITICAL & SOCIAL THOUGHT

## Hobbes and the Question of Power

SANDRA FIELD

JOURNAL OF THE HISTORY OF PHILOSOPHY 52.1 (2014): 61-85

Abstract: Thomas Hobbes has been hailed as the philosopher of power par excellence; however, I demonstrate that Hobbes's conceptualization of political power is not stable across his texts. Once the distinction is made between the authorized and the effective power of the sovereign, it is no longer sufficient simply to defend a doctrine of the authorized power of the sovereign; such a doctrine must be robustly complemented by an account of how the effective power commensurate to this authority might be achieved. Nor is this straightforward: for effective political power can fluctuate, sometimes severely. In this light, the prevalent juridical reading of Hobbes's political philosophy is inadequate.

## Lockean Toleration and the Victim's Perspective

GREGORY CONTI

EUROPEAN JOURNAL OF POLITICAL THEORY 14.1 (2014): 176-197

According to Jeremy Waldron, John Locke's argument for the instrumental irrationality of persecution is fatally flawed. In this paper, Conti offers evidence that Waldron has misread Locke, and that Locke's views about why persecution generally proves inefficacious have greater plausibility than Waldron allowed. According to Conti, Locke's argument for the irrationality of intolerance does not, as has been thought, rest on a tendentious ontological distinction between 'the will' and 'the understanding', but on an account of the adverse psychological reaction of victims of persecution to their plight. Persecution, Locke argued, provokes in its victims feelings of distrust and hostility that diminishes the chances that they will convert to the religion that has persecuted them. An appeal to the 'victim's perspective' in order to dissuade would-be persecutors was a fundamental part of his case for toleration, and one that was noticed and employed by other proponents of toleration.

## Principle and Prudence: Rousseau on Private Property and Inequality

DAVID S. SIROKY, HANS-JORG SIGWART

POLITY 46 (2014): 381-406

Abstract: This article analyzes Rousseau's political theory of private property, fills a lacuna in the literature, and develops a novel interpretation of Rousseau's apparently contradictory remarks. Although Rousseau was critical of private property, he did not advocate a clear and easy solution to the problems he discerned. Instead, he put forth a highly differentiated perspective that was principled and pragmatic. He rooted the legitimacy of private ownership in an ideal theory of republican property rights, which refers primarily to the normative principle of reciprocity. In his opinion, a balance of private property rights is indispensable to a well-ordered society and a just republic not only because it binds the state, society, and citizen together, and not only because it secures the independence of individual citizens from each other, but also because it enhances political legitimacy and reciprocity. On these principled grounds, Rousseau's theory rules out

"collectivist" solutions as much as vast differences in wealth and "absolutist" theories of more or less unlimited private property rights. Instead, his theory builds on the republican idea of private property as a public political institution. Within this ideal framework, Rousseau allows for certain non-ideal deviations in particular circumstances on prudential grounds.

## Adam Ferguson on Modern Liberty and the Absurdity of Democracy

Y. ELAZAR

HISTORY OF POLITICAL THOUGHT 35.4 (2014): 768-787

Abstract: This article examines Adam Ferguson's critique of democratic participation in government and interprets it in the context of an eighteenth-century debate on the role of the people in the modern free state. By reconstructing the inegalitarian logic of the Scottish philosopher's theory of modern liberty, the article resolves the problem of consistency between his participatory ideals and his critique of democratic politics. Rather than being caught in a dilemma between republicanism and conservatism, as several scholars have argued, Ferguson drew on neoclassical and proto-liberal ideas in constructing a constitutionalist, civic-minded and elitist vision of the modern commercial and representative state.

## Adam Smith's "Tolerable Administration of Justice" and the Wealth of Nations

DOUGLAS A. IRWIN

NBER WORKING PAPER NO. 20636 (October 2014)

Abstract: In the *Wealth of Nations*, Adam Smith argues that a country's national income depends on its labor productivity, which in turn hinges on the division of labor. But why are some countries able to take advantage of the division of labor and become rich, while others fail to do so and remain poor? Smith's answer, in an important but neglected theme of his work, is the security of property rights that enable individuals to "secure the fruits of their own labor" and allow the division of labor to occur. Countries that can establish a "tolerable administration of justice" to secure property rights and allow investment and exchange to take place will see economic progress take place. Smith's emphasis on a country's "institutions" in determining its relative income has been supported by recent empirical work on economic development.

## Adam Smith's Account of Justice Between Naturalness and Historicity

LISA HERZOG

JOURNAL OF THE HISTORY OF PHILOSOPHY 52.4 (2014): 703-726

Abstract: Adam Smith is often taken to be an heir to the natural jurisprudence tradition, to which he explicitly refers in several places in his oeuvre. He combines it with an account of the moral sentiments, in which he sees the origin of morality and justice. The moral sentiments, as explored in *The Theory of Moral Sentiments*, are the basis for justice, which, embodied in positive law, is the framework for commercial society, the economy of which Smith explores in the *Wealth of Nations*. In this sense,

Smith is seen by many scholars as a being a moral philosopher in the first place, and an economist in the second place. The challenge that remains, and which Smith addresses by a number of rhetorical strategies, is to bring existing institutions closer to the ideal of justice as derived from the moral sentiments. The aim of this paper is to challenge this picture and to show that Smith's position on justice and the law is more complex. Moral philosophy, moral psychology, economics and history are much more intertwined in Smith's thought than this picture assumes. In particular, they are intertwined in his historical account.

### **The Empire Strikes Back: Adam Smith, John Stuart Mill, and the Robust Political Economy of Empire**

CHRISTOPHER J. COYNE, ABIGAIL R. HALL

THE REVIEW OF AUSTRIAN ECONOMICS 27.4 (2014): 359-385

**Abstract:** Recent scholarship regarding the idea of a U.S. Empire has raised serious questions as to the feasibility and desirability of imperial ambitions. This paper traces the debate over the net-benefit of empire back to the Classical economists. Adam Smith argued that the British Empire was a net cost while John Stuart Mill concluded the same empire was a net benefit. Contemporary arguments about a U.S. Empire map neatly to the divergent views of Smith and Mill. In addition to engaging in an exercise in history of thought, we use Smith's political economy as a means of adjudicating between the different claims regarding the feasibility of empire. In doing so, we subject the claims of proponents of American Empire against the standard of robust political economy, which holds that intervention must generate desirable outcomes where less than ideal incentive and epistemic conditions hold. In doing so, we conclude that many of the claims made by proponents are fragile under less than ideal conditions.

### **'Une Infinité de Biens': Montesquieu on Religion and Free Government**

K. CALLANAN

HISTORY OF POLITICAL THOUGHT 35.4 (2014): 739-767

**Abstract:** This article examines Montesquieu's views on the political utility of religion under free and moderate governments. His approach to this question balances recognition of the past and present abuses of religion with apprehension regarding the political costs of a future decline in religious belief. Contrary to currently dominant interpretations of his thought, the article argues that Montesquieu did not welcome commerce as an agent of religion's demise; he did not see the devitalization of European religion as a propitious condition for the growth of political liberty; and he did not regard a narrowly rationalist creed as the only one suitable to free peoples. Rather, on his account, religious faith may serve as a source of moral restraint that frees the state to govern mildly. Properly constituted, the spirit of religion may be advantageously joined to both the spirit of liberty and the spirit of commerce.

### **Montesquieu's Selective Religious Intolerance in *Of the Spirit of the Laws***

JOSHUA BANDOCH

POLITICAL STUDIES (2014): ADVANCED ONLINE PUBLICATION. DOI: 10.1111/1467-9248.12174

**Abstract:** To what degree does Montesquieu advocate religious

toleration in *De l'Esprit des Lois*? Scholars generally interpret Montesquieu in one of two ways: either as a proponent of religious toleration, or as hostile to revealed religion and seeking, so far as possible, to detach souls from religion. This article offers an alternative perspective. Rather than favoring or opposing religious toleration per se, Montesquieu judges a religion in the context of a particular state. Sometimes he views a given religion (e.g. Christianity) favorably, other times unfavorably. He thinks that there are instances when it is appropriate for a state to find non-violent ways to marginalize, weaken or remove a religion from a society. This makes him a proponent of what is called in this article 'selective religious intolerance'. Montesquieu bases his judgments about the effects of a religion, and how the state ought to relate to it, on a deep consideration of how a particular religion fits into a society.

### **Liberal Constitutionalism and Political Particularism in Montesquieu's *The Spirit of the Laws***

KEEGAN CALLANAN

POLITICAL RESEARCH QUARTERLY 67.3 (2014): 589-602

**Abstract:** The most well-known elements of Montesquieu's political thought are his liberal constitutionalism and his emphasis on the need for a fit between a regime and a populace. But scholars have rarely sought to understand the theoretical relationship between these elements, and some have denied that they are meaningfully related at all. I argue that Montesquieu's liberal constitutionalism and his political particularism are theoretically harmonious and mutually reinforcing elements of a unified project. Montesquieu's liberal political philosophy possesses in-built sources of resistance to the rationalistic and universalistic political projects often associated with modern liberalism.

### **Tocqueville on the Modern Moral Situation: Democracy and the Decline of Devotion**

DANA JALBERT STAUFFER

AMERICAN POLITICAL SCIENCE REVIEW 108.4 (2014): 772-782

**Abstract:** Most scholarship on the moral dimensions of Tocqueville's analysis of democracy focuses on the doctrine of enlightened self-interest. Surprisingly little has been written about his account of the underlying moral shift that makes this doctrine necessary. Drawing principally on Volume II of *Democracy in America*, but also on Tocqueville's letters and notes, the author unearths his fascinating and compelling account of why modern democratic man loses his admiration for devotion and embraces self-interest. That account begins from individualism, but also includes democratic man's intellectual and aesthetic tastes, his low estimation of his moral capacities, and weakening religious belief. After examining what Tocqueville saw as the causes of the new moral outlook, the author considers what he saw as its most profound implications. Departing from recent trends in Tocqueville scholarship, it is argued that is in Tocqueville's account of the modern democratic condition as such that he has the most to offer us today.

## Tocqueville, Religion, and Democracy in America: Some Essential Questions

JAMES T. SCHLEIFER

AMERICAN POLITICAL THOUGHT 3.2 (2014): 254-272

Abstract: Religion played a central role in Tocqueville's thinking and writing, and it was one of the major features of American society and culture as described by Tocqueville. This paper draws upon the working papers and text of his *Democracy in America* to revisit some of the key questions that emerge from his responses. This paper also demonstrates how Tocqueville sometimes trimmed his opinions and arguments in order to appeal more effectively to his intended audience, the French reader.

## Calhoun's Concurrent Majority as a Generality Norm

ALEXANDER WILLIAM SALTER

CONSTITUTIONAL POLITICAL ECONOMY (2014). ADVANCED ONLINE PUBLICATION. DOI 10.1007/s10602-014-9183-x

Abstract: The purpose of this paper is to analyze the political philosophy of John C. Calhoun from the perspective of Virginia Political Economy. Specifically, this paper argues that Calhoun's theory of the concurrent majority offers a way of operationalizing the "generality norm" of Buchanan and Congleton's *Politics by Principle, Not Interest: Towards Nondiscriminatory Democracy* (Liberty Fund: Indianapolis, 2003). The analysis of this doctrine, which holds that constitutional democracy can only be preserved from majoritarian absolutism if minority interests have the power to check the power of majority coalitions, is this paper's main purpose. The paper also discusses the most plausible way Calhoun's recommendations can be put into practice in the United States by drawing on insights from his *Discourse on the Constitution and Government of the United States*, in which he defends the social compact theory of the union and the benefits of federalism.

## From Scepticism to Liberalism? Bernard Williams, the Foundations of Liberalism and Political Realism

PAUL SAGAR

POLITICAL STUDIES (2014): ADVANCED ONLINE PUBLICATION. DOI: 10.1111/1467-9248.12173

Abstract: Bernard Williams was an ethical sceptic, but he was also a proponent of liberalism. To what extent can one finally be both? This article explores this question through a particular emphasis on Williams, but seeks to draw wider lessons regarding what ethical scepticism should and should not amount to. It shows how ethical scepticism can be reconciled with a commitment to what Williams, following Judith Shklar, called 'the liberalism of fear', which is revealed as an ecumenical outlook for different stripes of ethical sceptic. The article concludes by drawing some lessons for the recent 'realist' turn in political theory.

## Contingency, Confidence, and Liberalism in the Political Thought of Bernard Williams

EDWARD HALL

SOCIAL THEORY AND PRACTICE 40.4 (2014): 545-569

Abstract: This paper offers a systematic examination of the political thought of Bernard Williams by explaining the relation between his political realism and critical assessment of modern

moral philosophy and discussing how his work illuminates the debates about the nature and purpose of political theory. I argue that Williams's realism is best read as an attempt to make ethical sense of politics, and as an attempt to explain how we can continue to affirm a kind of liberalism, without recourse to the moralized presuppositions that he insists we must jettison. I begin by outlining Williams's claims about the limits of philosophy and his conception of confidence. I then address his understanding of the relationship between historical and philosophical inquiry and his contention that historical understanding can foster a kind of confidence in some of our contemporary commitments. I conclude by showing how this leads Williams to articulate a defense of liberalism that is compatible with his skepticism about modern moral philosophy and his ancillary critique of political moralism. In this sense, Williams's work has important implications for political theory and the study of politics more generally because it enables us to articulate a defense of liberalism that has marked advantages over the "high liberalism" that most contemporary liberal political philosophers defend and shows how we might develop a political theory that does not begin by asserting universal moral foundations but which, despite this, avoids reverting to a crude postmodern antifoundationalism.

## Böhm-Bawerk's Approach to Entrepreneurship

MATTHEW McCAFFREY, JOSEPH SALERNO

JOURNAL OF THE HISTORY OF ECONOMIC THOUGHT 36.4 (2014): 435-454

Abstract: This paper explores the neglected theory of entrepreneurial profit proposed by Eugen von Böhm-Bawerk. Although historians of thought often dismiss Böhm-Bawerk's writings on this topic, we argue that he did develop a coherent theory of entrepreneurial decision making and profit distinct from his theory of interest. We first discuss Böhm-Bawerk's ideas about futurity, uncertainty, and expectations in his theory of goods, which help form the foundation of his theory of entrepreneurship. Further, we connect his notion of uncertainty with his thoughts on money. We then turn to several of Böhm-Bawerk's ideas about entrepreneurial profit. Entrepreneurs purchase and allocate factors of production; these decisions are speculative because production takes time, and therefore entrepreneurs bear the uncertainty of the market. Their judgment thus yields profits or losses based upon the ability to anticipate the future state of consumer demand. Finally, we discuss the views of several of Böhm-Bawerk's contemporaries, in order to place his theory in historical context.

## On the Intellectual Foundations of Hayek's and Schumpeter's Economics: An Appraisal

RICHARD ARENA

JOURNAL OF EVOLUTIONARY ECONOMICS (2014). ADVANCED ONLINE PUBLICATION. DOI 10.1007/s00191-014-0371-7

Abstract: Several contributions have been devoted to a comparison between the works of Joseph Schumpeter and Friedrich Hayek, both of them rooted in the Austrian tradition but they generally concerned specific aspects of their respective global contributions as, for instance, monetary theory, business cycles economic evolution or price theory. These partial comparisons may explain why some confusion is today prevailing concerning the similarities and differences between Hayekian and Schumpeterian approaches. In this paper, we

adopt a different approach and try to find the basic theoretical and methodological elements which explain the fundamental compatibility of incompatibility between Hayek's and Schumpeter's respective intellectual projects. Specific aspects will not be, however, underestimated or neglected in this contribution but they will not be considered independently from these basic elements.

## **James M. Buchanan, Chicago, and Post-War Public Finance**

MARIANNE JOHNSON

JOURNAL OF THE HISTORY OF ECONOMIC THOUGHT 36.4 (2014): 479-497

**Abstract:** This paper examines James Buchanan's earliest writings within the context of post-WWII public finance theory and his education at Chicago. Public choice scholars have long recognized their ties to Chicago, but few have examined Chicago's role in serving as the primordial soup for Buchanan's later work in public choice. Thus, we know very little about the subdiscipline of public finance at Chicago and its institutional and intellectual traditions in the immediate post-war period. As the influence of Frank Knight, price theory, and catallactics on Buchanan have been well explored, the focus here is on Buchanan's graduate training in public finance, the departmental emphasis on product differentiation of ideas, and the general acceptance in 'Old Chicago School' economics of the importance of institutions and institutional design. I find that while he maintained a high degree of intellectual affinity with Chicago economics generally, Buchanan broke decisively with orthodox public finance (including that taught at Chicago) on several substantive issues early in his career, including the importance of expenditure theory and the relevance of the benefit principle and voluntary exchange.

# LAW & POLITICAL PHILOSOPHY

## Libertarianism and Originalism in *The Classical Liberal Constitution*

ILYA SOMIN

NEW YORK UNIVERSITY JOURNAL OF LAW & LIBERTY 8.3 (2014): 1045-1054

Abstract: Richard Epstein's *The Classical Liberal Constitution* is an impressive synthesis of between libertarian political theory and constitutional interpretation. Part I of this brief essay summarizes Epstein's important contribution to constitutional scholarship, particularly his sophisticated effort to integrate originalism and libertarianism. In Part II, I consider a possible tension in his theory: Epstein's desire to leave room for government regulation that cures market failures could potentially be used to justify a wide range of nonlibertarian forms of government intervention that might undermine the very constitutional rights that he seeks to protect. Part III suggests that the tension in Epstein's theory can be partially mitigated by greater reliance on originalism with fewer policy-driven exceptions for market failures. Given real-world economic efficiency as well as stronger protection for individual freedom approach. In the process of considering these issues, I focus on judicial interpretation of the Bill of Rights. It may be helpful to look at the original meaning not just in 1791, when the Bill of Rights was first enacted, but also in 1868, when, as a result of the Fourteenth Amendment it became incorporated against state governments. The case of the Public Use Clause of the Fifth Amendment, which Epstein and I have both written about extensively, exemplifies each of these points.

## Do Property Rights Presuppose Scarcity?

DAVID FARACI

JOURNAL OF BUSINESS ETHICS 125.3 (2014): 531-537

Abstract: There is a common view, dating back at least to Hume, that property rights presuppose scarcity. This paper is a critical examination of that thesis. In addition to questioning the thesis, the paper highlights the need to divorce the debate over this thesis from the debate over Intellectual Property (IP) rights (the area where it is most frequently applied). I begin by laying out the thesis' major line of defense. In brief, the argument is that (1) property rights are legitimate only when necessary, (2) necessary only to avoid injury resulting from one party's use or possession of a good over others', and (3) that such injury is possible only where there is scarcity. While I accept (1) (at least for the sake of argument), I argue that each of three prominent theories of the justification of property rights cast doubt on (2) and (3). As it turns out, at the theoretical level, there are a number of different ways of dealing with this conflict. However, I argue, no matter which theoretical path one takes, it turns out that the practical implications of the relationship between property rights and scarcity have been woefully misconstrued. Finally, I recount an independent argument for the thesis under consideration and argue that, whether or not it is successful against IP, it does not extend as an argument against ownership of non-scarce goods in general. This serves to further highlight the need to distinguish arguments for the thesis under consideration from arguments against IP.

## The Perils of Copyright Regulation

RYAN SAFNER

THE REVIEW OF AUSTRIAN ECONOMICS (2014). ADVANCED ONLINE PUBLICATION. DOI 10.1007/s11138-014-0293-5

Abstract: The most robust framework for understanding the evolution and consequences of copyright statutes in the United States is the dynamics of interventionism. I apply the framework of Kirzner's (1985) perils of regulation to the general revision of copyright law in 1976, and explore its effects on entrepreneurship and discovery processes. Critics of copyright commonly recognize the distortions of rent-seeking, but I emphasize the utility of interventionism to explain the "unsimulated" and the "stifled" discovery processes set in motion by copyright interventions, which use legal processes to allocate resources, and deter future discovery by raising transaction costs.

## The Intergenerational Case for Constitutional Rigidity

AXEL GOSSERIES

RATIO JURIS (2014). ADVANCED ONLINE PUBLICATION. DOI: 10.1111/raju.12060

A legal provision is "rigid" whenever amendment rules require more than a simple majority. While some constitutions are not rigid and can be modified by simple majority (as in the case of New Zealand), in other cases they include provisions that are super-rigid since they include unreviseable provisions (as in Germany, France, or Turkey). Political thinkers such as Kant, Condorcet, and Jefferson realized that constitutional rigidity might be objectionable. In particular, constitutional rigidity might be objectionable from an intergenerational point of view. The purpose of this paper is twofold. First, to offer a precise account of the intergenerational problem that constitutional rigidity raises. Second, to indicate the extent to which there can be intergenerational justifications for intergenerational rigidity, despite the problems it raises. The author insists in distinguishing intra- from inter-generational rigidity, and "forward" from "backward" rigidity. These two distinctions play an important role in the argument.

## Aristotelian Virtue Ethics and Modern Liberal Democracy

CATHERINE H. ZUCKERT

THE REVIEW OF METAPHYSICS 68 (2014): 61-91

Almost all proponents of virtue ethics tend to recognize the source of their approach in Aristotle, but relatively few of them confront the problem that source poses. How virtuous ethics ought to be related to politics in modern nation-states? In liberal democracies, political authorities are not supposed to dictate or legislate the good of individuals; they are supposed merely to establish the conditions necessary for individuals to choose their own life paths. If, as Aristotle argues, the good life for a human being is a virtuous life and if human beings cannot acquire the habits needed to make them virtuous if they do not receive a correct upbringing, and this upbringing needs to be supported and preserved by correct legislation, it is not clear how citizens of liberal democracies can become virtuous, because the laws of the regime do not explicitly identify,

reward, and honor virtuous behavior.

Martha Nussbaum advocates an “Aristotelian social democracy” which seeks to provide all human beings with the capacities they need to choose the best way of life. Arguing that the modern nation-state is incapable of providing its citizens with the education they need to live a good life, Alasdair MacIntyre looks to smaller, tradition-based communities. But, because political action is coercive and truly ethical or virtuous action is voluntary, Douglas Den Uyl and Douglas Rasmussen insist, ethics and politics should be strictly separated. In this article, Catherine Zuckert examines each of these attempts to revive an Aristotelian understanding of ethics, bringing out the advantages and problems involved, as well as showing the ways in which the three different proposals intersect.

### Perfectionism, Reasonableness, and Respect

STEVEN WALL

POLITICAL THEORY 42.4 (2014): 468-489

Abstract: In recent work, Martha Nussbaum has exposed an important ambiguity in the standard conception of political liberalism. The ambiguity centers on the notion of “reasonableness” as it applies to comprehensive doctrines and to persons. As Nussbaum observes, the notion of reasonableness in political liberalism can be construed in a purely ethical sense or in a sense that combines ethical and epistemic elements. The ambiguity bears crucially on the respect for persons norm—a key norm that helps to distinguish political from perfectionist versions of liberalism. Nussbaum contends that when political liberals affirm a construal of reasonableness that includes epistemic elements they run into trouble in formulating an account of their view that sharply distinguishes it from perfectionist liberalism. She contends further that perfectionist versions of liberalism should be rejected since they fail to offer an account of respect for persons. This paper responds to Nussbaum’s challenge. It argues that an adequate account of respect for persons must make reference to epistemic elements. This being the case not only explains why political liberals were correct to incorporate epistemic elements into their accounts of reasonableness but also why it is a mistake to think that perfectionist liberals themselves cannot present an appealing account of respect for persons. Nussbaum’s challenge merits careful study since it both sheds light on the nature of political liberalism and highlights an important faultline in its structure.

### Democratic Capitalism: A Reply to Critics (Symposium: John Tomasi’s Free Market Fairness)

JOHN TOMASI

CRITICAL REVIEW 26. 3-4 (2014): 439-471

The ten essays in Critical Review’s symposium on Tomasi’s *Free Market Fairness* offer a rich and varied set of challenges to the market-democratic research program. To meet these criticisms, Tomasi refines a central claim of market democracy: that the right to private ownership of productive property is a basic right. In response to the worry that market democracy allows for class domination, he revises market democracy on the issue of bequests. The main lines of critical challenge that Tomasi is interested in addressing are: that his account of thick economic liberty is too vague, that economic liberties are not basic, that market democracy gives too little attention to socialist possibilities, that market democracy can accommodate only an

impoverished conception of fair equality of opportunity, and, most notably, that market democracy is grounded upon a tendentious or “bourgeois” conception of the person. After replying to these criticisms Tomasi extends his challenge to social democracy, presenting an historical argument against liberal democratic socialism.

### Realistic Idealism and Classical Liberalism: Evaluating Free Market Fairness

MARK PENNINGTON

CRITICAL REVIEW 26.3-4 (2014): 375-407

This paper offers an alternative defense of private economic liberty to the account set forth in John Tomasi’s *Free Market Fairness*. In Pennington’s endorsement of the ideal of a classical-liberal minimal state the practical/normative implications of his analysis differ very little from that set forth in Tomasi’s book. The character of the reasons given in defense of this ideal however, differ markedly from Tomasi’s favored approach. Instead of building a case for economic liberty based on its contribution to self-authorship under highly idealized conditions, Pennington maintains that the strongest arguments for classical liberalism rest on a “realistic idealism” which examines the significance of compliance problems in a comparative political-economy framework. Specifying the practical boundaries of this idealism requires that issues of feasibility and compliance be brought to the forefront of normative theory. They cannot be discovered by assuming away the most fundamental problems of political economy.

### Social Yes; Contract No

RUSSEL HARDIN

RATIONALITY, MARKETS AND MORALITY 5 (2014): 79-93

Abstract: Social contract theory is incoherent and it does not work as desired. Among the most obvious disanalogies is that contracts are enforced by a third party, commonly the state. There is no such external enforcer for a constitution. Contractarian theorists typically ignore all such issues and use the metaphor of contract very loosely to ground a claim that citizens are morally obligated to defer to government by their consent, as the parties to a standard legal contract would be legally obligated. David Hume’s term is acquiescence. He compellingly argues that actual citizens do not believe their own legal or political obligations depend on their having agreed to their social order. More often than not our interests are simply better served by acquiescing in the rules of that constitution than by attempting to change it. The forms of commitment that are important for constitutional and even for much of conventional social choice are those that derive from the difficulties of collective action to re-coordinate on new rules. They are inherent in the social structure of the conventions themselves, a structure that often more or less automatically exacts costs from anyone who runs against the conventions without anyone or any institution having to take action against the rule breaker. Establishing a constitution is itself a massive act of coordination that, if it is stable for a while, spawns conventions that depend for their maintenance on their self-generating incentives and expectations and that block alternatives.

## Moral Status and the Wrongness of Paternalism

DAVID BIRKS

SOCIAL THEORY AND PRACTICE 40.3 (2014): 483-498

According to the dominant view among liberal philosophers, paternalism is wrong when it interferes with a person's autonomy. Jonathan Quong has recently rejected this view in favor of a moral status-based account. Birks argues that we should reject Quong account.

There are two distinct autonomy objections to paternalistic interferences with a person's autonomy. The first objection is that paternalism is wrong because autonomy is a significant part of a person's good. Paternalistic interventions that are contrary to the paternalizee's autonomy do not benefit the paternalizee, and so are self-defeating. The second autonomy-based objection to paternalism is that paternalistic interventions are wrong when they violate the paternalizee's right to autonomy, even if the interference benefits him.

In *Liberalism Without Perfection*, Jonathan Quong rejects both of these autonomy objections to paternalism, and provides a novel understanding of the wrongness of paternalistic behavior. He rejects the first objection because it requires that we accept an overly narrow account of a person's good, and many reasonable people do not share it. He provides two arguments to reject the second objection. The first argument is that the autonomy view is too permissive. If the wrongness of paternalistic intervention is based on frustrating the autonomy of the object of the paternalism, it cannot account for the wrongness of paternalistic interventions that protect the object of the paternalism's capacity for autonomy. The second argument is that many reasonable people do not hold that autonomy has significant value independent of what is chosen. Rather, what matters to them is that the chosen ends are valuable. Consequently, this autonomy objection to anti-paternalism cannot be justified to these reasonable people. Quong then proposes that paternalistic behavior is wrong when it diminishes the paternalizee's moral status.

Although Quong's Moral Status Argument circumvents the problems with autonomy-based views, in this paper Birks argues that we should reject the Moral Status Argument because it is simultaneously both too narrow and too broad. It is too narrow in that it fails to account for the wrongness of a number of paternalistic interventions that are commonly considered the most objectionable, namely, strong paternalistic interventions. It is too broad in that it is unable to distinguish between wrongful paternalistic acts that are plausibly considered more wrong than other wrongful paternalistic acts.

## What is Liberalism?

DUNCAN BELL

POLITICAL THEORY 42.6 (2014): 685-715

Abstract: Liberalism is a term employed in a dizzying variety of ways in political thought and social science. This essay challenges how the liberal tradition is typically understood. I start by delineating different types of response—prescriptive, comprehensive, explanatory—that are frequently conflated in answering the question “what is liberalism?” I then discuss assorted methodological strategies employed in the existing literature: after rejecting “stipulative” and “canonical” approaches, I outline a contextualist alternative. Liberalism, on this (comprehensive) account, is best characterised as the sum of the arguments that have been classified as liberal, and

recognised as such by other self-proclaimed liberals, over time and space. In the remainder of the article, I present an historical analysis of shifts in the meaning of liberalism in Anglo-American political thought between 1850 and 1950, focusing in particular on how Locke came to be characterised as a liberal. I argue that the scope of the liberal tradition expanded during the middle decades of the twentieth century, such that it came to be seen by many as the constitutive ideology of the West. This capacious (and deeply confusing) understanding of liberalism was a product of the ideological wars fought against “totalitarianism” and assorted developments in the social sciences. Today we both inherit and inhabit it.

## Against Elections: The Lottocratic Alternative

ALEXANDER A. GUERRERO

PHILOSOPHY & PUBLIC AFFAIRS 42.2 (2014): 137-178

It is widely accepted that electoral representative democracy is better—along a number of different normative dimensions—than any other alternative lawmaking political arrangement. It is not typically seen as much of a competition: it is also widely accepted that the only legitimate alternative to electoral representative democracy is some form of direct democracy, but direct democracy—we are told—would lead to bad policy. This article makes the case that there is a legitimate alternative system—one that uses lotteries, not elections, to select political officials—that would be better than electoral representative democracy.

This paper diagnoses two significant failings of modern-day systems of electoral representative government: the failure of responsiveness and the failure of good governance. The argument offered suggests that these flaws run deep, so that even significant and politically unlikely reforms with respect to campaign finance and election law would make little difference. Although the distillation of the argument is novel, the basic themes will likely be familiar. The initial response to the argument may be familiar as well: the Churchillian shrug. This article represents the beginning of an effort to move past that response, to think about alternative political systems that might avoid some of the problems with the electoral representative system without introducing new and worse problems. The author outlines an alternative political system, the lottocratic system, and present some of the virtues of such a system. He considers some possible problems for the system. The overall aims of this article are to raise worries for electoral systems of government, to present the lottocratic system, and to defend the view that this system might be a normatively attractive alternative, removing a significant hurdle to taking a non-electoral system of government seriously as a possible improvement to electoral democracy.

## The Economic Theory of Rights

RANDALL G. HOLCOMBE

JOURNAL OF INSTITUTIONAL ECONOMICS 10.3 (2014): 471-491

Abstract: People have rights to the degree that they are willing to claim them and are able to enforce them, either themselves or through a third-party enforcer. This economic theory of rights is based on the rights people actually do have and are able to exercise, not the rights they should have based on some normative criteria. Natural rights theories and contractual rights theories are examined and found to be ambiguous as to the actual rights they imply. Furthermore, there is no assurance

that people will actually be able to exercise any natural rights or agreed-upon rights. People's actual ability to claim and enforce rights is based on the economic and political power they have, which in turn is based on their ability to provide benefits to others in exchange for others respecting the claimed rights, and in some cases being willing to use force to make others respect them.

knowledge, which is perhaps the missing link between different economic theories on customs and law.

## Against Democratic Education

MARK PENNINGTON

SOCIAL PHILOSOPHY AND POLICY 31.1 (2014): 1-35

**Abstract:** Critics of educational markets and parental choice argue that the social aspect of education is best reflected when citizens are able collectively to shape its provision through a process of public reasoning, and when instruction in the norms that sustain such reasoning are part of the curriculum. These requirements are thought to imply that the delivery, funding, and regulation of primary and secondary education should be subject to extensive democratic control. This essay takes issue with these claims. It is argued that educational markets are central to the enlargement of public reasoning, properly understood. In addition, it is claimed that the norms required to maintain this reasoning may be more likely to arise in a context where the state has little, if any, role in the education of its citizens.

## From Custom to Law – Hayek Revisited

GUIDO ROSSI, SALVATORE SPAGANO

MPRA PAPER No. 56643 (2014)

**Abstract:** The present paper combines legal history with economic theory so to explain the passage from custom to law. Economists have usually explained the shift from customary to statutory law (that is, from spontaneous to formal rules) either in terms of contractualism or evolutionism. In the first case, law is the only efficient solution for a Hobbesian-like immanent social conflict. In the second case, customs do create an efficient enough equilibrium. Law comes on a later stage just to formalise an already accepted rule, vesting the custom with a formal status. Neither theory, however, is fully able to explain the transition from custom to law. One struggles with the very acceptance of customs in the first place. The other fails to provide a satisfactory explanation of the passage from custom to law. The present work seeks to reconcile the two theories by looking at the economic advantages of statutory law over custom. Unlike the first theory, it does not deny that customs may produce a relatively efficient status, but it seeks to explain why, at a certain point, customs were considered as inadequate and statutory law became more desirable. Our answer lies in the publication of written rules, for the presumption of knowledge it entails. Presumption of knowledge of the applicable rules is one of the elements that (oral) customs could not provide to contracts. Although somewhat neglected in many studies on customs and legislation, publication is a crucial element for our understanding of the passage from spontaneous custom to positive law. The work shall first introduce the passage from customary to statutory law in both legal and economic theories. Then, it will analyse the deep symmetry between the number of agents involved and the number of transactions on the one hand and the progressive replacement of customs with statutes on the other. The conclusions of such an analysis will be used to prove the crucial role played by the presumption of

## Do Poverty Traps Exist? Assessing the Evidence

AART KRAAY, DAVID MCKENZIE

THE JOURNAL OF ECONOMIC PERSPECTIVES 28.3 (2014): 127-148

Abstract: A “poverty trap” can be understood as a set of self-reinforcing mechanisms whereby countries start poor and remain poor: poverty begets poverty, so that current poverty is itself a direct cause of poverty in the future. The idea of a poverty trap has this striking implication for policy: much poverty is needless, in the sense that a different equilibrium is possible and one-time policy efforts to break the poverty trap may have lasting effects. But what does the modern evidence suggest about the extent to which poverty traps exist in practice and the underlying mechanisms that may be involved? The main mechanisms we examine include S-shaped savings functions at the country level; “big-push” theories of development based on coordination failures; hunger-based traps which rely on physical work capacity rising nonlinearly with food intake at low levels; and occupational poverty traps whereby poor individuals who start businesses that are too small will be trapped earning subsistence returns. We conclude that these types of poverty traps are rare and largely limited to remote or otherwise disadvantaged areas. We discuss behavioral poverty traps as a recent area of research, and geographic poverty traps as the most likely form of a trap. The resulting policy prescriptions are quite different from the calls for a big push in aid or an expansion of microfinance. The more-likely poverty traps call for action in less-traditional policy areas such as promoting more migration.

## More on Recent Evidence on the Effects of Minimum Wages in the United States

DAVID NEUMARK, J. M. IAN SALAS, WILLIAM WASCHER

NBER WORKING PAPER No. 20619 (October 2014)

Abstract: A central issue in estimating the employment effects of minimum wages is the appropriate comparison group for states (or other regions) that adopt or increase the minimum wage. In recent research, Dube et al. (2010) and Allegretto et al. (2011) argue that past U.S. research is flawed because it does not restrict comparison areas to those that are geographically proximate and fails to control for changes in low-skill labor markets that are correlated with minimum wage increases. They argue that using “local controls” establishes that higher minimum wages do not reduce employment of less-skilled workers. In Neumark et al. (2014), we present evidence that their methods fail to isolate more reliable identifying information and lead to incorrect conclusions. Moreover, for subsets of treatment groups where the identifying variation they use is supported by the data, the evidence is consistent with past findings of disemployment effects. Allegretto et al. (2013) have challenged our conclusions, continuing the debate regarding some key issues regarding choosing comparison groups for estimating minimum wage effects. We explain these issues and evaluate the evidence. In general, we find little basis for their analyses and conclusions, and argue that the best evidence still points to job loss from minimum wages for very low-skilled workers – in particular, for teens.

## The Minimum Wage and the Great Recession: Evidence of Effects on the Employment and Income Trajectories of Low-Skilled Workers

JEFFREY CLEMENS, MICHAEL WITHER

NBER WORKING PAPER No. 20724 (December 2014)

This article estimates the minimum wage’s effects on low-skilled workers’ employment and income trajectories. By comparing workers in states that were bound by recent increases in the federal minimum wage to workers in states that were not, the authors find that binding minimum wage increases had significant, negative effects on the employment and income growth of targeted workers. Lost income reflects contributions from employment declines, increased probabilities of working without pay (i.e., an “internship” effect), and lost wage growth associated with reductions in experience accumulation. The authors argue that because they identify targeted workers on a population-wide basis, their approach is relatively well suited for extrapolating to estimates of the minimum wage’s effects on aggregate employment. Over the late 2000s, the average effective minimum wage rose by 30 percent across the United States. The authors estimate that these minimum wage increases reduced the national employment-to-population ratio by 0.7 percentage point.

## Political Economy of Trade Openness and Government Size

RYO ARAWATARI

ECONOMICS & POLITICS (2014). ADVANCED ONLINE PUBLICATION. DOI: 10.1111/ecpo.12049

Abstract: This paper proposes a theoretical model that may provide useful insights into the relationship between trade openness and the size of government, as well as a possible explanation for the results of empirical tests of such a relationship. We develop a Heckscher–Ohlin model with publicly provided goods, where the level of publicly provided goods is determined in a probabilistic voting framework. In this context, we show that the start of trade may increase or decrease government size depending on the capital-labor ratio in each country.

## Trade, Foreign Direct Investment, and Immigration Policy Making in the United States

MARGARET E. PETERS

INTERNATIONAL ORGANIZATION 68.4 (2014): 811-844

This article argues that immigration policy formation in the United States after 1950 can only be understood in the context of the increasing integration of world markets. Increasing trade openness has exposed firms that rely on immigrant labor to foreign competition and increased the likelihood that these firms fail. Increasing openness by other states to foreign direct investment (FDI) allowed these same firms to move production overseas. Firms’ choices to close their doors or to move overseas decrease their need for labor at home, leading them to spend their political capital on issues other than immigration. Their lack of support for open immigration, in turn, allows policymakers to restrict immigration. An examination of voting behavior on immigration in the US Senate shows that the

integration of world capital and goods markets has had an important effect on the politics of immigration in the United States and shows little support for existing theories of immigration policy formation. In addition to increasing one's understanding of immigration policy, this article sheds light on how trade openness and firms' choice of production location can affect their preference for other foreign economic policies as well as domestic policies such as labor, welfare, and environmental policies.

### **Oil Wealth, Colonial Legacies, and the Challenges of Economic Liberalization**

NIMAH MAZAHERI

POLITICAL RESEARCH QUARTERLY 67.4 (2014): 769-782

**Abstract:** This article examines the relationship between oil wealth and the adoption of economic liberalization, specifically financial and investment reforms. It argues that volatility in the international oil market renders oil-producing countries less likely to adopt financial and investment liberalization. This is particularly the case for long-term oil producers in the developing world who had firsthand experience with colonialism. A statistical analysis confirms these hypotheses after controlling for rival factors. Despite pressures for countries to work toward greater economic liberalization, oil wealth and the legacy of colonialism can lead countries away from reform in certain policy areas.

### **The Political Resource Curse: An Empirical Re-evaluation**

DAVID WIENS, PAUL POAST, WILLIAM ROBERTS CLARK

POLITICAL RESEARCH QUARTERLY 67.4 (2014): 783-794

**Abstract:** Extant theoretical work on the political resource curse implies that dependence on resource revenues should decrease autocracies' likelihood of democratizing but not necessarily affect democracies' chances of survival. Yet most previous empirical studies estimate models that are ill-suited to address this claim. We improve upon previous studies, estimating a dynamic logit model using data from 166 countries, covering the period from 1816 to 2006. We find that an increase in resource dependence decreases an autocracy's likelihood of being democratic over both the short term and long term but has no appreciable effect on democracies' likelihood of persisting.

### **Personality and Political Tolerance: Evidence from India and Pakistan**

SVEN OSKARSSON AND STEN WIDMALM

POLITICAL STUDIES (2014). ADVANCED ONLINE PUBLICATION. DOI: 10.1111/1467-9248.12169

**Abstract:** Inspired by recent studies on personality and political attitudes and behaviour we use the Big Five approach to assess the influence of a comprehensive set of personality traits on political tolerance. Our study is based on surveys in Bhopal in India and Lahore in Pakistan. We find that all Big Five traits – openness, conscientiousness, extraversion, agreeableness and neuroticism – are significantly related to individuals' willingness to grant political rights to groups they dislike in one or both countries. As one of only a few studies examining the relationship between the Big Five traits and political attitudes and behaviour outside a Western context, these findings demonstrate the importance of also paying attention to

personality traits when studying contexts where situational factors such as political violence, poverty, and severe inequalities might be expected to be the main influence on individuals' behavioural choices.

### **Political Reinforcement: How Rising Inequality Curbs Manifested Welfare Generosity**

ERLING BARTH, HENNING FINSERAA, KARL O. MOENE

AMERICAN JOURNAL OF POLITICAL SCIENCE (2014). ADVANCED ONLINE PUBLICATION. DOI: 10.1111/ajps.12129

How does rising inequality affect political parties? Do they adopt programs for more redistribution? In particular, do left parties act as the main guardians of the welfare state in times of increasing inequality? The conventional approach suggests that all political parties aim at more welfare spending as inequality rises, redistributing more income from the rich to the poor. This paper contests this view, suggesting, instead, that political parties, and in particular left parties, move right when inequality rises. The authors propose a political reinforcement hypothesis, suggesting that rising inequality moves party politics on welfare state issues to the right, strengthening rather than modifying the impact of inequality. They model policy platforms by incorporating ideology and opportunism of party members and interests and sympathies of voters. If welfare spending is a normal good within income classes, a majority of voters moves rightward when inequality increases. As a response, the left, in particular, shift their welfare policy platform toward less generosity. They find support for their arguments using data on the welfare policy platforms of political parties in 22 OECD countries.

### **Constitutional Rights and Education: An International Comparative Study**

SEBASTIAN EDWARDS, ALVARO GARCIA MARIN

NBER WORKING PAPER NO. 20475 (2014)

**Abstract:** We investigate whether the inclusion of social rights in political constitutions affects social performance. More specifically, we analyze whether including the right to education in the constitution has been related to better “educational outcomes.” We rely on data for 61 countries that participated in the 2012 PISA tests. Our results are strong and robust to the estimation technique: we find that there is no evidence that including the right to education in the constitution has been associated with higher test scores. The quality of education depends on socioeconomic, structural, and policy variables, such as expenditure per student, the teacher-pupil ratio, and families' background. When these covariates are excluded, the relation between the strength of constitutional educational rights and the quality of education is negative and statistically significant. These results are important for emerging countries that are discussing the adoption of new constitutions, such as Thailand and Chile.

### **Pathological Altruism and Pathological Regulation**

PAUL H. RUBIN

CATO JOURNAL 34.1 (2014): 171-183

A concept recently developed by scholars in psychology and biology is “pathological altruism.” (Oakley 2013, Oakley et al. 2012). A pathological altruist is defined as “a person who sincerely engages in what he or she intends to be altruistic acts,

but who harms the very person or group he or she is trying to help, often in unanticipated fashion; or harms others; or irrationally becomes a victim of his or her own altruistic actions.” While Oakley et al. (2012) present many examples of pathological altruism for individuals in their day-to-day lives, it is argued that one would expect the notion to be highly relevant for policy analysis. This is because of the standard notion of “rational ignorance.” If a policy can present a plausible altruistic justification, it generally does not pay for voters to further examine this basis. Moreover, policies are extremely difficult to analyze and even if voters desired to determine their effects, they would have a good deal of difficulty doing so. Knowledge of the effects of policies is not direct, but must be teased out of the data using statistical or econometric tools, and even then there is often disagreement among experts about the effects of policies. This disagreement is fueled by the incentives of participants in political debates to find or fund experts who will espouse their views. As a result, it would not be surprising if voters erroneously support counterproductive or pathologically altruistic policies. The point is that policies need not actually benefit the purported beneficiaries. As long as a convincing story can be told about beneficiaries, the political process may adopt the policies. This paper argues that the notion of pathological altruism can be added to the public choice economist’s standard notion of rational ignorance to create a powerful new tool for analysis.

### **Debt Erosion and the Market Process**

ALEXANDER WILLIAM SALTER  
ECONOMIC AFFAIRS 34.3 (2014): 370-378

**Abstract:** This paper explores the effects of debt erosion on the market process. Debt erosion is the attempt by government to lower the real value of its debt through the creation of unexpected inflation. In addition to the costs recognised by most economists, debt erosion through unexpected inflation can impair the price system’s ability to coordinate exchange activity and can result in costly capital misallocations. This is because the creation of unexpected inflation implies disequilibrium in the money market. To avoid the harm from such monetary shocks, this paper suggests a separation between money and state, enshrined in an explicit rule at the constitutional level.

### **Perfecting Tyranny: Foreign Intervention as Experimentation in State Control**

COYNE J. CHRISTOPHER, ABIGAIL R. HALL  
THE INDEPENDENT REVIEW 19.2 (2014): 165-189

Facing limited or altogether absent constraints on their powers abroad, coercive foreign interventions allow members of the intervening government to experiment with new forms of state-produced social control. Domestic citizens ruled by the intervening government, however, are not immune from these innovations in state control. This paper argues that there are four related channels through which advancements in state produced social control abroad may boomerang back to the intervening country. First, the initial decision to engage in coercive foreign interventions changes the composition of domestic government activities by centralizing decision making and power. In the second channel, the experience of the coercive foreign intervention shapes the human capital of those involved in the intervention. In the third channel, the

refinement and investment in human capital lead to changes in administrative dynamics within domestic organizations in the intervening country. Finally, in the fourth channel, coercive foreign interventions lead to innovations in physical capital associated with producing state social control.

### **Observing the Capitalist Peace: Examining Market-Mediated Signaling and Other Mechanisms**

ALLAN DAFOE, NINA KELSEY  
JOURNAL OF PEACE RESEARCH 51.5 (2014): 619-633

**Abstract:** Countries with open capital markets tend to have fewer militarized disputes and wars. Gartzke, Li & Boehmer propose that this association arises from the enhanced ability of states with open capital markets to credibly signal resolve through the bearing of economic costs ex ante to militarized escalation. We test this causal mechanism by qualitatively examining six crucial cases in which the mechanism is most likely to be operative and observable. We employ a formal case selection strategy designed to yield cases with high inferential leverage for our confirmatory test and to select cases for an exploratory analysis of scope conditions. Through analysis of media reports, government documents, and other sources, we evaluate the extent to which relevant individuals drew the appropriate inferences about market-mediated costs and resolve. We conclude that while market-mediated signaling may operate in major conflicts, it is unlikely to account for much of the association between capital openness and peace. Exploratory analysis of our cases identifies potential scope conditions, clarifies the role of different signaling mechanisms, and suggests other explanations for the peaceful behavior of countries with open capital markets.

### **Entrepreneurship, and the Entrepreneurial Market Process: Israel M. Kirzner and the Two Levels of Analysis in Spontaneous Order Studies**

PETER J. BOETTKE  
THE REVIEW OF AUSTRIAN ECONOMICS 27.3 (2014): 233-247

**Abstract:** The science of economics is born out of the puzzle that the coordination of economic activities presents to our imagination. The solution to that puzzle is the entrepreneurial market process. Israel Kirzner has argued that the market economy operates with ruthless efficiency to coordinate economic activities and realize the gains from social cooperation under the division of labor because of the institutional framework within which it operates, namely private property rights. Kirzner, however, is suspicious of economic analysis that doesn’t limit its analysis to an examination of processes within that framework, but instead attempts to apply that analysis to the evolution of the framework itself. These are the two-levels of analysis in spontaneous order studies. This paper presents Kirzner’s arguments for maintaining a strict dichotomy between the levels of analysis, and then challenges his argument with a discussion of the positive political economy of endogenous rule formation.

## Global Corporate Crime-Fighters: Private Transnational Responses to Piracy and Money Laundering

CAROLIN LISSA, J. C. SHARMANB

REVIEW OF INTERNATIONAL POLITICAL ECONOMY (2014). ADVANCED ONLINE PUBLICATION. DOI:10.1080/09692290.2014.936482

Abstract: Countering cross-border crime is conventionally portrayed as a struggle between a new breed of transnational criminals and a defensive reaction by state authorities. In contrast, this paper argues that combating quintessentially transnational crimes like piracy and money laundering increasingly depends on private transnational companies fighting crime for profit by selling their services to other private firms. The paper broadens the literature on private security and global security governance by focusing on transnational responses to transnational threats in previously neglected maritime and financial realms. The rise of such corporate crime-fighters is explained by the recent evolution of environments structured by overlapping sovereignty claims which limit state enforcement while simultaneously creating new markets for security services. These cases represent instances of global governmentality insofar as they are diffuse, networked exercises of indirect power carried out by private actors, situated in markets, who are responsible for policing themselves and others.

## Buchanan and Tullock Ignore Their Own Contributions to Expressive Voting

DWIGHT R. LEE, J. R. CLARK

PUBLIC CHOICE 161.1-2 (2014): 113-118

Abstract: It is common to employ small-number voting models to show how majority voting can lead to outcomes that are often at variance to what most people expect. For example, when government projects are voted on separately, and logrolling and side payment agreements are ruled out, each project can capture a majority vote even though all voters would be better off if none of the projects passed. The outcomes are typically driven by the assumption that the decision of each voter is influenced entirely by effect of their vote on their personal financial interests. But this is misleading since the financial interests of voters have little, if any, influence on how people vote when the number of voters is large. The same outcomes may be realized when there are a large number of voters, but they are likely to differ even though the distribution of financial interests is the same for the large group as it is for the small group.

## Politics without Romance: Government Failure in the Introductory Economics Course

AMY M. WILLIS, JOHN MORTON

THE JOURNAL OF PRIVATE ENTERPRISE 29.2 (2014): 111-128

Abstract: Although most high school and college principles of economics courses cover market failure extensively, they underemphasize government failure at best and often overlook it entirely. For example, four released Advanced Placement microeconomics exams have thirty-nine questions on market failure. The closest the exams come to questions on government failure are nine questions on price ceilings and floors. This paper explores the problem and offers suggestions for infusing public choice economics into the introductory economics course without the use of a textbook.

## It's Not Me, It's You: The Functioning of Wall Street during the 2008 Economic Downturn

EDWARD PETER STRINGHAM

PUBLIC CHOICE 161.3-4 (2014): 269-288

Abstract: Public officials have blamed Wall Street and its complex financial products for causing the 2008 economic downturn. This article addresses three popular claims saying that complex financial markets are at fault and need more regulation. It argues that even in the midst of a major economic downturn, the much-maligned mortgage-backed securities, collateralized debt obligations, credit default swaps, and unregistered hedge funds functioned almost exactly as designed. When macroeconomic conditions worsened, firms and investors that were paid to assume certain risks had to assume them. Those that opted for safer investment vehicles with more levels of private protection faced fewer problems. Although many investment vehicles lost money, one must differentiate between problems that manifested themselves in markets and problems with the market itself. Even though government policies caused many of the problems, public officials always have an incentive to point the finger at Wall Street and to argue for more regulations when their policies negatively affect markets.

# HISTORY, LITERATURE & SOCIETY

## Money without a State: Currencies of the Orthodox Christians in the Balkan Provinces of the Ottoman Empire (17th –19th centuries)

NIKOLAY NENOVSKY, PENCHO PENCHEV

THE REVIEW OF AUSTRIAN ECONOMICS (2014): ADVANCED ONLINE PUBLICATION. DOI 10.1007/s11138-014-0281-9

Abstract: The paper presents a historical and theoretical analysis of the issue of local currency (coins and paper money), undertaken in various forms by the Orthodox Christians in the Balkan provinces of the Ottoman Empire (XVII –XIX centuries). The paper has two main goals. The first is to enrich the discussion on the diversity and complexity of monetary practices in historical perspective by including experience of the Ottoman Empire. The second is to contribute to a better understanding and rethinking of the economic and social processes in the Ottoman Empire which helped its centuries-long resilience and vitality. In fact, the monetary architecture of the Ottoman Empire was relatively complex. Despite the tension between its different monetary areas and layers, on the whole it managed to ensure flexibility, sustainability, and efficiency in the long-run.

## Markets before Economic Growth: the Grain Market of Medieval England

GREGORY CLARK

CLIOMETRICA (2014). ADVANCED ONLINE PUBLICATION. DOI 10.1007/s11698-014-0117-7

Abstract: England from 1200 to 1600 was a society caught in apparent technological stasis, typical of the pre-industrial world. Many believe this pre-industrial stagnation was the result of political and cultural constraints, such as those on the operation of markets. Indeed medieval English law outlawed many arbitrage activities in markets. The paper shows using information of grain yields and prices at 227 different locations that the most important of all markets, that for grain, was nevertheless both extensive and relatively efficient as early as 1209. Whatever the rhetoric of medieval law and social thought the real effect of constraints on the operation the grain market seems to have been minimal. England had an elaborate market economy at least 500 years before it had sustained economic growth.

## The Economics of Guilds

SHEILAGH OGILOVIE

THE JOURNAL OF ECONOMIC PERSPECTIVES 28.4 (2014): 169-192

Abstract: Occupational guilds in medieval and early modern Europe offered an effective institutional mechanism whereby two powerful groups, guild members and political elites, could collaborate in capturing a larger slice of the economic pie and redistributing it to themselves at the expense of the rest of the economy. Guilds provided an organizational mechanism for groups of businessmen to negotiate with political elites for exclusive legal privileges that allowed them to reap monopoly rents. Guild members then used their guilds to redirect a share of these rents to political elites in return for support and enforcement. In short, guilds enabled their members and

political elites to negotiate a way of extracting rents in the manufacturing and commercial sectors, rents that neither party could have extracted on its own. First, I provide an overview of where and when European guilds arose, what occupations they encompassed, how large they were, and how they varied across time and space. I then examine how guild activities affected market competition, commercial security, contract enforcement, product quality, human capital, and technological innovation. The historical findings on guilds provide strong support for the view that institutions arise and survive for centuries not because they are efficient but because they serve the distributional interests of powerful groups.

## Precocious Albion: A New Interpretation of the British Industrial Revolution

MORGAN KELLY, JOEL MOKYR, CORMAC O GRADA

ANNUAL REVIEW OF ECONOMICS 6 (2014): 363-389

Abstract: Many explanations have been offered for the British Industrial Revolution. This article points to the importance of human capital (broadly defined) and the quality of the British labor force on the eve of the Industrial Revolution. It shows that in terms of both physical quality and mechanical skills, British workers around 1750 were at a much higher level than their continental counterparts. As a result, new inventions—no matter where they originated—were adopted earlier, faster, and on a larger scale in Britain than elsewhere. The gap in labor quality is consistent with the higher wages paid in eighteenth-century Britain. The causes for the higher labor quality are explored and found to be associated with a higher level of nutrition and better institutions, especially England's Poor Law and the superior functioning of its apprenticeship system.

## Capitalist Transformation without Political Participation: German Capitalism in the First Half of the Nineteenth Century

GERHARD WEGNER

CONSTITUTIONAL POLITICAL ECONOMY (2014). ADVANCED ONLINE PUBLICATION. DOI 10.1007/s10602-014-9171-1

Abstract: The paper analyzes the political economy of capitalist transformation in nineteenth century Germany. The emergence of capitalism after 1806 gives an example that economic freedom can precede political freedom, leaving the political power of the “dominant coalition” intact. The paper argues that the German capitalist transformation was instigated by competition among the European states. Primarily it was conducive to the monopolization of the coercive power of the state. As a result competition among the states drove a wedge between the interests of the monarch and his supporting dominant coalition (landed gentry). The increasingly independent public administration in Prussia which was influenced by Adam Smith's liberal ideas organized a political bargain which established economic freedom in various sectors but took the economic interests of the landed gentry into account. In various aspects the sweeping institutional change was Pareto-superior for groups, which made capitalism also acceptable for the elite group.

## Surnames and Social Mobility in England, 1170–2012

GREGORY CLARK, NEIL CUMMINS

HUMAN NATURE (2014). ADVANCED ONLINE PUBLICATION. DOI:10.1007/s12110-014-9219-y

Using educational status in England from 1170 to 2012, the authors argue that the rate of social mobility in any society can be estimated from knowledge of just two facts: the distribution over time of surnames in the society and the distribution of surnames among an elite or underclass. Such surname measures reveal that social mobility in England in 2012 was little greater than in preindustrial times. The authors claim that the relative constancy of the intergenerational correlation of underlying social status across very different social environments in England from 1800 to 2012 suggests that it stems from the nature of inheritance of characteristics within families. Strong forces of familial culture, social connections, and genetics must connect the generations. This interpretation is reinforced by the finding of Clark et al. (2014) that all societies observed—including the USA, Sweden, India, China, and Japan—have similar low rates of social mobility when surnames are used to identify elites and underclasses, despite an even wider range of social institutions.

## How Many American Loyalists Left the United States?

PHILLIP RANLET

THE HISTORIAN 76.2 (2014): 278-307

In this interesting piece, the author evaluates one of the most notoriously difficult aspects of early American history: estimating the number of loyalists who left America during and after the conclusion of the American Revolution. Specifically, he challenges the recent estimates of the size of the loyalist exodus made by Maya Jasanoff, in her *Liberty's Exiles* (2011). Ranlet finds a number of problems with the soundness of her estimate of 60,000. These problems include a high probability of double counting in various contemporary sources, the known over subscription of those applying for transport out of the rebelling colonies versus those who actually boarded vessels, the inclusion of those who were seeking land grants as opposed to those actually seeking to remain in Canada, the inclusion of large numbers of English but non-loyalist settlers from Florida in early estimates, as well as the inclusion of later migrants not long after the Revolution who were not involved in any loyalist activities. Ranlet makes a strong case for the inconclusiveness of Jasanoff's estimate, where at best her figure might be regarded as an upper bound, but one that he certainly thinks well over the mark. Of particular interest for historians of ideas will be Ranlet's critique of all statistical data coming out of the late eighteenth century, a critique which calls into question by implication the predominance of any social historical interpretation of this era. At best, social history of this time should perhaps be seen as playing a supplemental role to a primary focus on the history of ideas and documentary sources.

## Bacon's Rebellion in Indian Country

JAMES D. RICE

JOURNAL OF AMERICAN HISTORY 101.3 (2014): 726-750

Bacon's Rebellion, which convulsed Virginia in the years 1676–1677, is a staple of scholarship on early America.

Historians, who have long presented it as a critical moment in the creation of American democracy, slavery, and freedom, normally treat the rebellion as an expression of Anglo-Virginia's social and political dynamics. James D. Rice, however, argues that the Native Americans are the key to understanding Bacon's Rebellion, and that the rebellion is best situated within the context of Native American diplomatic systems of the late seventeenth-century boom in the Indian slave trade, and of colonists' rising fears of a Catholic-Indian conspiracy against English Protestants.

## "A Dictionary We Do Not Want": Defining America against Noah Webster, 1783-1810

TIM CASADY

THE WILLIAM AND MARY QUARTERLY 71.2 (2014): 229-254

In this excellent essay reviewing the early reception of Noah Webster's efforts to provide a dictionary of American English, the author has overturned a longstanding myth that Webster was always the celebrated champion of an early American identity that sought not only political but cultural independence from England. Casady shows clearly through an extended review of the contemporary literature criticizing Webster's early efforts to justify an American dictionary culminating in his *Compendious Dictionary of the English Language* (1806), that his efforts were roundly opposed as either an institutionalization of corrupt and incorrect usages or as a promotion of regionalisms that threatened American national unity. Neither side of the political spectrum of the time seemed well disposed to his efforts. After 1810, however, national and democratic sentiments had shifted, such that by the time of the Antebellum period, the standard myth was secured to him as a founder in the defense of an American idiom. The reader notes, however, an interesting point not raised in the essay, but which arises from a review of the footnoted evidence: The number of sources coming from New York and Pennsylvania seem to predominate. Perhaps this is due largely to the location of the publishing industry itself, but might it also reflect the degree to which those regions were tied by commerce into what is known as Atlantic civilization? This is not to defend Pierre Bourdieu's socioeconomic basis for language, which the author also rightly attacks, but rather to suggest that the need for a common idiom within which to conduct maritime commercial communications may have been a motivating factor. The author notes that Webster evinced an Anti-Atlanticism that relaxed by the time of his later editions, while an expanding domestic commerce may have eased concerns about the exigencies of Atlantic ties. That question could prove useful for later researches.

## American Banking and the Transportation Revolution before the Civil War

JEREMY ATTACK, MATTHEW JAREMSKI, PETER L. ROUSSEAU

THE JOURNAL OF ECONOMIC HISTORY (2014): 943-986

Abstract: Studies have shown a connection between finance and growth, but most do not consider how financial and real factors interact to put a virtuous cycle of economic development into motion. As the main transportation advance of the nineteenth century, railroads connected established commercial centers and made unsettled areas along their routes better candidates for development. We measure the strength of links between railroads and banks in seven Midwest states using an annual transportation geographic information system (GIS)

database linked to a census of banking. These data indicate that those counties that already had a bank were more likely to see their first railroad go through over the next decade, while new banks tended to enter a county a year or two after a railroad was built. The initial banking system thus helped establish the rail system, while the rapid expansion of railroads helped fill in the banking map of the American Midwest.

### **Endogenous Formation of Free Trade Agreements: Evidence from the Zollverein's Impact on Market Integration**

WOLFGANG KELLER, CAROL H. SHIUE

THE JOURNAL OF ECONOMIC HISTORY 74.4 (2014): 1168-1204

Abstract: The Zollverein was arguably the most important free trade agreement of the nineteenth century. Although 1834 is the official date of the Zollverein's establishment, member states joined in a non-random sequence over several decades because the benefits of becoming a member increased, both as the size of the union increased, and as membership in the union became increasingly important for accessing foreign markets. We incorporate the endogenous effects of accession into an estimate of the economic impact of the Zollverein customs union. Our estimated effects are several times larger than simple estimates that do not take these effects into account.

### **An Anglo-Russian Critic of the Abolition of Serfdom**

DAVID SAUNDERS

THE SLAVONIC AND EAST EUROPEAN REVIEW 92.2 (2014): 255-283

Abstract: Early in 1870, Thomas Michell completed a 75,000-word exposition of the view that the terms on which the tsarist government abolished serfdom in 1861 had failed to give the serfs meaningful freedom. He spoke with authority, for he had been born and brought up in Russia and had been working at the British Embassy in St Petersburg since 1860. Although his reputation today rests mainly on the fact that he produced the many editions of John Murray's Handbook for Travellers in Russia, his critique of abolition is a more substantial piece of work. This article sets it in context.

### **The Poet, the Skeptic, his Witches, and their Queen: Political Theology and Poetic Charms in Sidney's Defence**

ETHAN GUAGLIARDO

ENGLISH LITERARY HISTORY 81.3 (2014): 733-756

Abstract: This article puts the Defence of Poesy's critique of poetic prophecy alongside the efforts of contemporary Protestants like Reginald Scot to disenchant the idols and thereby undermine certain aspects of Tudor political theology. The political theology of sovereignty thrived on the belief that witches, charms, and idols were real conduits of spiritual evil. The idea that idolaters represented devils on earth gave support to the notion that sovereigns gained their authority directly from God. Yet demonology was also profoundly destabilizing; to suggest that the nation was afflicted with demonic influence was to suggest that the queen failed to do her divinely ordained duty. Hoping to cure the nation of such dangerous illusions, Scot and others maintained that the idol's power was only a trick of the imagination: put your trust not in fancy, they suggested, but in magistrates. Sidney likewise criticizes

prophetic poetry as an illusion. Yet if Sidney disenchants poetry on the level of metaphysics, unlike Scot and the skeptics he embraces the imaginative power of the poetic charm, channeling the idol's imagined energy into a device promoting civic virtue. He thereby turns the mechanics of the idol to a positive use—only now images channel moral, rather than metaphysical, authority. In this way, Sidney's Defence doubles as a critique of political theology, replacing its demonological authority with a human alternative grounded in the autonomous authority of the imagination.

### **Libel and Satire: The Problem with Naming**

ANDREW BENJAMIN BRICKER

ENGLISH LITERARY HISTORY 81.3 (2014): 889-921

Abstract: Literary historians have accounted for gutted names (like J— S— for John Smith) in eighteenth-century satire in legal terms, arguing that such typographical ruses prevented actions and prosecutions for libel. But the legal record shows that gutted names served no legal function. This article argues, instead, that such naming practices served a host of commercial and aesthetic functions: they advertised the salacious nature of a satire and invited readers to take part in the construction of a scandal. Above all, gutted names served a dubious ethical end, one that purported to protect satiric victims, but did so in a largely superficial way.

### **Mark Twain and Economy**

HENRY B. WONHAM

AMERICAN LITERARY REALISM 47.1 (2014): 1-3

The entire Fall issue of American Literary Realism is about Mark Twain's Economy. An excerpt from the introduction to that volume argues that, "the essays collected in this special issue of ALR encourage us to reassess Mark Twain's purported economic naivete. There is no question that he took enormous and ill-considered risks as an investor, and the biographical record is accurate in understanding him as a quixotic financier. Nevertheless, Plasmon and typesetting machinery aside, the most significant investment of Twain's business career was unquestionably the literary persona he crafted with such care and over which he asserted rights of "ownership" that tested the era's understandings of authorship, patent law, the nature of property, and literary copyright. Scholars such as Lawrence Howe and Judith Yaross Lee have begun to explore this largely uncharted commercial terrain, and their essays in this issue produce a different image of "Mark Twain, Business Man" than the pudd'n headed one we thought we knew. ... Brian Gazaille invites us to reconsider Twain's thinking about technological progress by exploring Connecticut Yankee's fraught relationship with the rhetoric of industrial reform. He argues that, "a more complicated understanding of the novel's industrial critique emerges when we read it alongside concomitant changes in the era's concept of machine efficiency."

### **Inside the Psychiatric Word: Diagnosis and Self-Definition in the Late Soviet Period**

REBECCA REICH

SLAVIC REVIEW 73.3 (2014): 536-584

Abstract: The punitive psychiatric hospitalization of Soviet dissidents and nonconformists spurred the writing and circulation of memoirs of detention, transcripts of

conversations with psychiatrists, copies of psychiatric files, handbooks on legal and medical aspects of psychiatric examination, works of fiction, poems, and other related documents. Rebecca Reich draws on this major body of texts to determine how politically unorthodox citizens engaged with psychiatry in life and on the page. Close reading of texts by Vladimir Bukovskii, Semen Gluzman, Aleksandr Vol'pin, and others suggests that unsanctioned accounts of hospitalization did more than expose the abuse of psychiatry; they challenged Soviet psychiatric discourse and promoted *inakomyslie*, “thinking differently,” as the psychological norm. By depathologizing themselves and pathologizing the state during encounters with psychiatrists and in *samizdat*, dissidents and nonconformists engaged in self-definition and asserted their own diagnostic authority.

### **The Borsa: The Black Market for Rock Music in Late Socialist Bulgaria**

VENELIN I. GANEV

SLAVIC REVIEW 73.3 (2014): 514-537

**Abstract:** This paper offers an empirical description and analytical interpretation of the borsa—the largest black market for rock music in Bulgaria in the 1980s. The text illuminates the distinct characteristics of the urban locale that became the focal point of rock fans’ desires and ambitions, examines how the interactions between the entrepreneurs who supplied the music and their adolescent clients were embedded in enduring networks of trust, and explores the peculiarities of the borsa as a site where western works of art were mechanically reproduced. It also demonstrates that the place where admirers of rock music met was enlivened by political energies and deliberately demarcated as a space in which ideological differences could manifest themselves, thus contesting Alexei Yurchak’s argument that in late socialism it was possible to be loyal to and love “both Lenin and Led Zeppelin.”

### **A Regime of Untranslatables: Temporalities of Translation and Conceptual History**

ALEXANDRA LIANERI

HISTORY AND THEORY 53.4 (2014): 473-497

**Abstract:** This essay focuses on untranslatability to discuss the diachronic temporality of the history of concepts. Defining untranslatables as the paradoxical origin and product of translating, it explores their role in mediating the long-term history of concepts by disrupting the historical boundaries of a period and challenging the contexts through which past meaning is confined to the *moyenne durée*. Addressing first the critical appraisal of the history of ideas by Quentin Skinner and J. G. A. Pocock, it discusses their alternative suggestion of a history of discourses, rather than concepts or ideas, to move to Pocock’s formulation of the category of “diachronic translation” as a shift from the *moyenne* to the *longue durée*. It then turns to *Begriffsgeschichte* to explore the interrelation of untranslatables, Koselleck’s consideration of translation, and his theory of historical times. It suggests that Koselleck not only states that translation mediates the history of concepts, but also envisions a distinct temporality associated with the aporetic condition of translating what is untranslatable. The *aporia* of translations underlies both the historical depth of concepts as a conceptual reserve and an act of silencing past meaning. The ensuing conjunction of surplus and erasure

qualifies Koselleck’s category of multiple times by designating the time of translation as “obscure time.” It is a time that displaces us from the apparent meaning of concepts in a certain period by receding toward the otherness of the past and suspending meaning that is already in the future. These two characteristics of obscure time, its receding and suspending nature, not only stand against the continuity of periodizing; they also make visible a politics of translation as an act of disruption of the present wherein the past becomes a reserve of meanings resisting appropriative interpretation.

# LIBERTY REVIEW

*América Latina*

## **Is Entrepreneurship a Channel of Social Mobility in Latin America?**

FRANCESCA CASTELLANI, EDUARDO LORA

LATIN AMERICAN JOURNAL OF ECONOMICS 51.2 (2014): 179-194

This paper summarizes the findings in this special issue of the Latin American Journal of Economics on entrepreneurship's role in upward social mobility in Latin America, especially for the middle class, often considered the cradle of entrepreneurship. The income-persistent coefficients estimated with pseudo-panel data for Colombia, Ecuador, and Uruguay indicate that entrepreneurship is a channel of intergenerational mobility, while asset persistence estimates for Mexico show that entrepreneurship increases mobility across generations. Although persistence coefficients do not indicate the direction of such mobility, estimates of income differentials between entrepreneurs and non-entrepreneurs for Ecuador and Mexico support the hypothesis that upward mobility dominates.

## **A Proposal of Monetary Reform for Argentina: Flexible Dollarization and Free Banking**

NICOLÁS CACHANOSKY, ADRIÁN RAVIER

THE INDEPENDENT INSTITUTE 19.3 (2015): 397-426

Argentina's economy and monetary institutions are, once again, experiencing a serious crisis. In this article, the authors propose a monetary reform for Argentina that consists of flexible dollarization plus a free banking regime. By flexible dollarization, they mean that the peso should be replaced with the U.S. dollar as a first step, but the market should have the freedom to interact with any selected currency. Therefore, the country does not become attached to the U.S. dollar; on the contrary, it becomes a free currency country. By free banking, they mean giving financial institutions permission to issue their own banknotes convertible into U.S. dollars or any other currency or commodity of their choice. The authors conclude by noting that their proposal is insufficient to solve Argentina's weak economic performance over the long run, but it is a necessary measure in light of the government's historical dependence on inflationary revenue.

## **The Political Economy of Policy Volatility in Latin America**

DAVID DOYLE

LATIN AMERICAN POLITICS AND SOCIETY (2014). ADVANCED ONLINE PUBLICATION DOI: 10.1111/j.1548-2456.2014.00246.x

**Abstract:** Why are some Latin American states plagued by persistent policy volatility while the policies of others remain relatively stable? This article explores the political economy of natural resource rents and policy volatility across Latin America. It argues that, all else equal, resource rents will create incentives for political leaders, which will result in repeated episodes of policy volatility. This effect, however, will depend on the structure of political institutions. Where political institutions fail to provide a forum for intertemporal exchange among political actors, natural resource rents will result in increased levels of policy volatility. Alternatively, where

political institutions facilitate agreement among actors, resource rents will be conducive to policy stability. This argument is tested on a measure of policy volatility for 18 Latin American economies between 1993 and 2008. The statistical tests provide support for the argument.

## **Sentimiento Moral y Razón: La Noción de Justicia en Adam Smith y Amartya Sen**

AUGUSTO ALEÁN PICO

CUADERNOS DE ECONOMÍA 33.63 (2014): 359-379

Amartya Sen plantea que su noción de justicia tiene como antecedente el pensamiento de Adam Smith. Sen usa de una manera particular los conceptos de la simpatía y del espectador imparcial para elaborar su noción de justicia. Más allá de la afirmación de Sen, estamos interesados en indagar si la noción de justicia de Smith es compatible con la que propone Sen. El principal hallazgo es que hay diferencias significativas entre las teorías y, por tanto, no son compatibles. Smith enfatizó la importancia del juicio moral basado en el sentimiento. Por el contrario, Amartya Sen enfatiza la necesidad de utilizar la razón y el debate público como elementos claves de una teoría de la justicia.

## **Libertad y Orden en la Filosofía Política Kantiana. Acerca de los Límites del Uso Público de la Razón en *El Conflicto de las Facultades***

ILEANA BEADE

ISEGORÍA. REVISTA DE FILOSOFÍA MORAL Y POLÍTICA 50 (2014): 371-392

En este trabajo se propone examinar una doble exigencia formulada por Kant en *El Conflicto de las Facultades* —a saber, la exigencia de libertad y la exigencia del orden—, a fin de señalar la premisa básica subyacente a dicha exigencia, esto es: la idea de que el orden público constituye la condición fundamental para la preservación del estado civil, entendido como el único estado en el que los hombres pueden ejercer plenamente su derecho innato a la libertad. Atendiendo a este objetivo, se examina el modo en que Kant caracteriza la contienda entre las Facultades, destacando el sentido eminentemente político del conflicto.

## **El Crédito y la Libertad Bancaria en un Régimen de Reserva Fraccionaria**

ALEJANDRO N. SALA

REVISTA DE INSTITUCIONES, IDEAS Y MERCADOS 60 (2014): 5-31

En relación al régimen crediticio, en la Escuela Austríaca de Economía hay dos grandes posturas: la que defiende un encaje o Reserva total, del cien por ciento, y la que prefiere un encaje o reserva fraccionaria. La inclinación por una u otra de las vertientes despierta intensos debates. El autor considera que ambas corrientes sostienen argumentos válidos pero también insuficientes, y propone una suerte de posición intermedia basada en una “reserva fraccionaria restringida”.



July 2014

## Deirdre McCloskey and Economists’ Ideas about Ideas

BY DONALD J. BOUDREAUX  
GEORGE MASON UNIVERSITY

*The economist and economic historian Deirdre McCloskey is over the halfway point of her 3 volume work on The Bourgeois Era. Two volumes have already appeared, Bourgeois Virtues (2006) and Bourgeois Dignity (2010), and the third is close to appearing. This Liberty Matters discussion assesses her progress to date with a Lead Essay by Don Boudreaux and comments by Joel Mokyr and John Nye, and replies to her critics by Deirdre McCloskey. The key issue is to try to explain why “the Great Enrichment” of the past 150 years occurred in northern and western Europe rather than elsewhere, and why sometime in the middle of the 18th century. Other theories have attributed it to the presence of natural resources, the existence of private property and the rule of law, and the right legal and political institutions. McCloskey’s thesis is that a fundamental change in ideas took place which raised the “dignity” of economic activity in the eyes of people to the point where they felt no inhibition in pursuing these activities which improved the situation of both themselves and the customers who bought their products and services.*

### I.

Reading Deirdre McCloskey’s *Bourgeois Dignity: Why Economics Can’t Explain the Modern World* [1] was a humbling experience for me. I don’t refer chiefly to the typical reason that ordinary economists are (or ought to be) humbled when reading McCloskey’s works – that reason being that we ordinary economists can’t help but recognize our inability to perform feats of creative thought and tireless scholarship on a McCloskeyan scale. I refer mainly to the fact that she made me realize how susceptible I am to weak ideas.

For years I accepted the “institutional” account of the economic rise of the western world. This account is the explanation advanced most frequently by market-oriented scholars, perhaps most famously by Douglass North and Barry Weingast. It says, briefly, that the stupendous innovationism and commercial efforts that fueled the industrial revolution were first unleashed, in 17th century Britain, by changes in institutions – especially those changes that sparked, and that were further refined by, the Glorious Revolution. Changes in political institutions caged government more reliably. Private property and contract rights grew more secure. And these happy developments were reinforced by the decentralized English common law. Promethean entrepreneurs were finally free to create. Prudential managers were finally free to exploit all opportunities for efficiency gains.

It’s a story that economists of a Friedmanite stripe love, and that economists of a Hayekian stripe love even more. I loved this story so much that I never thought seriously to question it even after I’d read Alan Macfarlane’s remarkable history of English individualism. Macfarlane showed convincingly that the Anglo-American individualism that is typically thought to

have sprung from the changes in formal political institutions that roiled 17th-century England in fact is rooted at least as deeply in time as 800 years ago:

When Jefferson wrote, “We hold these truths to be sacred and undeniable, that all men are created equal and independent, that from that equal creation they derive rights inherent and inalienable,” he was putting into words a view of the individual and society which had its roots in thirteenth-century England or earlier. It is not ... a view that emerged by chance in Tudor or Stuart England [2]

I sensed only very vaguely this tension between the neo-institutionalists’ theory (that our modern prosperity springs from the institutional changes wrought in 17th-century England) and Macfarlane’s history (that ordinary English folk have been rather jealous of their rights and property for nearly a millennia). And this tension intensified only just a bit after I’d studied Harold Berman’s monumental *Law and Revolution* [3] – a volume explaining how competition among alternative sources of governance gave rise, long before the 17th century, to a complex, nuanced, and workable system of laws and property institutions that should win the applause of 21st-century free-marketeers.

Oh, and there was also Bruce Benson’s book on the spontaneous development of law and private property rights.[4] Like the careful works of Macfarlane and Berman, Benson’s volume showed that sound legal institutions developed in the west long before the industrial and Glorious revolutions. They did so in large part precisely because there was no powerful sovereign practically available in many situations to define property rights and to settle disputes – and, hence, no such sovereign practically available in many situations to stifflingly tax and to regulate enterprise.

I’d long ago read these books and found them, then as now, to be brilliant, compelling, and important. They did almost nothing, however, to cause me to question the story that explains the industrial revolution as springing from the emergence, allegedly for the first time in history in the 17th century, of the rule of law, limited government, and private property rights. Yet if the combination of limited government, the rule of law, and secure property and contract rights is the key to what Nobel laureate economist Edmund Phelps calls “mass flourishing,”[5] then the masses should have started flourishing centuries before the Battle of Reading.

How humiliating that I for so long nodded my head in agreement to both the institutional account of the industrial revolution and to the legal and social history told so persuasively by Macfarlane, Berman, and Benson.

Enter McCloskey. What, she asks, changed in the 17th century to spark mass flourishing? Again, the answer can’t be

limited or small government, secure private property rights, or a rule of law at least as real as the one that today exists in prosperous places such as Chicago or Shanghai. While perhaps necessary for mass flourishing, those institutions have been around for too long without having launched any sustained economic takeoff. McCloskey's surprising yet compelling answer is that mass flourishing was sparked by a change in ideas about the dignity of commercial pursuits.

Until the 17th century, those who earned their living through trade were the Rodney Dangerfields of their eras: they got no respect. Merchants and other people operating on the supply side of commercial activities and transactions were tolerated. But they were viewed and spoken of with contempt. Unlike warriors who dirtied their hands honorably (namely, with blood), traders dirtied their hands dishonorably (namely, with profit). Unlike the nobility who got their riches honorably (namely, by idly collecting land rents), merchants got their riches dishonorably (namely, by actively trading). Unlike the clergy who won their rewards honorably (namely, by pondering the eternal), the bourgeoisie won their rewards dishonorably (namely, by responding to what Hayek later called "the particular circumstances of time and place").

Dishonor, you see, is a tax. This tax isn't imposed by the state, but so what? It is imposed by society. (Scholars who appreciate the reality and power of spontaneous order understand that collective action need not always be organized by the state.) And like all taxes, this "dishonor tax" (let us call it) discourages the activities on which it falls while it makes alternative, untaxed activities relatively more attractive.

Society's ancient habit of imposing sizeable dishonor taxes on merchants discouraged the best and the brightest from careers in commerce. These taxes worked as all sin taxes are supposed to work: they kept the sinful activity to a minimum. They also kept the few deviants who were not appropriately sensitive to the taxes out of polite society, much as today's animus towards tobacco keeps smokers outside of all public buildings or in designated "airport smoking rooms." (Don't grow up to be a smoker, Junior. See how society ostracizes those who engage in such antisocial behavior?!) Such a tax does not weigh lightly.

Of course there was tinkering and invention long before the industrial revolution. Blacksmithing improved. So did sailing ships. Agricultural tools and practices advanced. But there wasn't a great deal of market-driven innovation. There wasn't the frenzied quest that marked much of the past two centuries to create entirely new products for sale to the general public. Premodern creativity seldom involved creative destruction. As odd as it sounds, creativity confined to improving known products, industries, and methods of production – creativity that creates without simultaneously destroying – isn't sufficiently creative to create mass flourishing. Such undestructive creativity is too polite. It often saves labor (that is, "destroys" some jobs), yet it poses no significant threats to the status quo or to the familiar structures of everyday life. So this polite creativity, while it might never have received an honor subsidy, was never burdened with a dishonor tax.

The dishonor tax was levied on merchants, those who dared to seek personal profit from impersonal exchange – from the art of (it was once mistakenly thought) duping one group of strangers to part with their money in exchange for goods

produced by another group of strangers. How can that be honorable? But repeal the dishonor tax and watch out! Such exchange then occurs with greater and greater frequency. We get mass flourishing.

## II.

I buy it. I'm sold. McCloskey's rhetoric has persuaded me that the repeal of the dishonor tax was the key change that launched modern prosperity.

Nevertheless, a question for McCloskey intrudes here: what exactly is the connection between market-driven innovation and the repeal of the dishonor tax on merchants? It's clear that repealing the dishonor tax on merchants encourages mercantile activity to blossom and boom as never before. We get more trade and more specialization according to comparative advantage. But how does this expansion of trade, and the resulting greater efficiency at producing known goods and services, lead to orgies of innovation of the sort that McCloskey correctly identifies as the *sine qua non* of modern market economies?

The premodern world always had real live merchants to tax with dishonor. But it never had anyone like modern market innovators. Twelfth-century Europe, for example, wasn't home to any medieval Gustavus Swifts, John D. Rockefellers, or Malcolm McLeans struggling to creatively destroy established industries and familiar commercial practices. It's certainly believable that, had such Schumpeterian heroes arisen back then, they would have been slapped with an especially hefty dishonor tax. Yet it is not quite certain. Innovative activity of the sort that makes the modern world such a marvelous place is not (as McCloskey herself points out) quite the same thing as trade and commerce. And such innovation is entirely new. How can there have been widespread contempt, before the start of the age of mass flourishing, for occupations or activities that simply didn't exist? How can a dishonor tax have been imposed on people who couldn't back then even be imagined to exist, much less be seen or spoken ill about?

Asked differently, how exactly did the burden of the dishonor tax stymie innovation of the sort that makes us all so prosperous today?

Part of the answer is that innovation that destroyed jobs was indeed held in contempt prior to the modern age. Repealing the dishonor tax on relatively simple labor-saving innovation plausibly also made more radical species of innovation more socially acceptable and, hence, unleashed this radical innovation so that it could bring its manifest blessings to the masses.

Yet I think that there's a second, complementary channel through which the repeal of the dishonor tax eventually led to Schumpeterian-McCloskeyan innovationism. It is this: by finally giving dignity to traders and shopkeepers, the repeal of the dishonor tax greatly expanded and made more reliable the economic institutions necessary for market-tested innovation to be a profitable pursuit. To thrive, market-tested innovation needs extensive markets. As (of course) Adam Smith taught, increasingly extensive markets are a result of expanding trade. And the freer is trade, the more it expands. The more trade expands, in turn, the more extensive grow markets. Therefore, repealing the dishonor tax makes trade

freer which, by widening markets, increases the rewards for successful innovators.

Having to pay no hefty dishonor tax for innovating, and finding that expanding trade has increased (as standard textbooks predict) the monetary rewards for innovation, innovationism of a sort never before known in history began to happen on a routine basis. The result is our modern prosperity.[6]

This (or a similar) causal chain is almost certainly what McCloskey has in mind when she writes that the rise of bourgeois dignity – the repeal of the dishonor tax – is responsible for the innovationism that is so central to our modern mass flourishing. But on my reading of McCloskey this chain is more implied than explicit.

### III.

I know from several conversations that I've had with economists whose judgment I respect that McCloskey's idea-and-talk-based theory of the industrial revolution remains suspect. The objection is that ideas are too immaterial to explain material reality. McCloskey herself, of course, is quite aware of this objection to her theory, and she is far more able than I am to expose the weaknesses of this objection. I content myself here, as a finale to this opening essay, simply to acknowledge that I don't understand the idea that ideas don't matter. They do. So, too, do the ways that we talk and otherwise share our ideas. That this is so I have no doubt.

I do understand the reality of material constraints and the importance of material alternatives. No amount of changes in ideas will repeal the law of demand. Economists do great a service by reminding John and Jane Doe that these constraints are real and unavoidable. But we economists also teach even our freshmen students that movement occurs not only along given demand curves; demand curves themselves move. And we teach these students that at least one important reason for a shift in demand is a change in consumers' tastes and preferences – which surely include changes in the ideas that consumers have about different goods and services available on the market. If things as subjective, as unobservable, and as immaterial as “tastes and preferences” matter fundamentally for demand, why can't unobservable and immaterial ideas matter fundamentally for supply?

Suppose people come widely to believe that “two apples a day keep the doctor away.” Would any economist be surprised to discover that the demand for apples rises as a result? I doubt it. So now let the idea spread that shopkeeping is a profession more dignified than once thought. Or the idea that, contrary to earlier ideas, making a boatload of money is honorable if that money comes from consumers voluntarily buying your new gizmo. Watch what happens then. We get more shopkeeping and more and better gizmos. The latter proposition (the one about supply) is as perfectly plausible as the first (the one about demand).

Was such a change in ideas about bourgeois pursuits the cause of the industrial revolution? That's a separate question, although it's one to which McCloskey's affirmative answer is (for me) compelling. But even if McCloskey's theory is one day proven wrong, I'm confident that the reason will not be because someone showed conclusively that ideas do not profoundly affect the course of history or of economies.

It is high time that economists' improve their ideas about ideas. They should start by studying Deirdre McCloskey's work.

### End Notes

- [1.] Deirdre McCloskey's *Bourgeois Dignity: Why Economics Can't Explain the Modern World* (Chicago: University of Chicago Press, 2010). Also, Deirdre McCloskey, *Bourgeois Virtues: Ethics for An Age of Commerce* (Chicago: University of Chicago Press, 2006).
- [2.] Alan Macfarlane, *The Origins of English Individualism* (Oxford: Blackwell, 1978), pp. 202-203.
- [3.] Harold Berman, *Law and Revolution* (Cambridge, MA: Harvard University Press, 1983).
- [4.] Bruce L. Benson, *The Enterprise of Law* (San Francisco: Pacific Legal Foundation, 1990). See also Robert C. Ellickson, *Order Without Law* (Cambridge, MA: Harvard University Press, 1991) and Erik O. Kimbrough, Vernon L. Smith, and Bart J. Wilson, “Historical Property Rights, Sociality, and the Emergence of Impersonal Exchange in Long-Distance Trade,” *American Economic Review*, Vol. 98, June 2008, pp. 1009-39.
- [5.] Edmund S. Phelps, *Mass Flourishing* (Princeton: Princeton University Press, 2013).
- [6.] What role was played by the growing acceptance of consumer sovereignty? Was a rising recognition that consumers are (or should be) the ultimate judges of the value of economic activities a – perhaps the – cause of the repeal of the dishonor tax? Was it a consequence? Both? Neither?

### RESPONSES AND CRITIQUES

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(<http://oll.libertyfund.org>)

**Joel Mokyr**

“Ideas Mattered, But So Did Institutions”

**John V.C. Nye**

“How Do Ideas Matter?”

**Deirdre Nansen McCloskey**

“The Fruits of Humility, and Reading, in Economics: A Genial Reply to Don Boudreaux”



September 2014

## James Mill on Liberty and Governance in the Context of the “Few” and the “Many”

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*The political thought of James Mill is not as well known as it should be. This discussion attempts to reassess his contribution to classical liberal political theory via his dichotomy between the ruling “Few” (or what he also called at times “the sinister interest”) and the subject “Many.” As an activist in the movement for political and economic reform in England during the 1820s and 1830s James Mill and his fellow Philosophic Radicals sought to analyse the British establishment, the source of their power, how they used it to benefit themselves at the expense of ordinary people, and how they might be dislodged from their privileged position by a combination of electoral reform by opening up the franchise to the middle class and economic reform by repealing the protectionist corn laws. In the course of these campaigns he thought deeply about the nature of political power and democracy which the participants in this discussion will discuss at greater length. The lead essay is by Sandra J. Peart at the University of Richmond and the response essays are by Terence Ball at Arizona State University, Andrew Farrant at Dickinson College, and Quentin P. Taylor at Rogers State University.*

### Introduction

In recent years the “Coexist” bumper sticker has gained some popularity. I’ve wondered why my colleagues divide on this seemingly trivial matter: some display it with pride while others find the message annoying. Yet perhaps the divide reflects varied reactions to the problem that preoccupied James Mill: we all form relationships to groups that are stronger than our ties to the entirety of persons. The “Coexist” sticker exhorts us to be loyal to the full group and to downplay our ties to local groups.

For James Mill, the consequence of divided loyalties, especially when institutionalized in political structures, was that the Few would promote their interests at the expense of the Many. The key question in this essay is how Mill – and those before and after him – was sanguine about coexistence in a free society when he nonetheless recognized the dangers associated with the interests of smaller groups being overwhelmed by the desires and consequent actions of larger, more powerful groups, or factions. In Mill’s view, economists had much to say about this “most important” question, but they had received little credit for their analysis. [2] Sadly, notwithstanding the awarding of Nobel prizes in economic science to economists or political scientists such as James Buchanan, Douglass North, Elinor Ostrom, and Vernon Smith, whose work centered on arrangements that best align individual and group interests, the same might be said today.

### The Self and Others

Economists have struggled for centuries with the relationship

between the self and others. For those in the classical tradition of Adam Smith through James and then John Stuart Mill, the question was central to all economic analysis, to the wealth and flourishing of nations. Smith’s *The Theory of Moral Sentiments* made the case that economic actors are not selfish or even simply self-interested, because they also sacrifice their own material or physical well-being to help others, even though they “derive nothing” [3] from doing so, no promise of future reciprocity, no reputational gain, nothing but the pure joy associated with a praiseworthy act. For Smith, one becomes virtuous through the imaginative exchange of approbation, by learning what is praiseworthy as well as by obtaining well-deserved praise.

For Smith, James Mill, and his eldest son John Stuart Mill, economic activity is a means by which people acquire a sense of reciprocity, fairness, trust, duty, and altruism. In contrast with the modern economic turn that developed an economics of isolated actors unconnected to others by bonds of friendship or language, classical economists presupposed that people are embedded in social contexts. In this view, cooperation in economic and social activity emerged from the resulting interactions; as Smith put it, actors entered into a “great school of self-command” of language and self-sacrifice. [4]

### The Problem

Classical economists held that all people are connected by bonds of sympathy that carry motivational force and generate a wide sphere of reciprocity. Yet they also recognized the strong tendency for people to form groups characterized by relative uniformity in social or economic dimensions. Here arose the danger of “factions,” of cooperative action within one group at the expense of another. Unlike the division of labor, where gains from specialization and trade accrue on both sides of a transaction, for Smith and, even more, for James Mill, factions are associated with zero-sum outcomes.

When small groups cooperate at the expense of large groups, the problem that greatly troubled James Mill, the outcome is deleterious. Smith believed that “Masters are always and every where in a sort of tacit, but constant and uniform combination, not to raise the wages of labour above their actual rate. To violate this combination is every where a most unpopular action, and a sort of reproach to a master among his neighbours and equals.” [5]

Importantly, masters regard one another as “neighbours and equals”: they are close to each other in social and economic dimensions, and as a consequence they seek the approval of those within the group by taking steps that harm those outside the group.

While Smith focused on the economic problem of collusion,

it was the political context of groups exploiting one another that especially troubled James Mill. In Mill's view, such factions emerge out of and then rely on and reinforce political or economic power. Unchecked power is the means by which an individual or a group promotes its interest to the detriment of others:

[I]f one man has power over others placed in his hands, he will make use of it for an evil purpose; for the purpose of rendering those other men the abject instruments of his will.[6]

When one is "lifted high above" others, one need not *earn* the approval of the ruled; instead one is afforded a "powerful means of obtaining their services" whether one acts in a deserving manner or not, "altogether independent of his conduct."

James Mill followed Smith in using sympathetic considerations to explain group formation, organization, and persistence. For Mill, as for Smith, affection for others is motivational: "that important class of Motives which arise from the contemplation of our fellow-creatures, as the cause of our Pleasures, and Pains." [7] Small groups are especially effective if they contain those who are sympathetically connected:

Where the inhabitants of a country are divided into classes, a Ruling Class, and a Subject Class, the members of the Ruling Class have hardly any sympathies, except with one another; in other words, have agreeable associations with the pleasures, and removal of the pains, of hardly any persons, but those who belong to the same class.[8]

Groups are characterized by and reinforce "associations" that carry motivational weight, with "terrible" effects. One practical example Mill offered of the results of faction was Ireland, whose "misfortune" was that it was ruled by an aristocracy that aligned itself with the aristocracy of England rather than the people of Ireland.[9]

The problem with small groups is that instead of trying to be praiseworthy by doing what's best for the widest possible group, people in small groups are motivated to obtain praise from those like them, their colleagues.[10] Obtaining praise, of course, depends upon the group to which an individual happens to belong. As this is often a matter of happenstance, of birth, there is no reason to believe that motivation by praise will serve ends beyond that the immediate group. For the Few to act in such a way as to benefit the largest group possible, the concerns of the largest group must serve as motivation. What links Smith and the two Mills is their laser-like focus on praiseworthiness as motivation[11].

For James Mill, the rulers and the ruled are the principal example of factions. This division in turn reflected a deep divide between rich and poor, one that left the laboring classes rightly "suspicious" of the ruling class

It is not duly considered by the upper ranks of the population, how inseparable from human nature are the suspicions of those who are weak, toward those who are strong; the suspicions of those who are liable to be hurt, towards those who are capable of hurting them. And it is only the blindness of self-love, and our inattention to evils in which we are not called to participate, that leave us ignorant of the actual

grounds in practice, whence, even in this country, the institutions of which are so much more favourable than those of most other countries to the poor, the weak have reason to dread the interference of the strong.[12]

While factions form as a result of common interests and sympathetic bonds of association, control of knowledge helps them persist:

It will be decidedly the interest of the knowing class to maintain as much ignorance as possible among the rest of the community, that they may be able the more easily to turn and wind them conformable to their own purposes; and, for that end, to study, not real knowledge, not the means of making mankind wiser and happier, but the means of deluding and imposing upon them; the arts of imposture.[13]

After control of knowledge, Mill points to fear as a means by which factions are abetted. Indeed, much "political evil" is the result of "the facility with which mankind are governed by their fears; and the degree of constancy with which, under the influence of that passion, they are governed wrong." The few use the fears of the many to justify the creation of "large standing armies; enormous military establishments; and all the evils which follow in their train," all of which impoverish the many and increase the likelihood of war. Colonial conquest and expansion were the predictable results of "the few" exploiting "the many"; elites in colonial countries find easy access to "the precious matter with which to influence; the other, the precious matter with which *to be* influenced." [14]

## Remedies

What to do? A number of partial remedies follow from Mill's analysis. Government being "the *means*" to secure freedom of contract and property rights, the question, first, was what form of government? In line with his worry about the many being exploited by the few, Mill argued for dispersed power through the representative system, "the grand discovery of modern times," the means by which the community can check the power of individuals to follow their partial interest: "All the evils of misgovernment, which we suffer, and to which we are liable, cumulated with all the evils of that horrid immorality which results from the giving and suborning prostitute votes, arise from this; -- that the people of England do not choose the members of parliament, that the majority of them are chosen by a small number of men." [15] To further disperse power, Mill argued that representatives be chosen by a wider – though not fully inclusive – set of voters.[16]

Since control of information was essential to maintaining the close associations among the exploiting "few," Mill argued strenuously in favor of rich information and he just as vigorously opposed any form of monopoly in the provision of knowledge. Ignorance being "the necessary principle of all the evils which have afflicted society," Mill argued for freedom of inquiry. More than this, he defended the freedom to examine, discuss, and contradict,

as evidence can spring from nothing but *adequate examination*, from the necessity of that evidence clearly follows the *necessity of examination*; from the necessity of examination clearly

follows the necessity of the *greatest possible liberty of contradiction*; and in addition to that liberty, the existence of all those political institutions which are required to give to evidence its greatest possible *publicity*. [17]

The need was especially pressing in politics, where “the very foundation of a good choice [of representative] is knowledge” and “the fuller and more perfect the knowledge, the better the chance, where all sinister interest is absent, of a good choice.” Here, the printing press had produced “a perfect revolution” in which Mill placed great faith for the reduction of fraud, influence peddling, and the use of force. [18]

Mill placed great hope in education as a measure to reduce the effectiveness of factions. He regarded education as the principal means by which people come to identify with a larger group:

[I]here can be no real Patriotism, no pointing of the *Affection*, the *Motive*, and *Disposition*, steadily to the good of the whole, without preference of any particular part; except, either in men of elevated minds and affections, in whom the larger associations, generated by a good Education, control the narrow associations, growing out of a particular position; or, in men whose position is such as to give them pleasurable associations chiefly with individuals of the general mass, whose good has this happy quality, that it is always identified with that of the community at large. [19]

The challenge for education is to widen sympathy so that its motivational force pertains to all, instead of the small group. [20]

When T. B. Macaulay reviewed Mill’s “On Government” in the *Edinburgh Review*, he did not know Mill’s *Human Mind*, published that year, 1829, in which Mill laid out the empirical claims from which his worries about faction flowed. Macaulay provided a powerful objection to Mill’s argument about the Many and the Few:

If all men preferred the moderate approbation of their neighbours, to any degree of wealth or grandeur, or sensual pleasure, government would be unnecessary. If all men desired wealth so intensely as to be willing to brave the hatred of their fellow creatures for sixpence, Mr Mill’s argument against monarchies and aristocracies would be true to the full extent. But the fact is, that all men have some desires which impel them to injure their neighbours, and some desires which impel them to benefit their neighbours. [21]

Yet if we think of a ruling group rather than a ruling individual, then Mill’s argument lays out the case of a group that is generous and benevolent inside the group but hawkish toward those outside the group. This fills in the detail that Macaulay rightly found missing in the case of individuals.

### Conclusion

In Mill’s view, freedom of property (in the self and the fruits of one’s labor) was a means to obtain “the greatest possible abundance of the things adapted for human enjoyment.” [22] Government exists as the means to ensure freedom. Since government itself created a division into the Many and the Few, with government came the danger of faction and the necessity

of guarding as best we can against the powerfully corrupting influence of small groups. For Mill society guards against those dangers through free and open discussion of the differences among us, the issues that divide us, the problems we seek to solve, and the proposed remedies. Only by strict examination and rich discussion, within an institutional framework that yields places to representatives of all sorts, might we hope to avoid one group exploiting another.

It is worth noting that despite some key differences with his father, in his review of Tocqueville’s *Democracy in America*, J. S. Mill developed the argument that democratic electoral competition provides the sort of education that widens one’s sympathies. [23] In *On Liberty*, J. S. Mill also, as is well known, championed discussion, including, significantly, discussion amidst diversity, difference, and idiosyncrasy, as the means by which we might best coexist. Accordingly, perhaps the conclusion to draw from the foregoing is that the bumper sticker of choice might be, “Discuss!”

### End Notes

[1.] James Mill, “Colony,” *Supplement to the Encyclopedia Britannica in The Political Writings of James Mill: Essays and Reviews on Politics and Society, 1815-1836*, ed. David M. Hart (Indianapolis, Ind.: Liberty Fund, 2013). </titles/2520#Mill\_1624\_632>. All references henceforth are to the Liberty Fund anthology of *The Political Writings of James Mill* unless otherwise indicated.

[2.] James Mill, “Economists,” *Supplement to the Encyclopedia Britannica*. </titles/2520#Mill\_1624\_672>.

[3.] Adam Smith, *The Theory of Moral Sentiments; or, An Essay towards an Analysis of the Principles by which Men naturally judge concerning the Conduct and Character, first of their Neighbours, and afterwards of themselves. To which is added, A Dissertation on the Origins of Languages. New Edition. With a biographical and critical Memoir of the Author*, by Dugald Stewart (London: Henry G. Bohn, 1853). TMS Part I, Sect. 1, Chap. 1 “Of Sympathy” </titles/2620#Smith\_1648\_157>.

[4.] This argument, including the historical claim about 20th-century developments in economics is laid out more fully in Sandra J. Peart, “Entering the ‘Great School of Self-Command’: The Moralizing Influence of Markets, Language and Imagination,” in Robert F. Garnett, Paul Lewis, and Lenore Ealy, eds., *Commerce and Community: Ecologies of Social Cooperation* (London and New York: Routledge, 2015).

[5.] Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations by Adam Smith, edited with an Introduction, Notes, Marginal Summary and an Enlarged Index by Edwin Cannan* (London: Methuen, 1904). Vol. 1. Book I, Chap. VIII “Of the wages of Labour” </titles/237#Smith\_0206-01\_296>.

[6.] James Mill, “Government,” *Supplement to the Encyclopedia Britannica*. </titles/2520#Mill\_1624\_992>. Here Mill was in line with Smith: “All for ourselves and nothing for other people, seems, in every age of the world, to have been the vile maxim of the masters of mankind.” Adam Smith, *Wealth of Nations*. Book III, Chap. IV “How the Commerce of the Towns contributed to the Improvement of the Country” </titles/237#Smith\_0206-01\_1045>.

[7.] James Mill, *Analysis of the Phenomena of the Human Mind*. In ed. John Stuart Mill. (London: Longmans, Green, Reader, and Dyer [1829] 1869), vol. 2, p. 270.

[8.] *Ibid.*, p. 275.

[9.] James Mill, “Summary Review of the Conduct and Measures of the Seventh Imperial Parliament” in *Parliamentary History and Review* (London, 1826). </titles/2520#Mill\_1624\_1826>.

[10.] Experimental evidence has demonstrated that groups are collectively more self-regarding and competitive than individuals. See Makowsky, Orman, and Peart, forthcoming; <<http://www.sciencedirect.com/science/article/pii/S2214804314000895>>.

[11.] John Stuart Mill emphasized this point in his father's work: "This paragraph, unexplained, might give the idea that the author regarded praiseworthiness and blameworthiness as having the meaning not of deserving praise or blame, but merely of being likely to obtain it. But what [James Mill] meant is, that the idea of *deserving* praise is but a more complex form of the association between our own or another person's acts or character, and the idea of praise." See J. S. Mill's editorial comments in James Mill, *Analysis of the Phenomena of the Human Mind*, vol. 2, p. 298.

[12.] James Mill, "Banks for Savings," *Supplement to the Encyclopedia Britannica*. </titles/2520#Mill\_1624\_185>.

[13.] James Mill, "Caste," *Supplement to the Encyclopedia Britannica*. </titles/2520#Mill\_1624\_498>.

[14.] Ibid. </titles/2520#Mill\_1624\_633>.

[15.] James Mill, "Liberty of the Press," *Supplement to the Encyclopedia Britannica*. </titles/2520#Mill\_1624\_2858>. To mitigate against the accumulation of power by representatives, Mill urged that limits be placed on the duration of time in office. See Mill, "Government," in *Supplement to the Encyclopedia Britannica*. </titles/2520#lf1624\_head\_015>.

[16.] Mill famously argued that the interests of women aligned nearly perfectly with those of their fathers or husbands; hence they might be excluded from the franchise. Macaulay took issue with the argument. See T. B. Macaulay, "Mill's Essay on Government: Utilitarian Logic and Politics," 1829, in *Utilitarian Logic and Politics*, edited by Jack Lively and John Rees (Oxford: Clarendon Press, 1978), p. 116. Online version: "Mill on Government. (March 1829)" in Thomas Babington, Lord Macaulay, *The Miscellaneous Writings of Lord Macaulay*, vol. 1, (London: Longman, Green, Longman, and Roberts, 1860). </titles/99#lf1228-01\_head\_036>.

[17.] "Economists," *Supplement to Encyclopedia Britannica*. </titles/2520#Mill\_1624\_695>.

[18.] "Liberty of the Press," *Supplement to Encyclopedia Britannica*. </titles/2520#Mill\_1624\_1317>.

[19.] James Mill, *Analysis of the Phenomena of the Human Mind*, vol. 2, p. 276.

[20.] Ibid., p. 278.

[21.] T. B. Macaulay, "Mill's Essay on Government: Utilitarian Logic and Politics," 1829, in *Utilitarian Logic and Politics*, edited by Jack Lively and John Rees (Oxford: Clarendon Press, 1978), p. 107. See online: "Mill on Government. (March 1829)" in Thomas Babington, Lord Macaulay, *The Miscellaneous Writings of Lord Macaulay*, vol. 1, (London: Longman, Green, Longman, and Roberts, 1860). </titles/99#lf1228-01\_head\_036>. Quote: </titles/99#Macaulay\_1228-01\_790>.

[22.] James Mill, "Economists," *Supplement to the Encyclopedia Britannica*. </titles/2520#Mill\_1624\_674>.

[23.] John Stuart Mill, "De Tocqueville on Democracy in America," *London Review* I, 1835; *The Collected Works of John Stuart Mill*, vol. 18 – Essays on Politics and Society, Part I, ed. John M. Robson (Toronto: University of Toronto Press; London: Routledge and Kegan Paul, 1977). </titles/233#lf0223-18\_head\_033>.

## RESPONSES AND CRITIQUES

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**Terence Ball**

"Professor Peart's Mill – and Mine"

**Quentin P. Taylor**

"James Mill on Liberty and Governance:  
A Reply to Professor Peart"

**Andrew Farrant**

"James Mill: Of Faction, Sympathy,  
and Theodore Tugboat"



November 2014

## Herbert Spencer's Sociology of the State

BY GEORGE H. SMITH

*The English sociologist and individualist political philosopher Herbert Spencer has been either completely neglected or badly misinterpreted by scholars for over one hundred years. In this discussion George Smith explores an important aspect of Spencer's thinking, namely his "sociology of the state". Although Smith considers Spencer to be "one of the most fascinating and complex figures in the history of classical liberalism" he is concerned that there is a tension in his thought between Spencer the radical individualist moral and political philosopher and Spencer "the sociologist." In other words, perhaps we have "Das Herbert Spencer Problem" which needs to be resolved. On the one hand, Spencer believes in "absolute ethics" in his political and moral theory (that violence and coercion is morally wrong), and yet on the other hand seems to give the state a free pass ("relative ethics") when it comes to the emergence of the state and the role war and violence played in this process. He is joined in this discussion by David M. Levy, Professor of Economics at George Mason University; Roderick T. Long, Professor of Philosophy at Auburn University; and Alberto Mingardi, the founder and General Director of the Istituto Bruno Leoni.*

I have written this essay in the hope that I may learn some things from my commentators. Roderick Long has written some excellent articles on Spencer, and they are invariably on point. Alberto Mingardi's book *Herbert Spencer*[1] is, in my judgment, the finest overview of Spencer's political ideas ever published in book form; I cannot recommend it too highly. Unfortunately, I am not familiar with the work of David Levy, but a little background research on the Internet leads me to believe that he, like the other two commentators and me, has been concerned with portraying Spencer in a fair light.

Although I have studied Herbert Spencer for decades and written quite a bit on his life and theories,[2] I am still puzzled by some of his ideas, especially the tension that exists between Spencer qua libertarian moral/political philosopher and Spencer qua sociologist. And despite my substantive disagreements, I regard him as one of the most fascinating and complex figures in the history of classical liberalism. My respect for Spencer, both as an intellectual and as a man, runs deep, so I am inclined to interpret him sympathetically. There can be no doubt that Spencer invested considerable intellectual labor in his writings, as illustrated by his many revisions of manuscripts and later editions of articles and books.[3] So when I encounter an idea that seems exceedingly odd or inconsistent with his other ideas, I usually assume, as a working and defeasible hypothesis, that the fault lies in me, not in Spencer. More than once I have been puzzled by a remark by Spencer only to discover subsequently that he provided a more complete explanation elsewhere in his extensive writings. Attempting to understand the mind of Herbert Spencer is like engaging in a research project that never ends.

Nevertheless, there are clearly problems in Spencer's

sociological writings, including his ideas about the sociology of the state. I have focused on three topics that I find especially troublesome. Perhaps these problems will prove intractable, but if anyone will be able to help iron out the theoretical wrinkles or correct any mistakes I may have made, it is surely one or more of the three distinguished commentators.[4]

1) Any discussion of Herbert Spencer's theory of the state must confront the problem that the state, according to Spencer, has no fixed nature. On the contrary, "the State has, in different places and times, essentially different natures." [5] This remark flowed from Spencer's refusal to draw a bright line between state and society—a position that set him apart from many of his liberal predecessors. The state is "society in its corporate capacity"; [6] and just as societies have existed with fundamentally different natures, so their corresponding states have existed with fundamentally different natures. We see this in Spencer's celebrated distinction between two ideal types: the "militant" form of social organization (a "society of status" dominated by "compulsory cooperation" and a hierarchical system of command) versus the "industrial" form of social organization (a "society of contract" in which individuals with equal rights deal with one another through "voluntary cooperation.") [7]

It bears mentioning that Spencer distinguished between the meanings of "state" and "government." Spencer used the term "government" to denote any kind of regulative agency, as we see in his discussions of "political and ecclesiastical governments," and even "industrial governments," such as guilds and unions. [8] Government is simply "a form of control," and the specifically *political* form of government "is neither the earliest nor the most general." Although we find no political mechanisms of control in some small societies, "there are none without that control which is exercised by established modes of behavior between man and man." There are "peremptory rules" of social intercourse even in the most primitive societies. [9]

I think it is safe, given this information, to infer that the state, for Spencer, is the *institutional form of political control*. Although this *formal* similarity may not permit us to assign a specific nature, or essence, to the "state," the family resemblance (as a follower of Wittgenstein might say) among various states does permit us to *identify* them in specific cases.

In his first major work, *The Proper Sphere of Government* (1842), a young Spencer described a limited government devoted to the protection of individual rights as "a government springing naturally out of the requirements of the community." [10] In his later sociological writings, however, Spencer came to view all governments as natural insofar as they are manifestations of "public sentiments."

[E]ven now, there is no clear apprehension of the fact that

governments are not themselves powerful, but are the instrumentalities of a power [public sentiments]. This power existed before governments arose; governments were themselves produced by it, and it ever continues to be that which, disguised more or less completely, works through them.[11]

In primitive communities “political power is the feeling of the community, acting through an agency which it has either informally or formally established.” This governing sentiment is mainly from the past, however, as manifested in customs that even political heads may not violate. This “control by inherited usages”—a kind of “invisible framework” for social order—is often more effective in controlling behavior than formal laws.[12] Thus the function of the primitive ruler “is mainly that of enforcing the inherited rules of conduct which embody ancestral sentiments and ideas.” And when law replaces custom, “the political head becomes still more clearly an agent through whom the feelings of the dead control the actions of the living.”[13]

According to Spencer, “the properties of the aggregate are determined by the properties of its units.” Thus “so long as the characters of citizens remain substantially unchanged, there can be no substantial changes in the political organization which has slowly been evolved by them.” Although human nature is not fixed, although it is “indefinitely modifiable”—here we need to keep Spencer’s Lamarckism in mind—it “can be modified but very slowly,” so attempts to bring about radical political changes in a short time “will inevitably fail.” Spencer therefore cautioned that “we must be on our guard against the two opposite prevailing errors respecting Man, and against the sociological errors flowing from them: we have to get rid of the two beliefs that human nature is unchangeable, and that it is easily changed; and we have, instead, to become familiar with the conception of human nature that is changed in the slow succession of generations by social discipline.”[14]

This conception of the state, according to which even the most despotic state reflects the average emotional characteristics of its citizens, again sets Spencer apart from those libertarian thinkers who viewed the state as a foreign element, in effect, that coercively imposes itself on society. There is another problem as well. Even savage states, Spencer maintained, are “ethically warranted” to some degree, because they arise *necessarily* from the social conditions at a given stage of social evolution and served a useful purpose of some kind. Here is one of Spencer’s many statements on this matter.

In the first stage, death and injury of its members by external foes is that which the incorporated society has chiefly, though not wholly, to prevent; and it is ethically warranted in coercing its members to the extent required for this. In the last stage, death and injury of its members by internal trespasses is that which it has chiefly if not wholly to prevent; and the ethical warrant for coercion does not manifestly go beyond what is needful for preventing them.[15]

The problem of passing relative moral judgments that apply to the past but not to the present, while simultaneously upholding an objective theory of ethics, led to Spencer’s dichotomy between “absolute” and “relative” ethics.[16] This troublesome distinction served as a bridge that enabled

Spencer to cross back and forth between his role as a value-free sociologist and his role as a value-laden moral philosopher. In my opinion, Spencer’s distinction between absolute and relative ethics caused more problems than it solved, but I cannot explore the matter here. Perhaps the commentators will shed some sympathetic light on this issue, for this is one area where my sympathetic inclinations toward Spencer are overridden by skepticism tinged with cynicism.

2) I am scarcely the first to complain about Spencer’s many references to a “social organism,” but I wish to discuss some features of this term. In referring to society as an “organism,” Spencer meant this only as a useful analogy. It is “a scaffolding to help in building up a coherent body of sociological inductions,” and if we take away this scaffolding, “the inductions will stand by themselves.”[17] A literal organism “is a physical aggregate forming an individual,” whereas the metaphorical social organism is “a physically incoherent aggregate of individuals distributed over a wide area.” The analogies involved here “cannot be analogies of a visible or sensible kind; but can only be analogies between the systems, or methods, of organization.” In both cases there is “a mutual dependence of parts. This is the origin of all organization; and determines what similarities there are between an individual organism and a social organism.” There are also essential differences. Most significantly, there is only one center of consciousness in an individual organism, whereas society consists of a multitude of conscious individuals—and this difference “entirely changes the ends to be pursued.”[18] In a living being the parts serve to sustain the life of the whole organism, whereas society exists to serve the ends of its individual parts.

The organismic analogy was useful to Spencer because it reinforced his point that “society is a growth and not a manufacture.” The insight that “societies are not artificially put together, is a truth so manifest, that it seems wonderful men should ever have overlooked it.”[19] This spontaneous development of society is especially evident in the division of labor.

It is not by “the hero as king,” any more than by “collective wisdom,” that men have been segregated into producers, wholesale distributors, and retail distributors. Our industrial organization, from its main outlines down to its minutest details, has become what it is, not simply without legislative guidance, but, to a considerable extent, in spite of legislative hindrances. It has arisen under the pressure of human wants and resulting activities. While each citizen has been pursuing his individual welfare, and none taking thought about division of labour, or conscious of the need of it, division of labour has yet been ever becoming more complete. It has been doing this slowly and silently: few having observed it until quite modern times. By steps so small, that year after year the industrial arrangements have seemed just what they were before—by changes as insensible as those through which a seed passes into a tree; society has become the complex body of mutually-dependent workers which we now see.[20]

Given this perspective, it is understandable why Spencer used the organismic analogy. But analogies should serve to clarify the point one wishes to make, and Spencer’s innumerable “parallelisms” between organisms and societies rarely serve this purpose. Consider one of Spencer’s many

discussions of the “community of structure” between physical organisms and society.

Differing from one another as the viscera of a living creature do in many respects, they have several traits in common. Each viscus contains appliances for conveying nutriment to its parts, for bringing it materials on which to operate, for carrying away the product, for draining off waste matter; as also for regulating its activity. Though liver and kidneys are unlike in their general appearances and minute structures, as well as in the offices they fulfill, the one as much as the other has a system of arteries, a system of veins, a system of lymphatics—has branched channels through which its excretions escape, and nerves for exciting and checking it....[21]

After elaborating along the same line, Spencer continued: “It is the same in a society”; and he concluded by emphasizing how similar an organism and a society truly are, given the “mutual dependence” found in each. But surely the point about the interdependence of individuals in a commercial society—a common theme in classical liberalism—could have been made without the paraphernalia of the organismic analogy. Indeed, in an effort to make his structural analogy more compelling, Spencer referred to a manufacturing district that “*secretes* certain goods” and to a seaport town that “*absorbs*” commodities (my italics).[22] Unfortunately, this kind of misleading biological language is strewn throughout Spencer’s writings on sociology, and it often detracts from his important ideas about social structures and functions.

Biology was a popular subject during the 19th century (many books for a general audience were published on the topic), and Spencer’s two-volume work *The Principles of Biology* was highly regarded by many “naturalists” of his era. It is therefore understandable if some contemporaries of Spencer reacted favorably to his seemingly endless organismic analogies. But the same is not generally true of modern readers, especially since many of Spencer’s biological details have become dated. This problem illustrates the danger of linking one’s philosophy, including social philosophy, to the latest trends in science. As science advances, and as older theories become revised or discarded, the philosophy associated with a given scientific theory may be regarded as outdated as well—even though the philosophic reasoning might stand on its own, without the scientific prop.[23]

3) Another problem with Spencer is one that has annoyed me since I began reading him in the mid-1970s. This concerns Spencer’s views about the indispensable role of war in furthering social progress. This was an odd position for a man who vigorously protested against the evils of war during his entire career, and who warned that the brutal, imperialistic adventures of his time were causing Britain and other countries to retrogress into the militant form of society—a process that was leading to the “re-barbarization” of Europe and that would inevitably end in disaster. Spencer’s forebodings about the immediate future caused the depression and pessimism that scarred his later years. Yet the same man who despised war as much as is humanly possible wrote many passages like the following:

We must recognize the truth that the struggles for existence between societies have been instrumental in their

evolution.... Social cooperation is initiated by joint defence and offence; and from the cooperation thus initiated, all kinds of cooperations have arisen. Inconceivable as have been the horrors caused by this universal antagonism which, beginning with the chronic hostilities of small hordes tens of thousands of years ago, has ended in the occasional vast battles of immense nations, we must nevertheless admit that without it the world would still have been inhabited only by men of feeble types, sheltering in caves and living on wild food.[24]

Although Spencer would have agreed with Randolph Bourne that “war is the health of the state,” he would not have been troubled by this insight in all cases, especially as it applies to earlier stages of social evolution. “Everywhere the wars between societies originated governmental structures, and are causes of all such improvements in those structures as increase the efficiency of corporate action against environing societies.”[25] Although Spencer, strictly speaking, would not have agreed with the thesis of Franz Oppenheimer that states always originated in conquest, he did agree that “where there neither is, nor has been, any war there is no government.”[26] But Spencer did not regard this as necessarily a bad thing. On the contrary, earlier wars and conquests were a necessary and valuable stage in social evolution. Indeed, even “[a]mong existing uncivilized and semi-civilized races, we everywhere find that union of small societies by a conquering society is a step in civilization.”[27] The social scientist, in his quest for objectivity, must put aside his hatred of war and understand that its social benefits were the unintended consequences of what we may personally regard as barbaric acts. And, once again, Spencer appealed to his distinction between relative and absolute ethics when dealing with the moral implications of his position.

If any thesis defended by Spencer deserves extended consideration, this one is surely it. But space considerations demand that I mention only the *major* reason why Spencer defended his thesis about war. He wrote: “Hence, unquestionably, that integration effected by war, has been a needful preliminary to industrial development, and consequently to developments of other kinds—Science, the Fine Arts, &c.”[28] Working from the premise that the extensive division of labor needed for economic productivity and most cultural achievements requires a large population, Spencer insisted that societies would never have attained the requisite size if not for conquests that merged small societies into greater societies through the subordination and assimilation of conquered peoples. This is a complex subject, granted, but I would very much like to know what the commentators think about this claim.

## End Notes

- [1.] Alberto Mingardi, *Herbert Spencer* (New York: Continuum, 2011).
- [2.] My first article, “Will the Real Herbert Spencer Please Stand Up?” (*Libertarian Review*, Dec. 1978), attempts to correct some common misunderstandings about Spencer, especially in regard to his “survival of the fittest” doctrine. My second and most technical article, “Herbert Spencer’s Theory of Causation” (*Journal of*

*Libertarian Studies*, Spring 1981), covers a broad range of topics, from Spencer's epistemology to his metaethics. More recently, I published five series of articles about Spencer as part of my "Excursions into Libertarian Thought" for [Libertarianism.org](http://Libertarianism.org). See: "Barack Obama, Social Darwinism, and Survival of the Fittest" (3 parts); "From Optimism to Pessimism: The Case of Herbert Spencer" (7 parts); "Herbert Spencer, Henry George, and the Land Question" (6 parts); "Thomas Hodgskin Versus Herbert Spencer" (3 parts); and "A Gossipy Interlude: George Eliot, Herbert Spencer, and John Chapman" (3 parts). I also discuss Spencer in my latest book, *The System of Liberty: Themes in the History of Classical Liberalism* (New York: Cambridge University Press, 2013).

[3.] Spencer wrote: "[S]o far from disliking the process of polishing, I had a partiality for it; and cannot let any piece of work pass so long as it seems to me possible to improve it." Regarding *The Study of Sociology* in its various forms, both published and in proofs, Spencer said that "every sentence in the work had passed under my eye for correction five times; and each time there was rarely a page which did not bear some erasures and marginal marks." *An Autobiography* (New York: D. Appleton and Company, 1904), II:423.

[4.] Of course, apparent inconsistencies in Spencer may be nothing of the kind; they may merely reflect his change of views as he got older. In other cases, the problem may lie in Spencer's peculiar approach to some matters, as when he insists, in *Social Statics* (1850), that ethics, including the Law of Equal Freedom, applies only to the "ideal man," i.e., to a future society populated by people with highly evolved moral sentiments. On these issues see my series, linked above, "From Optimism to Pessimism: The Case of Herbert Spencer." (A note about the publication year of *Social Statics*: Although the first edition published by John Chapman says 1851, Spencer repeatedly stated that it was actually published in December 1850. This accounts for the discrepancy sometimes found in secondary sources that cite the book.)

[5.] *The Principles of Ethics* (New York: D. Appleton and Company, 1898), II:182 (§346). This two-volume work, like *The Principles of Sociology* and other titles in *The Synthetic Philosophy*, contains section numbers that run consecutively through all volumes of the same title. Since page numbers may vary in different editions of the same book, I have included section numbers, where appropriate, in parentheses to facilitate locating quoted passages.

[6.] *Principles of Ethics*, II:186 (§347).

[7.] Spencer invoked his ideal types in many essays and books. For his most thorough discussions, see the following chapters in *The Principles of Sociology*: "Social Types and Constitutions" (Chapter X of the first volume), "The Militant Type of Society" (Chapter XVII of the second volume), and "The Industrial Type of Society" (Chapter XVIII of the second volume).

[8.] *The Principles of Sociology* (New York: D. Appleton and Company), I:440 (§210).

[9.] *An Autobiography*, II:355.

[10.] Reprinted in *The Man Versus the State: With Six Essays on Government Society, and Freedom*, ed. Eric Mack (Indianapolis, Ind.: Liberty Classics, 1981), 185. *The Proper Sphere of Government* originally appeared as a series of eleven letters in the *Nonconformist* (1842), a dissenting periodical edited by Edward Miall, a major figure in the campaign to disestablish the Church of England. In August 1843, the 23-year-old Spencer revised his letters and published them as a booklet at his own expense. "Perhaps a hundred copies were sold and less than a tenth of the cost repaid." Many were distributed "to friends and to men of note." Later, in 1848, Spencer gave a copy to James Wilson, founder and proprietor of *The Economist*, and that complimentary copy helped to land Spencer a job as sub-editor. See Herbert Spencer, *An Autobiography* (New York: D. Appleton and Company, 1904), I:264, 380. The reprint in the Liberty Classics anthology is from the pamphlet version.

[11.] *The Principles of Sociology*, II:318 (§466).

[12.] *Ibid.*, II:321-22 (§467).

[13.] *Ibid.*, II:323 (§468).

[14.] *The Study of Sociology* (New York: D. Appleton and Company, 1896), 111, 109, 132.

[15.] *Principles of Ethics*, I (§347)

[16.] See "Absolute Political Ethics," in *Essays: Scientific, Political, and Speculative* (New York: D. Appleton and Company, 1899), III:217-28.

[17.] *Principles of Sociology*, II:592-93 (§270).

[18.] "Specialized Administration," in *Essays*, III:411.

[19.] "The Social Organism," in *ibid.*, I:269, 266.

[20.] *Ibid.*, 266-67.

[21.] *Principles of Sociology*, I:477-78 (§231).

[22.] *Ibid.*, 478.

[23.] It should be noted that Spencer, in his three-volume *The Principles of Sociology* (and elsewhere), clearly segregated his analyses of organisms from his sociological reasoning, so the reader can easily and safely skip over the former without missing anything. I daresay that I am not the only modern reader who usually does this. And I heartily recommend this selective procedure to people who are beginning to become interested in Spencer's sociology, lest they get mired down in boring and irrelevant biological details and give up, believing that the game is not worth the candle.

[24.] *Principles of Sociology*, II:241 (§438).

[25.] *Ibid.*, I:520. (§250).

[26.] *Principles of Ethics*, II:202 (§356).

[27.] *Study of Sociology*, 176.

[28.] *Ibid.*, 177.

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