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Inside HSR:

- Is reading a political act? What is the relationship between author, text, and reader? Professor of literature Stephen Cox offers a classical liberal theory of literary criticism.
- What role does entrepreneurship play in a market economy? How are competition and the discovery of knowledge related? Economist Esteban F. Thomsen examines the literature on prices, discovery, and entrepreneurship.
- What is power? How is it defined, and what role does it play in theoretical social science? Political philosopher Jeremy Shearmur reviews a new book on power.
- Discussion: Philosophers Eric Mack and Tibor Machan discuss current issues in moral and political philosophy.

Current Issues in Economics

Knowledge, Discovery, and Prices

by Esteban F. Thomsen

In recent decades economists have recognized that the important problem of imperfect knowledge is not easily dealt with within the equilibrium framework that has become central to neoclassical economics. This difficulty for neoclassical theory has implications for other branches of social science that increasingly borrow their tools of analysis from economics. In light of the recognition that knowledge is scarce and valuable, the manner in which it is discovered and transmitted within a social system has emerged as perhaps the most important question of social inquiry.

Sparked by a debate on the nature and role of prices in a market society, an exciting new field of research deals with the central issues of information, ignorance, and discovery. In this brief essay, I hope to introduce the reader to the problems of information and ignorance through a limited examination of the economics literature on the role of price formation, beginning with the work of F. A. Hayek, then

(continued on page 2)

Bibliographic Essay

Literary Theory: Liberal and Otherwise

by Stephen Cox

Recent controversies, especially in constitutional law, have shown that important points often turn on theoretical arguments regarding the proper understanding of words and texts. Accordingly, literary theory has come to attract greater attention from scholars of the law, as well as of history, economics, anthropology, and many of the other humane sciences. In this essay, Professor Stephen Cox looks at current controversies in literary theory and proposes a classical liberal theory of criticism.

—The Editors

Literary intellectuals are traditionally fond of dramatizing their own "crises," but recently the signs of distress have become clearer and more persuasive than usual. A distinguished critic writes a series of essays against the literary "turn toward nihilism," addressing them to those unfashionable readers "who still cherish common sense" (Frederick Crews, *Skeptical Engagements* [New York: Oxford University Press, 1986], pp. xviii, xix). Another prominent critic reports that colleagues urge him to battle current literary theory "head-on. That stuff is spreading like wildfire, and it's corrupt—just plain corrupt!" (Wayne C. Booth, *Critical Understanding: The Powers and Limits of Pluralism* [Chicago: University of Chicago Press, 1979], p. 235). A third writes a treatise on literature's warfare "against itself"; he accuses other theorists of undermining not only literature but people's sense of reality (Gerald Graff, *Literature Against Itself: Literary Ideas in Modern Society* [Chicago: University of Chicago Press, 1979]). On the other side of the barricades, an advocate of avant-garde theory speaks of it cheerfully as a "reckless sawing, a calculated dismemberment or deconstruction of the great cathedral-like trees in which Man has taken shelter for millennia" (Jonathan Culler, *On Deconstruction: Theory and Criticism after Structuralism* [Ithaca, New York: Cornell University Press, 1982], p. 149. Culler's book is an accessible introduction to the subject.).

No liberal analysis of intellectual life can be complete without an inquiry into the condition and prospects of literary study—and this is a crucial time to conduct such an inquiry. Critical ideologies of many types are engaged in defoliating the great tree of liberal thought, challenging

(continued on page 5)

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Knowledge, Discovery, and Prices (continued from page 1)

proceeding to the "economics of information" approach pioneered by George J. Stigler, the "bounded rationality" approach of Herbert A. Simon, and the "entrepreneurial" approach developed by Israel M. Kirzner. I will then offer suggestions for evaluating competing political-economic systems and for research in various disciplines.

> *The "real" function of prices, Hayek said, is as a mechanism for communicating information, a very effective mechanism that nonmarket economic systems cannot duplicate.*

In "The Use of Knowledge in Society" (*American Economic Review*, Vol. 34 [1945] pp. 519-530) the Austrian economist F. A. Hayek helped to start the discussion of this issue when he presented a novel insight regarding the role of prices in a market economy: until then prices had been understood by most economists almost exclusively as reflections of scarcity. According to Hayek, however, market prices also perform an *informational* role. The point can be briefly conveyed by describing his often-cited tin example. Assuming that one source of supply has disappeared, the resulting rise in the price of tin leads its consumers to economize on it and other suppliers to increase their output; all of this happens without most of the people who are carrying out the necessary adjustments "knowing anything at all about the original cause of these changes." The "real" function of prices, Hayek said, is as a mechanism for communicating information, a very effective mechanism that nonmarket economic systems cannot duplicate.

There are reasons to believe that Hayek derived this insight from his participation in the 1930s debate on the possibility of socialist calculation. As Don Lavoie has argued (*Rivalry and Central Planning: The Socialist Calculation Debate Reconsidered* [Cambridge: Cambridge University Press, 1985]), however, Hayek's principal opponents, the market-socialist economists (including Oskar Lange, Abba Lerner, and Fred Taylor), misunderstood the Austrian criticism of comprehensive, government central-planning because they tried to compress it within a theoretical framework that assumed away what, in the Austrian view, were the essential problems to be overcome. (See, for example, Oskar Lange and Fred Taylor, *On the Economic Theory of Socialism*, ed. by Benjamin Lippencott [New York: McGraw-Hill, 1964], esp. p. 70, where prices are assumed to be "parametric," that is, they are treated as simply "given" to market participants.) While, broadly speaking, the Austrians were pointing out the serious difficulties with information that a (by assumption, benevolent) central planner would face attempting to mimic the results achieved by a market economy, the socialists were arguing in terms of general-equilibrium models of the economy, in which most knowledge was assumed as somehow "given," either to a fictitious Walrasian auctioneer or to his socialist equivalent, the central planner. This type of theoretical framework (both in its "partial" and "general" equilibrium variants), in which the "knowledge problem" disappears almost completely, came increasingly to characterize the economics profession from the 1930s onwards.

The Economics of Information

The knowledge problem has begun to attract greater attention in recent years, however, starting perhaps with George J. Stigler's article "The Economics of Information" (*Journal of Political Economy*, Vol. 69, [1961], pp. 213-225). Since Stigler's essay, the field that has come to be known as the "economics of information" has grown at an enormous pace. As Fritz Machlup put it, this new specialization studies "the complexities that may arise from the fact that information, new or old, may be inordinately uncertain, incomplete, partial, biased, misleading, costly, available to some but not to others, or giving rise to expectations, warranted or unwarranted, of various future developments" (*Knowledge: Its Creation, Distribution, and Economic Significance, Vol. 3: The Economics of Information and Human Capital* [Princeton: Princeton University Press, 1984]). The expanding literature on this subject deals with a great variety of issues, including the information problems of speculative markets, insurance markets, product markets, labor markets, technological innovation, public decisions, the formation of "human capital," and more.

As a consequence of this new interest in the economics of information, economists have increasingly come to appreciate Hayek's insight regarding the informational role of prices. Most economists, however, continue to operate primarily within an equilibrium framework. They concentrate their analysis almost exclusively on states in which, because all the relevant knowledge is already known to the parties concerned, all profitable opportunities have already been exploited and individuals' plans made compatible. Accordingly, much of this literature treats knowledge as a costly commodity, which, like all other commodities, must be economized. Thus, the resulting equilibria will entail not "perfect" but only "optimal" knowledge: agents will be found to possess *deliberately* uneradicated ignorance. Such ignorance remains uneradicated because the cost of acquiring further information is not compensated by the benefits to be derived from it. Here is where this approach faces a problem: for such decisions to be made correctly—as must be the case in equilibrium—agents must know beforehand, among other things, what they are ignorant of and the costs and benefits of the knowledge that they could acquire; that is, they must know what they do not know. This is obviously a strong assumption—it is at best only slightly weaker than the

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(continued on page 14)

Book Review

Power and Politics
by Jeremy Shearmur

Power
edited by Steven Lukes (New York: New York University Press, 1986)

Power is an important issue for those working in the classical liberal tradition. Classical liberalism contrasts power and market, arrangements rooted in coercion and those rooted in consent. Classical liberalism also has an argument about the practical consequences for freedom that follow from individual property rights. Property rights allow for diversity in the holding of property, and this diversity in turn can secure freedom for individuals and their beliefs.

Each of these notions has a history and a theory.

The history is of vital importance: intellectual history (the history of the diverse streams of thought that led to these ideas), and also economic, social, political, and legal history. These tell us how institutions that we often take for granted came into being, and about the transformations that they underwent. They tell us of the rise and decline of states and of the rise and decline of liberty. They serve also as material against which hypotheses may be tested, and over which we may argue about the merits and demerits of different approaches to social organization. In this respect, they are continuous with empirical work in the various social sciences.

The theory involves many different disciplines—philosophy, political thought, economics, sociology, social anthropology, and law. Here, the different arguments within the liberal approach each raise different characteristic problems. If we are concerned with the difference between systems resting on voluntary choice and those resting on coercion, we must answer those who question whether voluntary choice can really bear the weight we put on it. We must also answer questions about how voluntary choice and its consequences relate to other goals and ideals. These may include the concerns of, say, those who champion communitarian ideas. But questions may also be raised about whether the consequences of voluntary action will always furnish those institutions and distributions of property that are needed if classical liberalism's argument about the consequences of freedom is to be convincing. And this in turn will bring us back to the importance of empirical and historical work.

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Power consists of an introduction by Steven Lukes and essays by or selections from the works of Bertrand Russell, Max Weber, Robert Dahl, Hannah Arendt, Jürgen Habermas, Talcott Parsons, Nicos Poulantzas, Alvin Goldman, Georg Simmel, John Kenneth Galbraith, Michel Foucault, Gerhard Lenski, and Raymond Aron. The contributions are almost exclusively theoretical rather than historical or empirical in their concerns.

The collection is a good representation of the discussion about power in the mainstream of sociological and political theory in this century. The "community power" debate, however, is not represented, and there is little here that is even close to the classical liberal tradition (a selection from de Jouvenel's *On Power* [Boston: Beacon Press, 1962] would have been a useful addition).

Many of the pieces discuss how the concept of power should be defined, and how—or whether—it should be differentiated from other concepts. But the authors usually put the cart before the horse. How we understand power, and what we distinguish it from, will in the end be determined by which explanatory and normative theories concerning the social world are acceptable, rather that by the analysis of concepts. The social scientist, historian, and philosopher should be concerned primarily with argument about the respective merits of these competing theories rather than with trying to define their terms.

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Despite the fact—or perhaps because of the fact—that Lukes was responsible for this collection, there is little in it pertaining directly to one of the most interesting academic discussions of power. This is the so-called "community power" debate, in which Lukes himself has been an active participant. Lukes's own *Power: A Radical View* (London: Macmillan, 1974) and "Power and Structure" (in his *Essays in Social Theory* [London: Macmillan, 1978]) present a lively, though partisan, guide to the debate. In these, Lukes develops his own ideas by way of a critique of the work of several American political scientists on decision-making in particular towns and cities. It is a most interesting discussion because it involves a mixture of empirical and theoretical issues in political science (many of which also cry out for analysis from a public-choice perspective), together with methodological and philosophical argument. The methodology and philosophy, however, are kept down to earth by the connection with concrete historical and empirical material.

Lukes takes issue with those who believe that the proper study of power is simply the study of decisions. Lukes would also include so-called "non-decisions" (the fact that certain issues do not get on the agenda) and the way in which, if

(continued on page 4)

Power and Politics *(continued from page 3)*

someone really has power, he may not need to exercise it at all in order to get his way. But Lukes also champions the idea that people may have "real interests" that may be other than those exhibited in their choices and of which they may not be aware. Lukes does not, however, solve the problems that he raises by invoking this idea—especially the problem of how these "real interests" are to be discovered.

If one were to follow the logic of Habermas's argument, one would in fact arrive back at the classical liberal argument for private property rights.

In his contribution, "Power and Authority," to Tom Bottomore and Robert Nisbet (eds.), *A History of Sociological Analysis* (London: Heinemann Educational Books, 1978), Lukes, however, concludes with a reference to Jürgen Habermas's ideas about "undistorted communication" as providing a normative ideal that may be used to appraise and criticize institutional arrangements. Habermas has argued that ideals implicit in the idea of a discussion aimed at truth may conflict with our various customs or institutional arrangements. (To give my own trivial example, a crucial point in some argument might arise at precisely the time at which, by tradition, the women are expected to go to the kitchen to make coffee and sandwiches! More seriously, many institutional practices, rooted in power relations, may place individuals under the domination of others.) "Real interests" might be the interests that people would exhibit if they were not subject to constraints that place them under the domination of other people.

Habermas's "Hannah Arendt's Communications Concept of Power," which is one of the more interesting pieces in this volume, touches on some of these themes. Habermas seems to think that the logic of his argument points to some form of socialism. However, if one considers the constraints people are under in different forms of social organization on the basis of a realistic comparative institutional analysis, it would seem to me that concerns like Habermas's would best be met in a social order grounded on individual property rights. Thus, if one were to follow the logic of Habermas's argument, one would in fact arrive back at the classical liberal argument for private property rights to which I referred at the start of this review, and to Hayek's arguments for liberalism as a system in which coercion is minimized.

Habermas's approach, however, also puts weight on the idea that individuals can and should be involved in intellectual exchanges with one another—that it is important that they participate in an *intellectual* public forum. In this, Habermas seems correct; he also pinpoints something that is needed by classical liberals. At the very least, a society organized on the principles of classical liberalism requires that, at some level, its own rationale can be legitimated to individuals through argument and discussion.

Habermas develops his views in the essay in this volume as an extension of those of Hannah Arendt. She is represented here by a piece entitled "Communicative Power," extracted from her *On Violence* (New York: Harcourt Brace Jovanovich, 1970). Her work is influenced by her affection for the public forum of the classical *polis*. This leads her to what, in my judgement, is an inflated opinion of the virtues of civic participation. In view of the *realities* of modern participatory politics, and the arguments of both "pluralist" political theorists and public-choice economists, this would seem a striking example of the triumph of hope over experience—and even over common sense.

In the extract Arendt distinguishes sharply between power and violence. Power she defines as essentially a property of the group and as inherent in the existence of any political community. At times it seems close to the notions of opinion and ongoing consent, but she also speaks of power in connection with acting in concert.

I find two problems in all this. First, what are these communities *doing* when they are acting? Arendt, admirably, wants to limit the scope of politics (for which she is criticized by Habermas). But one problem for the civic-humanist tradition of which she is a part is that it places so much emphasis on the political community, while giving it nothing to do once a free society has been established. And, as we know from costly experience, the Devil makes work for idle hands. The second problem concerns how the notion of intellectual exchanges in a public forum is to be realized in

Simmel discusses the way in which, in most situations that people would usually consider coercive, there is actually a fair amount of freedom for the person being coerced. This leads Simmel to discuss how the cooperation of the person being coerced is required for the successful exercise of authority, and how a leader in turn must be responsive to the led.

the sort of large-scale society in which most of us wish to live. Here again the liberal view of private property as allowing for experiments in living has an important role to play as a surrogate for such dialogue (compare the "utopia" section of Robert Nozick's *Anarchy, State and Utopia* [New York: Basic Books, 1974]). But for experiments in living to play such a role, they may need to be complemented by some kind of more direct intellectual accountability to one another, and this brings us back to the concerns of Arendt and Habermas, albeit in an attenuated form. What this would mean in institutional terms in a classical liberal setting I am not sure. But Stephen Macedo of Harvard University assigns a somewhat similar function to argumentation about law in a liberal social order. (See for example his *The New Right v. The Constitution* [Washington, D.C.: Cato Institute, 1986] and "The Public Morality of the Rule of Law: A Critique of

(continued on page 18)

Literary Theory *(continued from page 1)*

especially liberalism's positive view of the individual's powers of choice, intention, and rational understanding. The assumptions that animate these ideologies are, fortunately, fragile and unlikely to survive very long in good health. They invite a reconsideration of liberal theory and practice.

The antiliberal tendencies in current theory probably exist in their purest form in the "deconstructionist" school of Jacques Derrida, his followers, and allies. Deconstruction concerns itself with the inescapably linguistic element in literature. Deconstructive speculations, however, are not addressed merely to literature; they extend to the linguistic element in all human thought. Advanced critical theories seldom confine themselves to the interpretation of literary texts; they involve philosophies of human existence, and from their ambitiousness they acquire much of their hold on the imagination.

Language is a necessary condition for my creation of this sentence, but language with all its ramifications of structure and potential meaning is not sufficient to establish the form my sentence is taking or to fix or unfix its actual meanings.

According to the deconstructionist argument, our understanding is always mediated by language; perception and conception are always enmeshed in a web of signifiers. Everything in our world operates as a text that we can interpret only by reference to other texts, not by reference to some final reality. We cannot discover an objective, nonlinguistic "foundation" for our concepts; we cannot arrive at "presence." Derrida refers to "a world of signs without fault, without truth, and without origin which is offered to an active interpretation"; he refers to his enjoyment of a text that is "simultaneously infinitely open and infinitely reflecting on itself, *'an eye in an eye'*" (Derrida, *Writing and Difference*, trans. by Alan Bass [Chicago: Chicago University Press, 1978], pp. 292, 298). Derrida's lively American colleague J. Hillis Miller speaks of "letting language go as far as it will take one," so that "the prison-house of language may be a place of joy, even of expansion, in spite of remaining an enclosure and a place of suffering and deprivation" (Miller, "The Critic as Host," *Critical Inquiry*, 3 [1977], pp. 443-444). The poetry and the fun of deconstruction lie in the freedom it gives people to invent a discourse that is sufficiently paradoxical to comment on the paradoxes of human language. The theory assumes, however, that what we can say and "mean" is a function of our equivocal language, not of our freedom to choose meanings or values.

Deconstructionists are capable, like everyone else, of quarreling over the proper interpretation of an author's choices and intentions.[1] But the fixed statements of value that authors intend to make are easily deconstructed so as to show that their chosen and "privileged" terms necessarily imply the very terms meant to be excluded or devalued. An author may attach great value to the concept of freedom, but "freedom" is meaningless except in its relation to such terms as "unfreedom." The first term, and the grand hierarchy of values erected on it, would have no meaning except by relation to other terms. Only a self-blinding "logocentrism," a faith in exclusivist reason and in language with objective reference, could hope to create a discourse in which one term could be definitely and permanently positioned above others. This logocentrism presents itself for deconstructive demystification, for exposure of its paradoxes and futilities.

I have described some of the rudiments of deconstruction. When they are stated briefly and bluntly, deprived of the subtleties with which they are invested by their highly cultured exponents, these principles may sound absurd. But there is truth in them. It is true that organized conceptual thought is made possible by language. It is true that language is a system of signs, not of realities, and that these signs become agents of meaning (if meaning there is) because of their differences from and therefore relations to other signs, not because of their likenesses to the objective realities they are thought to signify. It is true that the great web of language is not the voluntary, intentional creation of individual writers.

The problem, as Gerald Graff argues in his powerful critique of current theory, lies in a confusion between necessary conditions and sufficient conditions (Graff, pp. 196-198). Language is a necessary condition for my creation of this sentence, but language with all its ramifications of structure and potential meaning is not sufficient to establish the form my sentence is taking or to fix or unfix its actual meanings. The sufficient condition is not language but my choice of language. Perhaps I could not choose to meditate upon "freedom" if no concepts of "unfreedom" were available to me (and quite a number are available: "slavery," "bondage," "coercion," "duress," "determinism," etc.). But the contrast and relation of terms, such as it is, need imply nothing about my particular choice of a privileged concept or about my audience's ability to discover a particular meaning in my text and to assess its relation to fact. So far from denying me the ability to choose and to privilege precisely and significantly, the existence of language equips me to do these things. And the existence of a common language equips my readers to assess my chosen meanings, even to the extent of deconstructing them, if that is their choice.

The logical defect in deconstruction—its failure to distinguish the necessary and the general from the sufficient and the particular—makes it of little use in assessing specific choices of individual writers or readers. But the critical avant-garde has not turned to deconstruction because the theory is supported by an unanswerable logic or because it offers a superior means of understanding the diction of Shakespeare's sonnets. Deconstruction is chosen because it offers a way to undermine the "logocentric" authority of the humanist tradition and the "canon" of literature endorsed by it. Yet the avant-garde has its tradition too, a tradition associated, like that of its humanist adversaries, with a familiar canon of Great Books. Friend and foe alike trace deconstruction's roots to Marx, Freud, and Nietzsche; deconstruction is in some respects a self-conscious continuation of their campaign to demystify the supposedly rational and objective values of nineteenth-century civilization.

(continued on page 6)

Literary Theory (continued from page 5)

Literary Alliances

Although orthodox Marxists and Freudians harbor justifiable suspicions about deconstruction's obsession with language, the most vigorous elements of both schools have tried to come to terms with it. Marxism's alliance with deconstruction is particularly noteworthy, and particularly convenient; it allows a hypercerebral linguistic theory to acquire a body of speculation about material forces, and it allows materialism to avoid embarrassment by transcending what sophisticated Marxists call its crude economism. Frederick Crews, in a determined attack on the new "dialectical immaterialism," has charged that recent syntheses of Marxism with advanced critical theory result from an attempt to evade the consequences of Marxism's disconfirmation by economic and political history: "If a theorist finds himself on the brink of admitting that his doctrine is flatly contrary to available evidence, as a last resort he can even deny that 'evidence' and 'truth' are epistemologically applicable notions." (Crews, p. 142)

Less welcome news, for people who care about genuine social progress, is the spread of self-subverting theories of meaning among feminists, whom one might expect to hold out at all costs for the capacity of dissenting individuals to break with ingrained ideology and define their own meanings.

Crews's charge of evasion is supported by the evidence of such works as Michael Ryan's *Marxism and Deconstruction: A Critical Articulation* (Baltimore: Johns Hopkins University Press, 1982). Ryan argues on deconstructionist grounds that all science has an "undecidable" relationship to reality: Marxism therefore need not be fatally embarrassed when historical developments reveal that its "science" is fallible. He argues further that there is a natural alliance between the Derridean demystification of cultural authority and the Marxist demystification of such institutions of Western society as private property. But if Marxist discourse is "undecidable," why should it not be demystified just as thoroughly as capitalist discourse? Ryan provides no adequate response to this question. He is content to let one nineteenth-century ideology retain its privileged status, so that he can continue to use its precepts to undermine those of other ideologies.

One of the best-known Marxist critics, Terry Eagleton, has recently published a brief introduction to literary theory that provides an excellent outline of twentieth-century speculations. It also provides an indication of the willingness of a hard-sell and hard-shell Marxism to adapt itself to linguistic skepticism about meanings and foundations. Although Eagleton is deeply worried about what he regards as a deconstructionist tendency to reject significant meanings and retreat from historical struggle into mere contemplation of words, he himself believes that "meanings are . . . the products of language, which always has something slippery about it." He sympathizes with deconstruction for seeing that there is no rigid boundary between "truth and falsity, sense and nonsense, reason and madness, central and marginal, surface and depth." (Eagleton, *Literary Theory: An Introduction* [Minneapolis: University of Minneapolis Press, 1983], pp. 69, 133). He hopes that this insight will be useful in demystifying reactionary "truths," although of course it might just as easily be used to demystify the truth-claims of Marxism.

When the intellectual vanguard of Marxism resorts to this sort of speculation, it is easy to imagine that Marxism's days are numbered. Less welcome news, for people who care about genuine social progress, is the spread of self-subverting theories of meaning among feminists, whom one might expect to hold out at all costs for the capacity of dissenting individuals to break with ingrained ideology and define their own meanings. Gayatri Chakrovorty Spivak represents the views of a good number of other feminist critics when she rejects the idea that human subjects are the "sovereign" controllers of meaning; she accepts as a given the premise that "one cannot of course 'choose' to step out of ideology" (Spivak, "The Politics of Interpretations," in W. J. T. Mitchell, ed., *The Politics of Interpretation* [Chicago: University of Chicago Press, 1983] pp. 366, 351).[2] She still wants people to "work to change" ideology; she is not concerned that choiceless prisoners of ideology might manage to intensify its worst features.

Legal Studies

Even legal studies have been deeply affected by the idea that meaning is not determined by authorial choices and intentions. An argument typical of what has become a common academic tendency is advanced by Ronald Dworkin in the same useful volume as that in which Spivak's essay appears. Dworkin displays, indeed, a more than common scrupulousness in developing his argument; he allows that "no plausible theory of interpretation holds that the intention of the author is always irrelevant," and that "a judge's duty is to interpret the legal history he finds, not to invent a better history" ("Law as Interpretation," in Mitchell, ed., *The Politics of Interpretation*, pp. 259, 264-65). But Dworkin's major thesis is that the meaning of texts is not adequately fixed by authorial intentions, and that interpreters of legal texts therefore have the right to find in them the morally and politically "best" patterns of meaning they can. He believes that interpreters will be constrained from merely inventing meanings by their "conception of the integrity and coherence of law as an institution" (p. 265). Dworkin's is a "progressive" view of interpretation—or is it really a conservative, organicist view? Labels aside, how trustworthy are the interpretive conceptions to which he refers? Interpretations of a general "integrity" and "coherence" in the law would seem to be much chancier and much more assailable than interpretations of intentions that authors have tried to realize with some precision in their texts. And what if Dworkin's idea of a "best" pattern conflicts with mine? As we debate the issue, will we be active as interpreters, or will we be using interpretation merely as an occasion for our clash of political values?

Much of the current questioning of objective, intentionalist interpretation is inspired by the hermeneutical theory of Hans-Georg Gadamer, whose formidable *Wahrheit und Methode* appeared in 1960 (available in English as *Truth and Method* [New York: Crossroad Publishing Company, 1982]).[3] Gadamer, a more careful thinker than the deconstructionists, does not slight the role of literature as a conveyer of substantial values. In fact, he pays it eloquent tribute. But what is primary for him is the historical process in which works are interpreted and reinterpreted; his focus is on the reshaping of meaning as texts and readers encounter one another, sharing language and participating in tradition. He believes that such concepts as the intention of the author "are not adequate to what is most essential to the process of understanding to the extent that it is a process of communication.... We are continually shaping a common perspective when we speak a common language and so are active participants in the communality of our experience of the world." (Gadamer, *Reason in the Age of Science*, trans. by Frederick G. Lawrence [Cambridge, Mass.: The MIT Press, 1984], p. 110).[4] Gadamer allows his concern with the basic conditions of communication to become a hostile interrogation of the possibility of "free decision," which he tends to equate, as Marxist critics do, with the impossible dream of "a neutral, completely objective concern." (*ibid.*, p. 106)

But whoever took this dream for reality? Whoever equated objectivity with neutrality, or stipulated that objectivity must be total to exist at all? Whoever denied that writers and readers are influenced by prevailing cultural assumptions and concerns, just as these assumptions and concerns are influenced by what people do as writers and readers? As Gadamer indicates, interpretation necessarily takes place in some cultural context. The point at issue is whether assumptions, perspectives, and concerns can bear the weight that Gadamer assigns them in determining the meaning of texts, and whether a reliance on them establishes a body of literary knowledge, not just a body of subjective views.

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Stanley Fish believes that he has found a way to solve the subjectivism problem without taking refuge in objective intentionalism. Meanings, according to Fish, are produced by "interpretive communities," the members of which share interpretive assumptions and conventions. These assumptions and conventions are "community property," as Fish puts it, rather than products of any individual; they're not just subjective. But the problem of necessity versus sufficiency returns. Shared conventions are necessary for the education of the members of a community for their work as interpreters, but one would be hard pressed to find an interpretation that was *directly* produced and *determined* by a community's conventions. Individual choice still determines the way in which conventions are applied; in the interpretation of a substantial work of literature, thousands of choices of application are made, many of them between conflicting conventions. By what standards shall we assess these choices? Fish concedes that a reliance on conventions cannot establish "a correct way of reading" texts. He further concedes that his theory envisions a politicization of literary discourse. Because "disinterested evidence" cannot be used to indicate from what "perspective" a text should be interpreted, critics can address the question only "by political and persuasive means (they are the same thing)." (Fish, *Is There a Text in This Class?: The Authority of Interpretive Communities* [Cambridge, Mass.: Harvard University Press, 1980], pp. 13-16)

Much of current theory begins in lively iconoclasm but ends in stupefying dullness. Dullness of this degree cannot long be endured, even in an academic environment.

The consolidation of ideology in current literary theory takes the shape of a challenge, advanced by critics of many different persuasions, to the intellectual basis of progressive liberalism—to the idea that individuals have the capacity for a significant degree of objective knowledge and a significant quality of choice and intention, to the idea that the humane studies can increase objective knowledge and thereby enhance the quality of choice. There are rich ironies in the fact that opposition is directed against intentionalism as well as "positivist" objectivism. One of the most obvious—and, if you will, objectively ascertainable—reasons why culture cannot be studied in the same way as the objects of "positivist" science is precisely the unpredictable responsiveness to human choices and intentions that is found in literature and literary interpretation, in the whole enterprise of communication. Literary study that proceeds without reference to the fact of choice is often as reductive, as lacking in humanity or even variety, as any positivist project. Reductive theory performs the unenviable task of making the unpredictable look predictable, and in this way distorts the objective contours of literature.

The Death of Deconstruction and the Liberal Alternative

Literary historian Meyer Abrams has justly observed that certain contemporary critical procedures have "nothing whatever to do with our common experience of the uniqueness, the rich variety, and the passionate human concerns in works of literature, philosophy, or criticism." By depriving literature of its human context, these procedures reduce it to "ghostly non-presences emanating from no voice, intended by no one, referring to nothing, bombinating in a void." (Abrams, "The Deconstructive Angel," *Critical Inquiry*, 3 [1977], pp. 435, 431). Much of current theory begins in lively iconoclasm but ends in stupefying dullness. Dullness of this degree cannot long be endured, even in an academic environment. The death of deconstruction has, for this reason, been rumored for some time, even among its proponents. The inquest is likely to discover that it died of its own assumptions and that other theories have been ingesting nearly lethal doses of similar substances. William Blake

(continued on page 12)

Discussion

Consequentialism, Agent-Relativity, and Moral Side-Constraints

Humane Studies Review continues to provide its readers with superb reviews and commentaries on current research across the disciplines. Tyler Cowen's "Political Philosophy and Welfare Economics" (Summer 1987) fits securely within this pattern. But I wish to correct what seem to me to be some misleading remarks in Cowen's lead section on "consequentialism." My purpose is to clarify the relationships among certain central ideas and arguments within recent political philosophy.

In this section Cowen contrasts consequentialist theories with "nonconsequentialist or agent-relative theories" and thereby erroneously equates nonconsequentialist with agent-relative theories. This false identification, in turn, threatens to blur the distinction between agent-relative (yet, nevertheless, consequentialist) objections to agent-neutral forms of consequentialism and anticonsequentialist objections to any form of consequentialism. It is important to highlight this distinction between arguments proceeding from an agent-relative conception of value and arguments proceeding from moral side-constraints on the permissible means for pursuing value. Clarification is complicated, however, by some apparent and, perhaps, even some real links between agent-relativist and moral side-constraint commitments.

If a certain outcome, e.g., Jones's happiness, is good, that outcome provides a reason for the performance of at least some actions that promote that outcome. But *for whom* is that outcome a reason for acting? There are two obvious and competing replies. The agent-neutralist replies that, *ceteris paribus*, everyone has a reason to promote Jones's happiness. But, the agent-neutralist continues, given the differing opportunities of individuals for promoting various agent-neutral goods, Jones's happiness should be promoted by that person whose pursuit of that good is part of the most efficient overall scheme for the production of agent-neutral goods. That is, if Jones's happiness is a good, it must be a good for everyone. Its value will demand the efforts of anyone whose abilities and energies are not more extensively demanded by some other agent-neutral value. Each person should impartially be prepared to contribute to the greatest net yield of agent-neutral goods, such as Jones's happiness.

If the agent-relativist is correct, the more standard forms of consequentialism, especially the standard forms of utilitarianism, must be mistaken.

In contrast, the agent-relativist maintains that the value of Jones's happiness provides Jones with a reason for promoting it. But though Smith may recognize that Jones has such a reason, Smith also recognizes that the end which provides Smith with a reason for acting is Smith's happiness, not Jones's. The status of neither Jones's happiness nor Smith's happiness as reason-providing goods implies, on the agent-relative conception, that each is an end which both Jones and Smith ought to promote. According to the agent-relativist, each agent is rational in being partial to his own happiness.

The dispute between the agent-neutralist and agent-relativist is, then, a dispute between alternative ways of construing *consequentialist* propositions. The present example entails a debate about whether the value of someone's happiness is somehow good as such (or good impersonally), or whether it is only a good, in the sense of providing a reason for action, for the person whose happiness it would be. Of course, if the agent-relativist is correct, the more standard forms of consequentialism, especially the standard forms of utilitarianism, must be mistaken: All those doctrines are built on an agent-neutral conception of value. It is this conception that, for example, lies behind J. S. Mill's famous and otherwise astonishing inference from "each person's happiness is a good to that person" to "the general happiness [is] a good to the aggregate of all persons."

Some philosophers have contributed to the confusion by suggesting an agent-relative explanation of a person's being subject to moral side-constraints–specifically, an explanation based on the agent-relative disvalue *of certain* actions.

But to reject doctrines like standard utilitarianism in the name of the agent-relativity of value is hardly to accept an anticonsequentialist doctrine of moral side-constraints on the manner in which acknowledged values may be pursued. Imagine that Jones, on listening carefully to our agent-relativist, becomes convinced that Smith's happiness does not as such provide Jones with any consequentialist reason for deciding how he (Jones) should act. Jones might then conclude that only *unconstrained* pursuit of his own happiness (in some non-self-defeating form) is rational. Here we would have a convinced agent-relativist who, for that very reason, was prepared to be thoroughly unconstrained in his behavior toward others. This highlights how mistaken it is to equate the idea of the agent-relativity of value with a belief in anticonsequentialist side-constraints on behavior.

I think that Jones would be wrong to draw that exclusively consequentialist conclusion because I believe that there is a rational, albeit complex, link between an agent-relative theory of value and a doctrine of moral side-constraints. At the very least, given such an agent-relative conception of value, *if* there are *any* objective, interpersonal moral rules, they must proscribe the use of certain *means* in the course of each agent's pursuit of his personal ends. (By hypothesis, there could be no objective interpersonal rules derived from common *ends*, in contrast to means, to whose production each must contribute.) Of course, if we assume a complex link between an agent-relative theory of value and moral side-constraints, the reason a person would have to forgo certain means in the pursuit of his ends would not be directly explicable by the the agent-relative conception of value.

Unfortunately, some philosophers, for example, Thomas Nagel in *The View from Nowhere* (Oxford: Oxford University Press, 1986), have contributed to the confusion by suggesting an agent-relative explanation of a person's being subject to moral side-constraints—specifically, an explanation based on the agent-relative *disvalue* of certain *actions*. It is worth seeing what motivates this account and why it fails.

Consider Brown, who believes it would be impermissible for him to kill innocent bystander 1 even though only this will prevent the fiendish White from killing innocent bystanders 2 and 3. One might try to account for this impermissibility in the following way: For Brown, there is a special disvalue in *his* killing. He views his killing of 1 as worse (for Brown) that White's killing of 2 and 3 (for Brown). On this account, in choosing not to kill 1, even though this killing would prevent a greater number killings, Brown minimizes agent-relative disvalue. But this sort of attempt to analyze the moral side-constraint on Brown not to kill 1 by way of the agent-relativity of value is entirely implausible; while the disvalue for Brown of his killing may explain his squeamishness (and may help motivate his not killing 1), it provides no explanation at all of why Brown's killing 1 would *wrong* 1. It gives no account of 1's possession of a right against Brown that is not exhausted by the negative consequences (for Brown) of Brown's killing 1. No side-constraint on Brown and no right of 1's is explained when the only claim made about Brown's killing 1 is that it would diminish *Brown's* personal good.

To sum up: First, agent-relativity is a conception of value that competes with agent-neutrality on the consequentialist playing field, so agent-relativity should not be equated with nonconsequentialism. Second, the sort of attempt to explain moral side-constraints (with their anticonsequentialist connotations) found in works such as Nagel's is unsuccessful. Yet, third, when agent-relativity of value sweeps agent-neutralist consequentialism off the field, a new ball game may arise regarding what constraining interpersonal moral rules it may be rational for individuals to acknowledge.

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Natural Law and Its Critics

The review (Summer 1987) of Henry Veatch's *Human Rights: Fact or Fancy?* (Baton Rouge: Louisiana State University Press, 1986) contained a criticism by John N. Gray of Aristotelian naturalist ethics from his book *Liberalism* (Madison: University of Wisconsin Press, 1986). This criticism does not really undermine natural-law ethics.

Gray thinks a paradox arises from the broad meta-ethics of natural law: "Let us suppose we are in a position (one we may well occupy in the middle future, given the possibilities of genetic engineering) to alter the content of man's nature or essence: how could the natural law ethic of realizing man's distinctive powers help us here?"

Natural-law theories are concerned with the agent's realization of *his or her distinctive essence* (or nature, as I prefer putting it). The "paradox" rests on a misunderstanding of what it means to realize one's distinctive essence as a human being. Gray equivocates between one's choosing to realize the essence of a human being *in one's own case* and choosing to bring about the realization of the distinctive human essence as a separate project (e.g., in some other being). But clearly no natural-law ethics has ever advocated that we ought to run around trying to make a lot of human beings that have their distinctive essences realized. No one is responsible from the standpoint of natural-law ethics to manufacture other self-realized persons. Accordingly, there is no problem with the case that Gray cites—each of us should indeed realize his or her human essence, and when we find ourselves faced with the choice to splice genes or not to splice genes so as to turn something into a human or nonhuman being, then we have to see whether doing or not doing so is what most fully realizes *our* distinctive human nature. The problem is no different from any other choice, which of course does not mean it is a simple one; it certainly cannot be solved generally, beyond referring to human flourishing and to some very general moral principles or virtues. Human nature includes the individuality of a person, which itself leaves room for extensive, nonconflicting differences (that is, differences that do not generate moral dilemmas) concerning what human beings ought to do. (David Norton offers a similar response in his review of Gray's book in *Reason Papers*, [12] Spring 1987.)

The critics of natural law forget that when a rational agent enters the life of human community, a condition that ought to become evident to him or her is that others may demand respect for personal autonomy.

Another point that the critics of natural law forget is that the self that is to be enhanced according to self-enhancement or self-flourishing ethics is a rational agent's self! And they fail to see that when such an agent enters the life of human community a condition that ought to become evident to him or her is that others may demand respect for personal autonomy. Indeed, the price of admission is just this respect, which is how egoism can justify natural rights.

Actually, however, Veatch's approach can meet this and many other points raised in the review, including whether one can derive natural rights from self-enhancement ethics. (Professor Eric Mack argued the point well in his seminal piece "Egoism and Rights," *The Personalist*, Vol. 54 [1973]; see also my *Human Rights and Human Liberties* [Chicago: Nelson Hall, 1975].)

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Crosscurrents

Origins of Liberalism Examined

The emergence of classical liberal thought from its precursors is an immensely interesting and challenging topic for historical investigation. Tyler Cowen's essay on "Nicholas Barbon and the Origins of Economic Liberalism" (*Research in the History of Economic Thought and Methodology*, Volume 4, pp. 67-83) is a welcome addition to our knowledge of this process. Barbon was a seventeenth-century entrepreneur in the fields of building, banking, and insurance, and author of several important tracts on economic thought. Cowen situates Barbon's contributions to economic theory and policy in the context of mercantilist thought and shows that "While Barbon cannot be considered a 'true' liberal, his works are an important development in the intellectual history of economic liberalism because much of the liberal arsenal of 'antimercantilist' arguments comes from the mercantilists themselves." Cowen's essay could be profitably read along with Joyce Appleby's "Modernization Theory and the Modernization of England and America" (*Comparative Studies in Society and History*, [20] April 1978, pp. 259-285). Appleby shows how the writings of Barbon and others (including Lee, North, and Briscoe) articulated "a new social reality in which human beings possessed an internal regulator more effective than master or magistrate." These works enrich our understanding of mercantilism and the origins of liberalism and should be read by students and scholars interested in these subjects, as well as those specializing in intellectual history. ◆

History of International Trade

Students of economic history, as well as of international relations, will find much of value in James Foreman-Peck's work *A History of the World Economy: International Economic Relations Since 1850* (Totowa, New Jersey: Barnes & Noble, 1983). Foreman-Peck combines extensive historical research with sound economic analysis, examining the development of international exchange, the international monetary system, the relationship between economic growth and free trade, and the migration of people and capital. Included in the analysis are the effects of wars, imperialism and colonial policy, and various political crises. The book provides a useful overview of the subject and a rich bibliography, which should prove useful to students and scholars in many disciplines. ◆

Cooperation Without Coercion

Understanding the spontaneous generation of social cooperation (and conflict) is an important element of any sophisticated system of political economy. Following on such important works on the spontaneous evolution of cooperation as Robert Axelrod's *The Evolution of Cooperation* (New York: Basic Books, 1984) and Robert Sugden's *The Economics of Rights, Co-operation and Welfare* (Oxford: Basil Blackwell, 1986), Ulrich Witt ("Evolution and Stability of Cooperation Without Enforceable Contracts," *Kyklos*, Vol. 39, 1986, pp. 245-266) has shed new light on the emergence of cooperation even in the absence of formal systems of enforcement. Beginning with the standard two-person "prisoner's dilemma," Witt introduces into such models the dimensions of entrepreneurial alertness, learning, and "norm-internalization," as well as the possibility that agents can "retaliate" against those who "defect" or "cheat" in their transactions with others. Such threats of retaliation improve the likelihood that cooperation, rather than conflict, will emerge from the multiplication of such interactions.

Witt attempts to explain an important phenomenon in liberal society: "Many economic interactions are not based on codified entitlement rights, or on exhaustive judicial arrangements, nevertheless, mutual expectations are met.... Such interactions...in fact...constitute a large fraction of the exchange activities run in the economic system." This essay should prove especially useful to students of sociology and anthropology, economics, and history. ◆

Development Economics on Trial

P. T. Bauer and other market-oriented development economists have long criticized many of their colleagues for their failure to appreciate the actual workings of the economies of developing nations. It has been the anthropologists, often little schooled in economics, who have sometimes shown the greatest understanding of the workings of rural societies and economies, while the economists have failed to make the effort to appreciate the subtle variations of economic interaction of which humans are capable. Now an economic anthropologist, Polly Hill, has amply demonstrated the truth of this claim. In her new book, *Development Economics on Trial: The Anthropological Case for a Prosecution* (Cambridge: Cambridge University Press, 1986), Hill, drawing on decades of careful field work among rural populations in West Africa and Southern India, shows how so many development economists base their conclusions on startlingly meaningless or inaccurate statistics, on unthinking moralizing about indebtedness or inequality, and on a failure to understand the workings of land-tenure systems, creditor-debtor relationships, the role of trading and entrepreneurship (especially as carried out by women), and other elements of the economies of rural communities.

Hill's work should prove invaluable to economists, anthropologists, and sociologists and could be profitably read in conjunction with Samuel Popkin's path-breaking work, *The Rational Peasant: The Political Economy of Rural Society in Vietnam* (Berkeley: University of California Press, 1979). (Hill would take strong issue with Popkin's use of the term "peasant," but the differing approaches taken by these two scholars add to our understanding of rural societies.) Popkin contrasts the "moral economy" approach with the "political economy" approach and reveals the peasant as "a rational problem-solver, with a sense both of his own interests and of the need to bargain with others to achieve mutually acceptable outcomes." Both Hill and Popkin provide powerful antidotes to those historicist approaches that would implicitly deny to the members of rural, developing, or non-Western societies the dignity of individual rights and liberty.

A different but complementary approach to understanding economic development can be found in the works of Grace E. Goodell. Much of Goodell's work focuses on the disruptions of local spontaneous orders induced by technocratic intervention, often as part of state-sponsored "development" schemes. Goodell examines the relationships between "benefactors" and "beneficiaries" in her essay "Paternalism, Patronage, and Potlatch: the Dynamics of Giving and Being Given To" (*Current Anthropology*, [26] April 1985, pp. 247-266) (drawing a somewhat curious distinction between "patronage" and "paternalism"), and offers an extended case study of this process in her book *The Elementary Structures of Political Life: Rural Development in Pahlavi Iran* (Oxford: Oxford University Press, 1986). In that book she neatly illustrates Bruno Leoni's distinction between the predictability of spontaneously evolved law and the unpredictability of legislation (*Freedom and the Law* [Los Angeles: Nash Publishing Co., 1972]). As Goodell writes, "The essence of law, without which sustained 'development' is impossible, lies in the clear definition of memberships and boundaries, the predictability of rules of conduct to all those concerned, and the reasonable certainty of their enforcement. When social organization becomes more complex through an organic process, this clarity and predictability of law constitute the mortar between its bricks. In the Dez [Irrigation] Project, the Iranian State and its numerous Western advocates proposed 'development' without law—that is, without predictability and security (despite the State's numerous formal decrees)."

While the works of Hill, Popkin, and Goodell differ on many points, each contains valuable insights that contribute to our understanding of economic and social processes in developing nations. Students of economics, anthropology, and related disciplines would benefit from a careful reading of these works. ◆

Legal, Economic, Historical Dimensions of Licensing

Licensing of professions is one of the principal forms of exploitation in modern societies, as privileged groups with access to state power seek to exclude others from entering into competition with them. A new work from the Cato Institute (224 Second Street, S.E., Washington, D.C. 20003) offers a useful overview of occupational licensing. *The Rule of Experts: Occupational Licensing in America* (Washington, D.C.: Cato Institute, 1987) by S. David Young is a thorough survey of the scholarly literature on occupational licensing. It illuminates the historical genesis of licensing, its relationship to earlier guild restrictions, the economic impact of restrictions on freedom of entry, and the particular harm of such apparently neutral restrictions to minorities and the poor. Students in economics, sociology, political science, and law would benefit from the book's useful bibliography, as well as from the author's sound analysis. ◆

Scholarly Look at Freedom of Movement

"It may have seemed that there was little room for innovation in man's inhumanity to man. Our ancestors long ago perfected most of the injustices and brutalities that human creativity could devise. But in one respect modern states have managed to shackle individuals in a way that tyrants of old might have envied: never before have states so effectively controlled the right of their citizens to leave or stay. The plight of the refugee has never been easy, but today many are denied even the right to become refugees. The only way they can escape, paradoxically, is to be expelled." So writes Alan Dowty in his important new scholarly work on freedom of movement, *Closed Borders* (New Haven: Yale University Press, 1987). Dowty subjects state policies on migration to a careful mixture of historical exegesis, economic analysis, and moral reasoning, including a wealth of bibliographical material. *Closed Borders* could profitably be read by students of law, political science, history, economics, and moral philosophy and could provide the starting point for numerous research papers, theses, and dissertations. ◆

Role of Human Agency in Law Examined

The central role of human agency in law receives a careful legal and philosophical analysis by S. C. Coval and Joseph C. Smith in their *Law and Its Presuppositions: Actions, Agents and Rules* (London: Routledge & Kegan Paul, 1986). Coval and Smith argue that "all basic relevant considerations which appear in law (perhaps in morals as well) are either direct expansions of agency or justifiable by it." Beginning with a systematic description of the concept of "action," the authors display the various dimensions of legal responsibility by means of an examination of "action adjustors" such as "accident," "mistake," "inadvertence," "carelessness," "involuntariness," and "unintentionality." By focusing on responsibility and agency, the work provides a powerful philosophical supplement to classical liberal approaches to law and should be read by students of philosophy as well as of law. ◆

Political Thought

A useful collection of essays on various political thinkers and topics is to be found in *The Blackwell Encyclopedia of Political Thought* (ed. by David Miller, Oxford: Basil Blackwell, 1987). Essays by Jeremy Shearmur (on F. A. Hayek), David Gordon (on "libertarianism"), and Hillel Steiner (on Herbert Spencer), to name but a few classical liberal contributors, are joined by numerous essays by other distinguished social thinkers. The volume is a valuable reference work and should be requested for university libraries. ◆

Astrophysics, Cosmology, and Liberty

The study of spontaneously generated orders extends beyond the sciences of man. Speciation and biological evolution, ecological systems, and the very structure of the universe itself have also shown themselves to be characterized by spontaneous order. In a new work by astrophysicists John D. Barrow and Frank J. Tipler, *The Anthropic Cosmological Principle* (Oxford: Oxford University Press, 1986), ideas on spontaneous order from many different disciplines are drawn together in support of a very controversial thesis. In its strongest form (FAP, or Final Anthropic Principle), this thesis asserts that "Intelligent information-processing must come into existence in the Universe, and, once it comes into existence, it will never die out." Regardless of whether the authors convincingly support their thesis, they have succeeded in assembling a very useful and interesting survey of information and analysis relating to spontaneous order, including the work of such thinkers as Hayek, Friedman, Spencer, Mises, and Polanyi. ◆

Literary Theory (continued from page 7)

seems to describe the role of current critical fashions when he speaks of "giving a body to Fals[e]hood that it may be cast off."[5]

The death of deconstruction may well entail an increased interest in the liberal ideas against which it struggled. It may also direct increased attention toward the liberal tradition of literary theory, in which highly sophisticated work has been done in recent decades. The critics engaged in this work have not necessarily been classical liberals; they have not necessarily been favorable to political or economic liberalism. Graff, for instance, analyzes the present reaction against objectivity as a reflection of capitalist society's fluidity and consumerist instability of values. (And his argument is well worth considering, even though it pays insufficient attention to the system of values implicit in the market economy.) Yet despite his critique of the market society, Graff does not deny that authors are free to choose objective analytical methods and promote objective values, as he attempts to do. Like the other critics I am calling liberal, he makes no absurd attempt to isolate society from literature, but he is careful to avoid the reductive approach that obscures the difference between a political (or historical or linguistic) context and an author's textual choices.

Graff's *Literature Against Itself* and Crews's *Skeptical Engagements* are two of the most important recent works of liberal criticism. Both offer learned analysis of current literary theories and attempt to account historically for their antirationalist and anti-intentionalist tendencies. Crews is particularly concerned with explaining the way in which the academy, "a kind of heaven for concepts that have slipped their earthly moorings," has perpetuated Marxist and Freudian dogmas by combining them with ethereal epistemological and linguistic theories (Crews, p. 142). His analysis is in itself good evidence for the existence of significant authorial choice: he began his career as a Freudian critic, and in *Skeptical Engagements* he repudiates his former views and explores the reasons for their continued attractiveness to others.[6]

The liberal polemic in modern literary studies originated during the last generation, in the works of the so-called Chicago critics. These critics defined themselves in opposition to the once-dominant, now-moribund school of New Criticism, which resembled deconstruction in its overemphasis on the linguistic materials of literary art. The New Critics sometimes regarded literary works as patterns of language that could be assessed without reference to authorial intentions. Such Chicago critics as R. S. Crane (*The Languages of Criticism and the Structure of Poetry* [Toronto: University of Toronto Press, 1953] and *The Idea of the Humanities and Other Essays Critical and Historical* [Chicago: University of Chicago Press, 1967], 2 volumes) and Elder Olson (*On Value Judgements in the Arts and Other Essays* [Chicago: University of Chicago Press, 1976]) opposed reductive, *a priori* assumptions about language and literature; they held that rational analysis required attention to the specific type of work one is studying, to the literary and intellectual problems confronted by individual authors, and to their chosen strategies for dealing with these problems. The Chicago critics' defense of "pluralistic," as opposed to reductive or dogmatic, literary methods is continued in the work of Wayne Booth, whose recent *Critical Understanding* offers a careful analysis of the issues involved in choices of method—for critics are authors too, and must choose their strategies, rather than pretending that every text and every problem must inevitably be approached in the same way.

However various their methods, theories of criticism that respect authorial intentions risk the charge of naive intuitionism. Is it merely intuition that enlightens us about a long-dead author's choices and intentions? How secure is our conviction that authors' intentions are accessible to us? Do texts provide us with sufficient evidence to distinguish authorial intention from our own hermeneutical assumptions? E. D. Hirsch, Jr., has provided cogent answers to these questions in two important books that combine extensive research in the tradition of interpretive theory with a profound analysis of the interpretive process (Hirsch, *Validity in Interpretation* [New Haven: Yale University Press, 1967] and *The Aims of Interpretation* [Chicago: University of Chicago Press,1976]). His distinction between authors' intended *meanings* and the *significance* that readers may choose to attach to these meanings provides a basis for sound study of the historical processes in which authorial choices acquire new types of relevance to their readers, in which canons of literature are made, transformed, and broken. Hirsch's vindication of the importance and accessibility of authorial intention is the one most likely to hold the field in the foreseeable future.

Practice

I have been considering efforts of liberal theory and polemic. But what does a liberal criticism look like in practice? One answer to that question might be: Liberal criticism seeks to reveal authorial intentions as they are manifested in textual choices; it seeks to develop a rhetoric of choice. Liberal criticism pays special attention to those features of texts that authors select to delimit an area of intended meaning and to mark it off from unintended

Theories of criticism that respect authorial intentions risk the charge of naive intuitionism.

implications. Study of the marks of intention in a text is vital to the critical enterprise—not because they automatically establish literary value (even a comic book displays intention) but because they help us to understand what kind of object it is that we are interpreting and evaluating. At the end of *To the Lighthouse*, Virginia Woolf makes allusions to the New Testament and associates the crisis of her characters with the passion of Christ. By these choices of allusion and association she opens an area of special meaning within her text. But at the same time she closes off that area from orthodox Christian meanings. She represents her chief character as "leaping into space" (not into heaven), "as if he were saying 'There is no God.'" The Christianity of her allusions is thereby marked as symbolic, not literal. An image, a character, a trick of syntax, a manipulation of point of view—these may all be used as *control devices*, as

methods chosen from the author's linguistic and cultural resources to stabilize meaning and direct its interpretation.

Study of such control devices establishes a relationship between textual exegesis, on the one hand, and theories of communication and composition, on the other. Indeed, it is

A single method may—I do not know—be useful in the study of geology; but if so, it is only because rocks have few choices to make.

difficult to imagine a theory of composition that is not grounded on the liberal assumption that authors can communicate intentions by means of conscious choices. Some of the most interesting work in modern criticism has been done by liberal theorists who have tried to assess the degree to which control devices succeed in directing communication of meaning. (For the rhetoric of choice in large-scale application, see Wayne C. Booth's two seminal studies, *The Rhetoric of Fiction*, 2nd ed. [Chicago: University of Chicago Press, 1983] and *A Rhetoric of Irony* [Chicago: University of Chicago Press, 1974]. The latter work is especially important for its demonstration of the way in which real communication of authorial intentions takes place even across barriers of historical periods and in the midst of slippery linguistic situations.)

Liberal criticism may involve an intrinsic, "technical" assessment of literary achievement. It may also involve an extrinsic assessment. One answer to the question, What is liberal criticism? might be: Liberal criticism is a type of cultural critique; it seeks to determine the degree to which literary choices imply liberal cultural values. Such a critique can lead to a fuller historical understanding of the liberal tradition. But there is danger. If liberal criticism begins to view works of literature simply as political documents, ransacking them for examples of individualist or anti-individualist ideas, it will succumb to the reductiveness that its theory seeks to avoid.

Certainly we understand something about Joseph Conrad's cultural enterprise when we observe that his novel *The Secret Agent* embodies a polemic against socialism. But Conrad's political views represent only one type of authorial choice and solicit only one type of cultural assessment. What of the other qualities of Conrad's work? Does it achieve subtlety as well as clarity? How well does it develop its characters' psychologies? What is deemphasized that politics may be emphasized? Liberals know—or else should know—that there is no choice without costs. A novel that labors to sustain a liberal argument about politics may do so at the cost of neglecting richness and variety of feeling (though this is not, I think, the particular cost that Conrad's great novel incurs). A critical method that proceeds as if ideological choices were cost-free, so long as they are liberal, incurs its own costs; it will pay for its "liberalism" at the price of an intolerable narrowness.

Liberal criticism must not, then, be content with asking just one kind of question about literature, constructing or deconstructing texts according to one type of criterion. A third answer to the question of what liberal criticism looks like might be: It doesn't look like anything; "it" is really an indefinite number of *theys*; "it" is irreducibly pluralistic. There is no reason to assume, *a priori*, that the method one uses to analyze a novelist's choices of metaphor ought to be the method one uses to analyze her commentary on the political developments of her time. And—to answer the obvious question—there is no reason to assume, *a priori*, that the method will not be applicable to both problems; her choice of metaphors may, in fact, be directed by the structure of her political analysis. Liberal criticism must be pluralistic enough to avoid *a priori* exclusion of any of the forms in which authorial choices may possibly manifest themselves. A single method may—I do not know—be useful in the study of geology; but if so, it is only because rocks have few choices to make.

One of the major costs of liberal criticism is its inability to constitute itself as a body of constantly reliable methods for the study of regular, predictable events. One of the major benefits is its ability to discover complex connections between literary study and the other humane sciences. The search for connections has been a cause of reductiveness in literary theories that refer all intellectual activity to such gross categories as "language," "history," or "class." Liberal theory can make better allowance for the variety of human experience because it can discover its interdisciplinary connections in the element of choice that transforms linguistic and historical contexts into the rich and delicate variety of economic, political, and literary "texts." Literary study resembles economic or historical study to the extent to which both the humanities and the social sciences are interpretations of the choices that human agents make from the resources provided by their context.

A literary text, from this point of view, is a record of its creator's ordered scale of preferences, of what he or she appropriates from the context of alternatives and (speaking of absences as well as presences) of what he or she decides against, sacrifices in order to achieve some higher preference. One source of my speculations here is Gadamer's observation that systems of preference are distinctive of human life; another is, of course, Ludwig von Mises's praxeology or general theory of human action—a theory that will be useful to literary study when it is purged of Mises's romantic mystification of creative genius as something remote from normal praxeological analysis.[7] Praxeological theory cannot be used to make *a priori* rules about the forms that literature must take. It can suggest some approaches to the study of literature. It can help us to see literature and literary history not just as structures but as changing formations of preferences.

One way to analyze Samuel Richardson's early novel *Clarissa* is to ask if it has either the structure of a bourgeois tragedy or the structure of a Christian "comedy." Another, perhaps a more sensitive, method would be to analyze the way in which these elements shift their positions in Richardson's scale of preferences as one or the other of them fulfills its immediate rhetorical or homiletic purpose. One way to analyze the transition between the romantic and the Victorian periods of literature—periods that despite their obvious differences seem remarkably similar in certain aesthetic and ethical values—is to reduce "the Victorian structure of thought" to its essentials (painfully excising from it all apparently romantic features) and then investigate the means by which this structure replaced an

(continued on page 14)

Literary Theory (continued from page 13)

essentialized romantic structure. Another method would be to analyze movements in nineteenth-century systems of preferences and priorities, movements in which *values* might be preserved while their *relationships* were transformed.

Changes in literary preferences can be studied for possible links with changes in social and economic preferences. In

For the liberal student of human choice, literature offers a virtually inexhaustible field of research.

this way, different types of human action can be shown to reflect upon and provide contexts for one another. The point is not, however, to aggrandize an abstract liberal theory-of-everything, but to use liberal principles to enlarge our understanding of human action and decision in its concrete forms. For the liberal student of human choice, literature offers a virtually inexhaustible field of research.

Notes

[1]See, for instance, Derrida's quarrel with Michel Foucault over Descartes's intentions: *Writing and Difference*, pp. 31-63.

[2]This volume contains a wide and exemplary range of current attitudes on the relation of criticism to political theory.

[3]For a many-sided critique of Gadamer's interpretive theory, see E. D. Hirsch, Jr., *Validity In Interpretation* (New Haven: Yale University Press, 1967), pp. 245-264.

[4]For Gadamer's view of authorial intention, see also *Truth and Method*, pp. 263-64, 482-89, and "Aesthetics and Hermeneutics," in *Philosophical Hermeneutics*, trans. and ed. by David E. Linge (Berkeley: University of California Press, 1976), pp. 95-104.

[5]Blake, *Jerusalem* 12.13, in *The Complete Poetry and Prose of William Blake*, rev. ed., ed. David V. Erdman (Garden City, New York: Doubleday, 1982), p. 155.

[6]Crew's analysis of Freud relies in large part on Adolf Grünbaum's rigorous study, *The Foundations of Psychoanalysis: A Philosophical Critique* (Berkeley: University of California Press, 1984), which should be considered by anyone interested in the origins and truth-claims of the Freudian method.

[7]Gadamer, *Reason*, pp. 90-91; Mises, *Human Action: A Treatise on Economics*, rev. ed. (New Haven: Yale University Press, 1963), pp. 138-40, 240n.

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Knowledge, Discovery, and Prices (continued from page 2)

assumption of perfect knowledge. I will take up this problem later in this essay.

From the perspective of the economics of information, then, Hayek's point is frequently taken to be that prices are particularly effective (that is, low-cost) aggregators and transmitters of information. Andrew Schotter, for example, argues that the competitive price system is "an extremely efficient information-processing device that allows individually scattered bits of local information known only to specialists to be exchanged at minimal cost in order to coordinate social activity efficiently" (*Free Market Economics: A Critical Appraisal* [New York: St. Martin's Press, 1985]). This interpretation of prices as "summaries of information" (or "sufficient statistics") is starting to appear often in economics textbooks, and to a large extent underlies Thomas Sowell's *Knowledge and Decisions* (New York: Basic Books, 1980), probably the most extensive development of Hayek's insights. While for Sowell prices perform this role satisfactorily, a growing body of literature examines Hayek's argument critically. Prominent among the authors producing this literature are Sanford J. Grossman and Joseph E. Stiglitz (see, for example, S. J. Grossman, "On the Efficiency of Competitive Stock Markets Where Traders Have Diverse Information," *The Journal of Finance*, Vol. 31 [1976], pp. 573-585, his "Further Results on the Informational Efficiency of Competitive Stock Markets," *Journal of Economic Theory*, Vol. 18 [1978], pp. 81-101, S. J. Grossman and J. E. Stiglitz, "Information and Competitive Price Systems," *American Economic Review*, Vol. 66 [1976], pp. 246-253, and their "On the Impossibility of Informationally Efficient Markets," *American Economic Review*, Vol. 70 [1980], pp. 393-408). Grossman and Stiglitz claim to have formalized Hayek's ideas and to have shown that, although

Simon's main dissatisfaction with mainstream economics is what he believes to be its lack of concern about the "computational limits" of economic agents as "information processors."

they may be correct in the standard context of perfect competition, they are not correct in situations of costly information, the only ones, according to the authors, in which the informational role of prices makes any sense. In such situations, they argue, prices will be "informationally inefficient," that is, it will not be enough for agents to know only prices (in addition to their knowledge of their own preferences and the availability of resources and technology) in order for them to take "appropriate" actions. Some possible responses to this argument can only be briefly mentioned here: First, it may not be necessary, for Hayek's position, to say that agents need to know *only* prices; it may be enough to state that prices reduce the amount of knowledge they need to know in order to make appropriate decisions. Second, Grossman and Stiglitz seem to deal mostly not with Hayek's argument but with a different informational problem: they are concerned with whether or not agents may *extract* or infer information effectively from the prices they observe (for example, by observing a higher price for a piece of land they may infer that others have found out that there is something valuable, say mineral deposits, on it). But Hayek's point is that agents' economizing reactions to prices lead them to make the right adjustments *without having to know their cause* (as in the tin example, above). Third, it could be argued that Hayek had in mind not a situation where the only obstacle to perfect knowledge is that knowledge is costly, but rather situations of what I will call, for lack of a better name, "sheer" ignorance, a type of ignorance that characterizes *disequilibrium* states and that will be considered below.

The problem for Simon is not that information is costly, as in the mainstream view, but that there are "too many" variables for the achievement of "perfect knowledge." This sidesteps an important problem, for even if the facts to be known were few and simple, they would still have to be discovered by alert, entrepreneurial agents.

Another body of literature has interpreted Hayek's arguments in a similar way. The Hayekian problem has been examined through a series of highly abstract mathematical models, notably in the work of Leonid Hurwicz. This work has shown that, as long as the conditions of perfect competition hold, the price mechanism is "informationally best," in the sense that "it uses the minimum number of variables for transmitting information between economic units." But this work also asserts that this conclusion, attributed to Hayek, is not valid for nonperfectly competitive environments (that is, situations with externalities, public goods, economic indivisibilities, etc.), which are considered more realistic. This literature then attempts to design "informationally decentralized" mechanisms, combining planning and markets, for the allocation of resources—mechanisms that may achieve more efficient results under nonperfect competition, given "the difficulty of placing all the relevant information in the hands of a single agency because information is dispersed throughout the economy." (See, for example, Leonid Hurwicz, "The Design of Resource Allocation Mechanisms," *American Economic Review Papers and Proceedings*, Vol. 58 [1973], pp. 1-30, his "On the Dimensional Requirements of Informationally Decentralized Pareto-Satisfactory Processes," in K. J. Arrow and L. Hurwicz, eds., *Studies in Resource Allocation Processes* [Cambridge: Cambridge University Press, 1977], pp. 413-424, and his response to Kirzner, "Economic Planning and the Knowledge Problem: A Comment," *Cato Journal*, Vol. 2 [1984], pp. 419-425. See also S. Reiter, "Information and Performance in the (New)^2 Welfare Economics," *American Economic Review*, Vol. 67 [1977], pp. 226-234.)

Bounded Rationality

Herbert A. Simon has also considered Hayek's argument. Simon is the proponent of an approach that is often regarded as *the* alternative to the standard approach; I will call it "bounded rationality" theory. Simon's main dissatisfaction with mainstream economics is what he believes to be its lack of concern about the "computational limits" of economic agents as "information processors." In *Models of Man* (New York: John Wiley & Sons, 1957) he states that "the capacity of the human mind for formulating and solving complex problems is very small compared with the size of the problems whose solution is required for objectively rational behavior in the real world." These computational limits, he argues, make it impossible for man to be the optimizing agent described by the standard approach. The market is then seen as one among several arrangements that, supposedly, simplify the decisions faced by agents. In *The Sciences of the Artificial* [Cambridge, Mass.: The MIT Press, 1981] and *Reason in Human Affairs* [Stanford, Cal.: Stanford University Press, 1983], Simon explicitly agrees to a large extent with what he believes to be Hayek's argument; he states that market prices are effective ways of summarizing large amounts of information in order that larger problems can come within the scope of agents with "bounded rationality." Although "bounded rationality" theory is sometimes regarded as very similar, if not identical, to the modern Austrian approach, a few brief clarifications have to be made: on the one hand, Simon's view of prices as summaries of information has more in common with the "economics of information" or the "rational ignorance" view described above than with the "market process" approach, about which more soon. (Of course, it is possible that Simon's view of prices could be inconsistent with his own theory.) On the other hand—and admittedly, this is a difficult issue—it is not clear that he holds the same idea of "ignorance" as do the Austrian economists. The problem for Simon is not that information is costly, as in the mainstream view, but that there are "too many" variables for the achievement of "perfect knowledge." This sidesteps an important problem, for even if the facts to be known were few and simple, they would still have to be discovered by alert, entrepreneurial agents.

Competition and Discovery: Optimal vs. "Sheer" Ignorance

There is a final interpretation of Hayek's writings to be considered. Although the function of prices as exemplified by his tin example was the most explicitly developed argument in Hayek's 1945 paper, it is also possible to find, implicit in his writings during the socialist-calculation debate and increasingly explicit in his post-1945 papers on competition, an additional insight about the informational role of prices and about competition. It is an insight yet to be absorbed by the approaches discussed above. The insight, which can also be found underlying the writings of Ludwig von Mises in the same period, consists in viewing market

(continued on page 16)

Knowledge, Discovery, and Prices (continued from page 15)

competition as a disequilibrium, rivalrous process, as a "discovery procedure," which produces knowledge that no market participant would have possessed in its absence. This perspective, which even Mises and Hayek apparently only started to become aware of as a result of their debates with the market-socialists, has been developed more consistently and explicitly by contemporary followers of Mises and Hayek, particularly Israel M. Kirzner.

From this perspective, the exclusive emphasis on prices as transmitters of information begs, rather than solves, the economic problem posed by dispersed knowledge and by the ignorance of market participants. Rather than merely postulating the existence of equilibrium prices, which already reflect all the necessary information, or, alternatively, which do so "inefficiently," what is required is an explanation of how, if at all, such equilibria could ever come about. In his attempt to provide such an explanation, Kirzner describes a different informational role of prices, a role they fulfill only in *dis*equilibrium: the promotion of entrepreneurial discovery of previously unknown facts. (See, for example, his "Prices, the Communication of Knowledge, and the Discovery Process" in K. R. Leube and A. H. Zlabinger, eds., *The Political Economy of Freedom: Essays in Honor of F. A. Hayek* [Munich: Philosophia Verlag, 1984], pp. 193-206.) To summarize the argument: as long as there is ignorance in the market about preferences, technologies, or resources, and thus about available "better" courses of action that could be pursued, there will be disequilibrium prices (that is, exchanges will occur among

Markets in reality display this constantly renewed entrepreneurial groping for profitable courses of action and are not the profitless, optimally adjusted equilibrium states that might be achieved as the result of entrepreneurial action were all other sources of change to stop (or to be fully anticipated).

agents without their awareness of alternatives that they would have preferred had they known about them). These prices provide profit opportunities, rather than "all the relevant information," and these opportunities tend to attract attention from alert, profit-seeking entrepreneurs. To the extent that these opportunities are noticed and exploited, the elements of the market process (preferences, resources, etc.) are gradually discovered, and coordinating activities take place. Of course, these coordinating activities are constantly opposed by new (exogenous and endogenous) changes, which in turn provide new profit opportunities. Markets in reality display this constantly renewed entrepreneurial groping for profitable courses of action and are not the profit-less, optimally adjusted equilibrium states that might be achieved as the result of entrepreneurial action were all other sources of change to stop (or to be fully anticipated). (This is what is meant by describing market competition as a *process* rather than a state.) The function of market prices, emphasized from this perspective, then, is that of providing profit opportunities to spur the discovery of new knowledge by entrepreneurs, rather than providing, in an economical fashion, accurate information to passive, "price-taking" agents. (In fact, disequilibrium market-prices would provide the "wrong" information to such agents.)

This approach also distinguishes the "optimal" ignorance of the "economics of information" from what can be termed "sheer" ignorance. As indicated, ignorance generally seems to have come to signify almost exclusively the result of a *deliberate* decision by an optimizing individual not to acquire further information, after weighing the costs and benefits of an additional "unit." When Kirzner and others like him refer to ignorance and error and to the need for a discovery process, they have in mind "sheer" error. This is a situation in which agents have failed to correctly perceive the alternatives available to them not because they duly judged the effort unprofitable, but because they either have not noticed the alternatives or have not noticed the profitability of searching for them. (See, for example, I. M. Kirzner's "Knowing About Knowledge: A Subjectivist View of the Role of Information," in his *Perception, Opportunity and Profit* [Chicago: University of Chicago Press, 1979], pp. 137-153.) This ignorance is due to a lack of alertness on the individual's part and not to his or her optimal response to costly information. This clarification is necessary also to understand that the idea of money profits as incentives to the discovery of new alternatives does not refer to incentives in the maximizing sense. Profits are not merely rewards that induce an individual to engage in a course of action—or in a search—whose possibility was known but that would have been found economically unattractive in the absence of the reward. Such a role may be present but does not exhaust the function of prices, for entrepreneurial profits can also be incentives that stimulate the perception and discovery of *previously unknown* alternatives, which were not part of the agent's framework of means and ends at all.

Ignorance, Discovery, and Normative Standards

In addition to the need for distinguishing the different views regarding the informational role of prices, there is also the problem of determining the appropriate standard by which to judge their effectiveness in performing that role. When judging the "informational efficiency" of the price system or, more generally, the efficiency of market outcomes, many mainstream economists usually use as a criterion the perfectly competitive (equilibrium) state, which under certain specified conditions can be said to be "Pareto Optimal." These conditions are frequently not believed to hold in reality; thus, many criticisms of the market hold against it "imperfections," such as the existence of externalities, public goods, "informational asymmetries," and so forth. Harold Demsetz in "Information and Efficiency: Another Viewpoint" (*The Journal of Law and Economics*, Vol. 12 [1969], pp. 1-22) criticized this approach to efficiency, which he called "Nirvana economics." Demsetz offered instead a "comparative institutions" approach, in which "the relevant choice is between alternative real institutional arrangements." Demsetz's important point, however, was placed within an equilibrium framework, which did not allow him to incorporate the entrepreneurial dimension discussed above.

On the other hand, to consider the world in *dis*equilibrium terms is to accept not only the possibility of many of the problems pointed out by the critics of the market, but also the possibility of a normative standard that is not the Pareto-optimal state. This standard would try to determine which institutional arrangements would be more likely to stimulate the *discovery* of, among other things, these very problems and solutions to them. In the Austrian, or market-process, disequilibrium view, the market system is, at any time, full of regrettable "inefficiencies" and mistakes (many of which will be in the process of being entrepreneurially discovered and corrected). But it is scientifically invalid simply to assume the existence of a government authority in possession of all the knowledge necessary for their solution. The analysis should, more appropriately, consider which social arrangement has the means for the discovery of such knowledge. Viewed in the light of such a standard, the market has at least one major advantage over other systems: through its translation of innumerable inefficiencies and mistakes into opportunities for pecuniary profit, it alone seems to have the power to awaken and mobilize the entrepreneurial alertness of market participants and thus to promote the discovery of these inefficiencies and their solutions. (Some of these themes are considered in a policy context in the second half of *The Economics of Time and Ignorance* by Gerald P. O'Driscoll, Jr., and Mario J. Rizzo [Oxford: Basil Blackwell, 1985]).

This standard would try to determine which institutional arrangements would be more likely to stimulate the discovery of, among other things, these very problems and solutions to them.

Conclusion

The elaboration of this insight about the role of prices in a world of ignorance poses a serious and exciting challenge to economists and, indeed, to all social scientists. Although models of "rational ignorance" have been used with varying degrees of success to analyze many social processes, few such analyses have incorporated the dimension of "sheer" ignorance discussed above. (For an exception in the field of history see B. L. Anderson's "Entrepreneurship, Market Process and the Industrial Revolution in England," in B. L. Anderson and A. J. H. Latham, eds., *The Market in History* [London: Croom Helm, 1986], pp. 155-200.) There are many opportunities for "academic entrepreneurship" in this area, which can provide the foundation for countless research papers, doctoral dissertations, journal articles, and books.

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Power and Politics (continued from page 4)

Ronald Dworkin," *Harvard Journal of Law & Public Policy*, Vol. 8, No. 1, Winter 1985.)

The collection also contains a most suggestive extract from Georg Simmel. He discusses the way in which, in most situations that people would usually consider coercive, there is actually a fair amount of freedom for the person being coerced.This leads Simmel to discuss how the cooperation of the person being coerced is required for the successful exercise of authority, and how a leader in turn must be responsive to the led. But this insight must be tempered by a point well made in Gerhard Lenski's contribution to the volume. Those who seize power by force must move quickly to legitimate their rule, and they can do this by such means as changing the content of the law. Their aim will be the production of a new consensus that secures their dominant position. Simmel's ideas, to which Lenski refers, are still very much to the point. But the issues that Lenski highlights may have implications for classical liberal ideas about consent: ideas and institutions that are rooted in power and that legitimize a form of power may become so familiar as to be taken as a matter of course by us all.

This brings us to Michel Foucault. A short extract sets out some of the methodological ideas that underlie his work. These include his ideas about the role of power in structuring discourse in the sense (to oversimplify somewhat) that those involved on either side of some discussion share presuppositions that stem from power relations. Foucault's own ideas about power are centered on structures and processes and the way in which human agents are formed by them, rather than on intentional action undertaken by human agents. While his theoretical ideas seem to me open to many objections, his

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writings present interesting challenges to classical liberals. In particular, Foucault's substantive historical discussion (see, for example, his *Discipline and Punish* [New York: Random House, 1979]) is unusually provocative and unsettling, and sometimes raises challenging questions that demand to be addressed by others who—like myself—do not always find his approach convincing.

But what does all this mean for the classical liberal?

The readings in this book indicate just how far current debate is removed from classical liberal concerns. Of those represented, Weber is in some respects closest to the liberal tradition. But his analytical ideas contain much that is not compatible with a classical liberal perspective, and his approach to politics is, in some points, very far removed from this tradition (compare on this David Beetham's *Max Weber and the Theory of Modern Politics* [Cambridge: Polity Press, 1985]).

But is it the case that classical liberalism stands or falls with an intrinsically clear distinction between voluntary action and coercion? Many classical liberals take this view, and there is much to be said for the importance of this distinction. In addition, those who raise questions about whether what appears to be voluntary action is in fact really voluntary all too often end up justifying what is all too clearly coercion. But those working in the classical liberal tradition should not necessarily dismiss the kinds of issues that Habermas and Foucault have raised. We may learn a lot from them about how coercive arrangements are legitimated.

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(For classical liberal treatments of these themes, see de Jouvenel, *op.cit.*, and Alexander Rüstow, *Freedom and Domination* [Princeton, N.J.: Princeton University Press, 1980].) In addition, insofar as they call attention to connections between power and institutional arrangements, custom, our own tastes and assumptions, and even how we customarily think about problems, they open to us the possibility of arguing whether their concerns may be resolved through the institutions favored by classical liberalism. Insofar as this can be done successfully, it will also show how the classical liberal argument about the consequences of private property rights may strengthen the rationale for making a sharp distinction between arrangements founded on liberty and those founded on coercion.

The very distance between all this and the current state of the discussion, as represented by Lukes's collection, indicates how much there is to be done. At the same time, it shows just what opportunities there are for scholars working in the classical liberal tradition.

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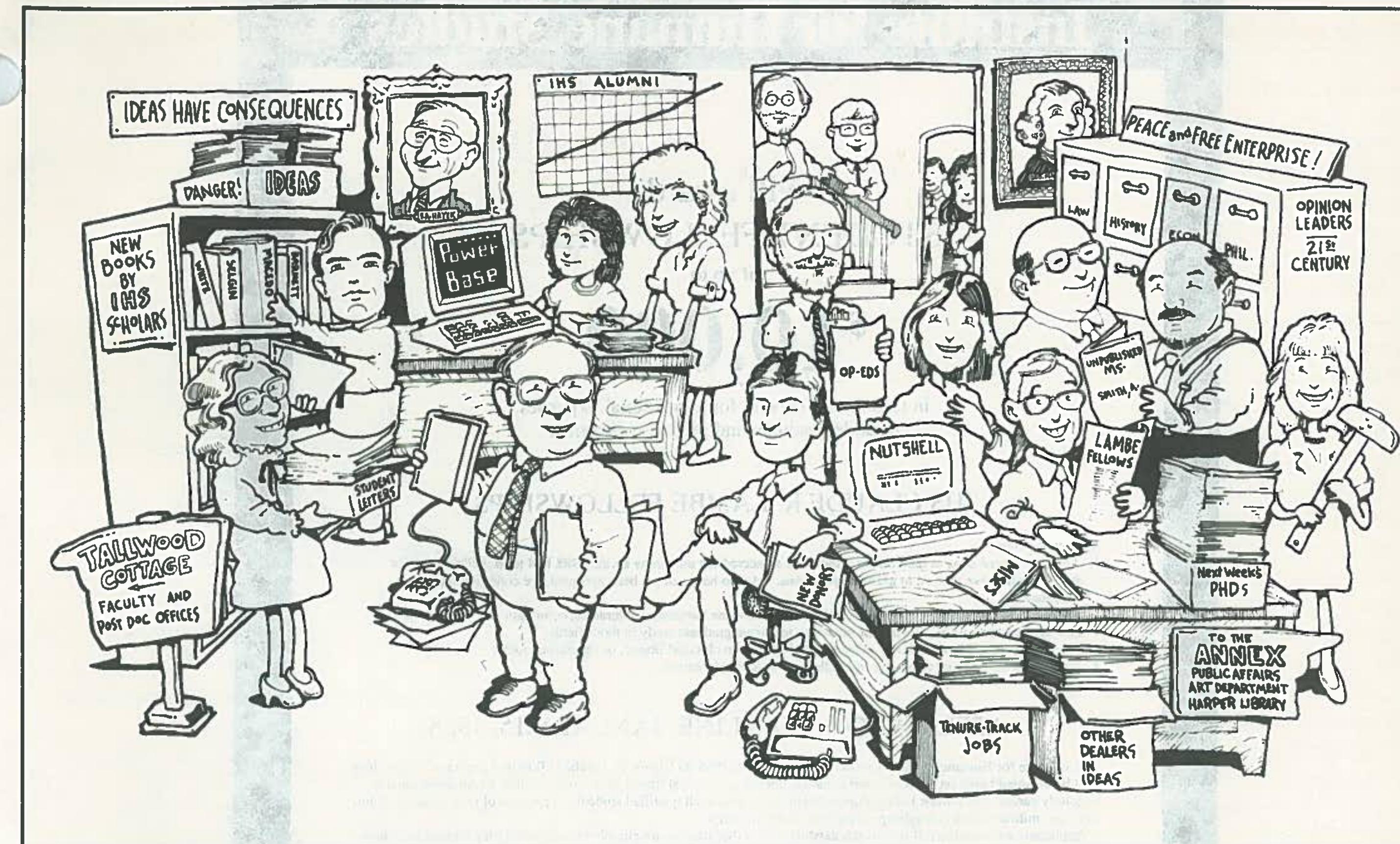

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