

TURN ON TO J STREET ■ NEW LEFT WAS RIGHT ■ REBATES DON'T PAY

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VICTOR HUGO

Did Comrade Chavez
Win the Cold War?

I AM THE WALRAS

Many thanks to Nelson Hultberg for his cogent analysis, "The Case for Recession" (April 21). Yet Hultberg made a grave error when he wrote that an economy tending toward equilibrium "exists only in textbooks." The scientific mathematics of general-equilibrium theory pioneered by Leon Walras (1834-1910) has as much an economics pedigree as the admirable literary efforts of Austrian School figures such as Ludwig von Mises and Henry Hazlitt cited by Hultberg. Mises's Vienna teacher, Friedrich von Wieser, likened Walras's work to a map that "Does not copy nature but gives us a simplified representation of it; which is no misrepresentation but is such to sharpen our vision in view of the complexities of reality."

Walras's treatment of economic growth provides a more accurate picture of where the U.S. economy actually is than the "malinvestment" theory advanced by Hultberg and the modern Austrian School. Our senses should perk up when we hear or read Walras describing a "retrogressive" economy characterized by falling incomes and capitalists liquidating assets (thus a declining capital stock).

Free trade-inspired outsourcing, painfully and colorfully related by Tom Cairney in the same issue of *TAC* ("Bitter Pill"), could be creating a retrogressive economy through the movement of capital overseas. This would be a serious blow to the doctrines of Mises and others who champion free trade. Far from banishing general-equilibrium analysis to the textbooks, the work of Walras and his disciples should be taken out and studied vigorously anew.

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Nelson Hultberg replies:

Those who believe in a free market as a necessary requisite for a free society reject Walrasian "general equilibrium" theory because it tries to turn real humans into x's and o's on a graph by which we can plan our way to "perfect competition." This urge to plan is why it has always been the favorite of those who wish to centralize the state. (Walras was a socialist, by the way.)

As Mark Skousen points out in *The Making of Modern Economics*, the chief defect of Walrasian GE theory "is that it focuses on the [static] end result of competition rather than the [dynamic] process itself, how competition works." As a result, it gives us what historian Mark Blaug condemns as a "sterile innovation," which he compared to "a geographical map of the towns in a country without a map of the roads between towns."

Unfortunately, GE theory ignores the kaleidoscopic messiness of reality and the constant creative flux that comes from the nature of humans. The entrepreneurial mind moves economy, and individual creativity cannot be charted on a graph nor predicted by bureaucrats. Statists have been trying to do this for 150 years now with abominable results. Thus major theoretical gaps in reality plague Walrasian theory—the primary one being that it leaves out the ineffable human equation. Could this be why all collectivist/statist paradigms end up with such dreary and tyrannical societies?

WAR OF THE SEXES

In the April 7 edition, Kelley Beaucar Vlahos's article "Women at War" misses the point.

Men and women are different, and therefore some occupations are best reserved for one sex. In the military, as well as in police and fire departments, effi-

cient and sometimes heroic performance is achieved via small-unit cohesion. This cohesion is experienced by men who have participated as members of small groups in dangerous situations. Men develop a keen sense of honor and commitment to the group. In fact, as the late William Manchester wrote, cowards don't fear death, they fear failure in the eyes of their comrades. Mixing the sexes breaks this bond and atomizes the individuals to the detriment of the unit's mission. Women do not understand this because they don't get the same feelings within the proverbial ten-group as men do.

Men, ever challenging their relative status on the hierarchical structure, are driven by impulses that women cannot comprehend. And the same goes for men's understanding of women. Men can like a woman superior, but it is extremely rare for them to respect a woman as their superior. Conversely, they can dislike, even intensely, a male superior, yet have respect for that individual as their superior.

I read a few years ago someone's comment that "men do not put women in harm's way." For men *qua* men this is true. Has our society changed so much that purposely putting women in peril is now okay? Have American men lost their honor and women their virtue? If so, we will have lost more than unit effectiveness in dangerous situations.

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