being open is not just moral; it's a tactic for change. In an attempt to bring change and openness to the American people, I have just signed a lucrative pact to do a series of TV advertisements for a major American muffler manufacturer. The theme will be "America's UN Ambassador needs a Real Good Muffler Just Like You."

Now some of my advisers are telling me that President Carter, a personal friend of mine, is going to be touchy about my contract. This I find appalling. After all I am a perfectly open person, and besides President Carter made a bundle a long time ago. How do I break the news to Mr. Carter?

Sincerely,
Andrew Young

Dear Ambassador Young:

I believe you have already hit on it. Tell him you frankly need the money and that the muffler company really felt you were best qualified to speak on their product. Tell him that you thought the series of ads would bring new prestige to the United Nations, and see if you cannot come up with some sort of special price on mufflers for him. Maybe you could have one installed in Amy's tree house. Look, Andy, he'll understand. He's your friend, remember? —GWP

BOOK REVIEW

Social Limits to Growth

Fred Hirsch / Harvard University Press / $10.00

B. Bruce-Briggs

Fred Hirsch thinks he has a wizard idea to explain why economic growth must stop. He accepts the refutation of the "neo-Malthusian" hypothesis of physical limits to growth or exhausted resources; rather, there are *social* limits, which account for contemporary society's growing disillusionment with growth. The assumption of economic thinkers for the last two centuries that more is better no longer holds; today, more is less. Hirsch goes beyond the traditional notion of physical scarcity so long at the root of economics to a concept of "social scarcity"—when too many people achieve the consumption of a given commodity, its value is debased. For example, as more people go skiing at Aspen, the skiing is not so good. Commodities having the nature of being necessarily limited are labeled "positional goods." They retain economic or status value if only a few have them.

Economic growth creates more "social scarcity" and increasing competition for "positional goods." This is viewed as undesirable and therefore Hirsch speculates on how our thinking might be adjusted to better understand the problem and deal with it. In the course of this exposition he is very severe on conventional economics, both Keynesian and classical. The Keynesian system is seen as predicated on growth and as only a trivial adaptation of a laissez-faire system; it is blackened with the capitalist brush because market economics is Hirsch's principal target. To him, an economy ordered on the principle of achieving self-interest is necessarily counterproductive. A particularly nice metaphor is a crowd watching a parade: If one persons gets up on tip-toe he can see better, so the others must also get up on tip-toe, and nobody has a better view yet everybody has the annoyance of a less comfortable position.

Hirsch's argument is thick, but literate and graceful. Obviously, he has read widely in what used to be called "political economy," particularly the "Chicago School" of neo-classical economists, and he displays an impressive number of references and citations. It is a pity that he did not read less and devote more time to contemplating basic economics and to observing how things really work.

As his example of a *non*-positional good, he offers food. "To a hungry man, the satisfaction derived from a square meal is unaffected by the meals that other people eat or, if he is hungry enough, by anything else they do. His meal is an entirely individual affair. In technical terms it is pure private good." Well, some people *do* get satisfaction from eating things that are not available to others. And every bit of consumed food increases the price of food, which is a loss to all other potential eaters, in the short run. In this sense almost everything is a positional good. A fundamental notion of economics is that what I have, you cannot have. There are only a few exceptions, such as public health.

Hirsch offers four major examples of "positional goods"—automobiles, suburbanization, vacationland, and education. In his analysis, anyone who gets an automobile adds to the congestion on the highways which reduces the quality of owning an automobile. But for whom? People who get cars gain, while those who already have cars lose, but only after a certain saturation level is reached. The highway pioneers benefited as the number of automobiles increased so that mass production lowered the cost and provided profits for technological improvements, and the market built up to a point where paved roads and service stations became ubiquitous. Only after that level did congestion begin to become a problem. And it is very strange that Hirsch does not mention the conventional response to automobile congestion—building better roads.

Suburbanization is treated the same way. Everyone who moves to the suburbs degrades the suburbs. Hirsch credits a colleague with pointing out that the response is to build more suburbs farther out, but at a cost of longer commuting time. Too bad that colleague did not mention the response to the commuting problem—the suburbanization of jobs to shorten the commute. Regarding land, it is true, as Will Rogers said, "they ain't making any more of it." There is some ultimate limit to land use—fortunately we are nowhere near it. The great bulk of land in America, and even in England, is undeveloped. We are continually increasing the effective amount of usable land by improving access to it through cars and better roads.

Education is of particular concern to Hirsch. By expanding the number of university graduates, the value of a university education in its "positional" terms to the degree holder is reduced. Hirsch is a professor at Warwick, one of the English "red-brick" universities; he should know that their expansion increases the value of degrees from the *real* universities—Oxford and Cambridge. The same is true in the United States. The growth of the University of Massachusetts does not downgrade the worth of a Harvard degree.

In his attempt to discredit market economics he employs some even odder notions. To illustrate why a society cannot be based upon pure self-interest, he quotes *Catch-22*'s Yossarian: "It doesn't make a damn bit of difference who wins the war to somebody who is dead." Right, you cannot pay a man enough to die, which is why military forces have not appealed to pecuniary self-interest, but provided other incentives. In any event, a neo-classical economist would respond that the Army Air Corps was not asking Yossarian to die, but to risk his life, and offered him certain benefits and disbenefits to take that risk. Capitalist societies do not expect kamikazes. The most dangerous military spe-

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cialties attract the most risk-prone volunteers—fighter pilots also fly low in high-powered sports cars and paratroopers brawl for fun in the bars around Fort Bragg.

As another example of the limit of the public benefits derived from individuals maximizing their self-interest, Hirsch points out that not even the most devout Chicago School economists believe that justice should be for sale. Of course not—laissez-faire economics rests on voluntary contract, but does not permit transactions by force. "Justice" means the right to deploy state power to seize property. A market system requires unbribed judges and officials for the same reason that it prohibits businessmen from employing gunmen to deal with competitors. The function of the state in a laissez-faire economy is to protect property from force; if the state can be bought, there is no property, no liberty, and no incentive to produce.

The obvious remedy to "positional competition" is merely to raise the stakes. People must pay more for exclusive resorts, suburbs, and extended education. This Hirsch rejects as a "rat race," compounding the problem. Instead, he would go the other way. There is a need for change in the "social ethic." More goods and services must be taken out of the market economy. As a start, he would ease the conflict by lowering the ultimate stakes. To reduce the competition for degrees, he would lessen the rewards for education. He advocates consideration of public policies to reduce the pay and perquisite differentials within the professions and business. "A reduction in the monetary attraction can be expected to reduce total demand for such jobs by shedding potential applicants for whom the pay advantage is dominant."

His solution to crowding and the high costs of other "positional goods" lies in "making access to such goods less attainable with money and more available without it—that is to say, by partially removing positional goods from the commercial sector...." In other words, Hirsch would respond to the excessive demand by lowering the price. The first week of a baby econ. course is adequate to deal with that idea. Even worse is his steadfast failure to recognize that the price rise promoted by increased demand feeds back to increase supply.

There are indeed a few positional goods: some jobs—there can be but one President of the United States and one Archbishop of Canterbury. The inherent status value of some commodities has long been recognized. When "everybody" gets X, it is no longer "exclusive." Therefore, as the *nouveaux* bedeck their women in mink, the old money buys sable or wears ski parkas and forms societies for the protection of wildlife. Those goods that are necessarily limited by historical production are "positional." There are only so many Rembrandts, Duesenbergs, Williamsburgs, and Aspens, but here too, the market and polity adjust. The price of fine art is out of sight, so people collect "folk art" (e.g., old weather vanes); the staggering prices of classic cars have created "special interest cars" (e.g., DeSotos); lines at historical sites have led to restorations in every community and reconstructions (e.g., Disneyland's Main Street); growing crowds at places of natural beauty have led to the opening up of new parks and sites (e.g., crowded slopes at Aspen led promoters to develop Vail).

Hirsch ignores these basic variations on this theme. It appears that he has other objectives in mind. Buried in the book, but central to its thinking, is the old dream of ridding the world of selfishness and competition, which Hirsch blames on capitalism and its obsession with growth. In his favorable reception of *Social Limits* in the *New York Review of Books*, economist Robert L. Heilbroner describes this goal as "the replacement of the individualistic acquisitive ethos by a social, communally oriented perspective," as, for example, "the change in public behavior on which so many visitors to China have remarked." What a shame that he wrote that just a few weeks before a report of how the Chinese find it necessary to deploy armies of police merely to prevent people from becoming crushed in the rush to get on buses. How odd it is that only in the "individualistic" capitalist states people have the social discipline to queue, and not to get up on tip-toe in crowds. In the socialist countries, people are kept in line with clubs. How very odd it is that the propensity towards rip-offs and "I'm all right Jack" screw-your-neighbor acquisitiveness seems to spread as we move toward a more collective society.

Conservative thinkers have always held that our limited stock of beneficence should be carefully husbanded, invested only in the most important institutions—the family, the church, the nation—and not squandered on mere economic activities. Hirsch is entitled to his values, but his audience has a right to expect that he will make his case competently. A superior development of similar ideas is found in *The Limits to Satisfaction* by William Leiss, a Canadian professor of "environmental studies and political science"; I believe Leiss' book is incorrect, but it is not foolish.

What is oddest about Hirsch's book is the response to it. He credits more than a dozen readers inside and outside its sponsoring foundation for their "comments and criticism." The reviews have been almost uniformly favorable. Such reputable periodicals as the *Economist* and the *Times* raved about it. (The *New York Times* assigned it to a political correspondent for *Rolling Stone*—he did not like it because he could not follow the argument.) The usually prudent George F. Will of *Newsweek* took it seriously. The only hostile review to my knowledge has been by Martin Meyer, in *American Scholar*, who pointed out its obvious flaw: Hirsch is an Englishman, yet he scarcely mentions the key issue—class. Growth has benefited those people who obtained automobiles, suburbs, vacation cottages, and university educations, but it has cost those who already have them. It is not to be expected that the better sort would benefit from further growth. This point was made by Rudolph Klein and this writer in *Commentary* several years ago and was developed at length in Wilfred Beckerman's *In Defense of Economic Growth*, which Hirsch cites. His disregarding of this issue is suspicious, to say the least. In fact, a vast body of thought called "welfare economics" deals with these very problems of who gains and who loses from various economic interchanges. Overall, it can be argued that the beneficiaries of growth far outnumber the losers. The person who moves from an urban tenement to a suburb gains much more than the

A Note from the Publisher

Beginning with the November issue, *The Alternative: An American Spectator* will simply be called *The American Spectator*. The shortened name will make our cover appear a little different at first. But inside the magazine you will find that we will continue to serve up the usual variety of essays, features, and reviews that you have come to expect from *The Alternative: An American Spectator*.

November also marks the beginning of our second decade of publishing. It is a tradition in the publishing world to observe such milestones with special issues featuring articles by the most renowned writers the editor can wheedle into writing for him. We will follow this venerable tradition, but as Tyrrell is still engaged in his wheedling, I'll have to wait until next month to tell you who we will display in our Tenth Anniversary Issue.

Stay tuned.

—Baron Von Kannon