

Although Professor Black does not make this point, the sociological model of law is *always* the norm, while the jurisprudential model is the exception. In Western societies, law was nothing but a seamless fabric of myth, religion, custom, and power until the 11th century. The great revolution in law began then when academic lawyers worked to establish a system in which legal outcomes would not be based entirely on status, custom, and private power. That we have not succeeded entirely in making law no respecter of persons does not mean that we have not succeeded at all. For example, West Virginia does *not* have capital punishment exactly because we recognize that it is impossible to apply capital punishment fairly.

But at the end of the day my philosophical and historical quibbles with Professor Black are minor. In one hundred pages, *Sociological Justice* tells a practicing lawyer more about how to win multimillion-dollar lawsuits or save a criminal client than any other single volume of its size I have ever read.

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Economic Man

by Jeffrey A. Tucker

Time and Public Policy

by T. Alexander Smith

Knoxville: University of

Tennessee Press; 288 pp., \$29.95

Economists, with justice, are accused of holding a narrow, one-dimensional, and somewhat pedestrian world view. Noneconomic factors can determine how well a society is organized, say the critics. An efficient price system won't solve all of society's problems; there are also cultural and moral problems that can undermine society, and these have no economic fix.

According to Professor T. Alexander Smith, that criticism better applies to the way economics is done in modern

times than to the actual or alleged limits of economics itself. But given the inherent trappings of the profession, it sometimes takes an outsider to explore the farther reaches where economics and culture intersect. Smith is a political scientist who has done just that in his path-breaking new book, *Time and Public Policy*. He takes an insight from "Austrian" economics—that all action implies a "time preference"—and spells out its far-reaching implications for culture and public policy. He recognizes that many social and cultural problems have no economic fix, but he shows how intervention with the free market can severely undermine healthy social and cultural norms. His conclusions bolster the case for a free society and responsible individualism.

Economists usually ignore the role of time as a factor in human choice. In the most commonly-used model in economics—"general equilibrium"—action occurs within a timeless world. And the models that *do* factor in time tend to homogenize it by assuming everyone acts on the same time horizon. In the real world, of course, this is not the case.

Whatever differences exist in individual time-horizons, this we know: all individuals, by the very fact that they act within the passage of time, choose to satisfy desires in the more immediate as opposed to the more distant future, other things being equal. That is to say, a bird in the hand is always better than one in the bush. Since the Fall, man acts within a world of scarcity; we can't have everything at once, so we must rank our goals in the order in which we want to obtain them. This is what creates what is called "time preference," the general desire to meet ends sooner rather than later.

Everyone has time preferences, but the rates can vary. Some people and cultures have habits that delay gratification by putting off current consumption for greater future rewards. They have a long-run orientation: a low time preference. These groups tend to save more and be more prosperous; saving, after all, is the precursor to capital investment and economic growth.

Other individuals and cultures practice and promote more immediate gratification, consuming now rather than later. They are more oriented toward the short term: they have a high

time preference. These groups, which consume more and do not delay gratification, are relatively less prosperous since their habits work against saving, capital investment, and economic growth.

The social rate of time preference (the aggregation of individual rates) is primarily a function of such things as culture, habit, self-control, and regard for posterity; and these derive from religious beliefs or social values held generally. They can be influenced by medical technology and life span; if everyone died at age 30, the social rate of time preference would likely be greatly heightened. They can also be influenced by government policy.

The free market, as Smith shows, necessarily rewards a long-run orientation over short-run orientation. The interest rate is the most obvious example. The person who has no money yet wants a car as soon as possible (i.e., has a high time preference) must pay interest on a loan. The person who puts off buying a car until he has the money (i.e., has a low time preference) pays no interest. The more people put off buying in the present, the lower the interest rate, because it reflects the social rate of time preference.

So it is with the regard for capital resources, which under a free market pay a return equal to the social rate of time preference. The businessman who invests in a new company has to pay out wages and rents long before he realizes a profit; this requires a low time preference because he delays present consumption for a future higher return. The lower the time preference, the longer the processes of production, and the higher the eventual reward for waiting. Thus the free market has an inherent mechanism that rewards low time preference and fosters long-run thinking.

All of these virtues tend to be rewarded by the market, creating what Smith calls Economic Man: he is forward-looking, conserves resources, and in doing so promotes the good of society.

In contrast, Political Man operates outside the market and faces an exactly opposite set of forces on his time preference. In the political sphere, there is no return on capital, no penalty for quick consumption and waste, and no incentive to delay gratification.

Political Man is rewarded for high time preference. Examples range from the government bureaucrat to the common thief.

Smith's greatest achievement is to show how government intervention in the economy lowers the social rate of time preference and thus leads to both increased poverty and cultural breakdown. The more Political Man grows in social significance relative to Economic Man (as happens with government interventions), the higher the social rate of time preference.

Smith's formulation of Political and Economic Man are the precise opposite of the way the two are described in academia—where Economic Man is greedy and short-run oriented, and Political Man is long-run oriented and promotes the good of the public.

Inflation is the most obvious government intrusion that lowers the social rate of time preference. One can apply the same analysis to the welfare state, redistributive taxation, and even rent control. All interfere with the ability to think and plan long term; they incul-

cate values that reward immediate gratification at others' expense.

What Smith wants is the depoliticization of society, with fewer and fewer social decisions taking place through political means. He wants, in short, the Rule of Law, "a mode of moral association" in which "noninstrumental" laws are "known in advance." There's no room here for social planners. The system is most conducive to low rates of time preferences and therefore to what we associate with civilized prosperity.

Smith has embarked on a radically new research program, one that leads us to discover that economics and culture have more links than economists like to admit. If his thought isn't fully formed, and if the argument still needs formalization, with the application of time preference to public policy, Smith has nonetheless tilled fertile ground.

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What Makes a Nation?

by Thomas Molnar

The Identity of France, Vol. I

by Fernand Braudel

New York: Harper & Row;
432 pp., \$25.00

When Fernand Braudel died in 1985, *The Times* of London called him "the greatest of Europe's historians." In spite of Braudel's great merits, many would question this accolade. Indeed, he may be assigned a place among those contemporary historians who justify, by their *oeuvre*, the sociological school, and who therefore have "betrayed" the historian's true vocation. If, in many of our universities, history has become a subclass of the social sciences, men like Braudel are to some extent responsible.

Not that the writing of history must forever remain on the tracks built by Herodotus and Thucydides; history, like other disciplines, does change course according to cultural fashion. Leopold von Ranke and his school insisted on "factual statements," and revisionists in this half-century took up hermeneutics in order to analyze the "real" motives of groups and classes. Then there is, of course, Marxist historiography with its apodictic class-bias.

The *Annales* school of which Braudel was for a long time the uncrowned head has respectable ancestors—Lucien Febre, for example, and Marc Bloch before the Second World War. But these men were still convinced that history should not break its association with literature—in other words, that history is a story, only a true one. Its style used to be literary. The second recipient of the Nobel Prize for *literature* (1902) was Theodor Mommsen, imperial Germany's most acclaimed historian of Rome.

Braudel was by no means a litterateur; his virtues as a historian were elsewhere, something he demonstrates in the present volume (first of a projected series of four, of which he only managed to finish the second). He begins the volume with the endearing statement: "Let me start by saying once and for all that I love France with the same demanding and complicated

LIBERAL ARTS

SOOT AND INK: FEMINIST PREROGATIVES?

There are numbers of excellent people who do not think votes unfeminine; and there may be enthusiasts for our beautiful modern industry who do not think factories unfeminine. But if these things are unfeminine it is no answer to say that they fit into each other. I am not satisfied with the statement that my daughter must have unwomanly powers because she has unwomanly wrongs. Industrial soot and political printer's ink are two blacks which do not make a white. Most of the Feminists would probably agree with me that womanhood is under shameful tyranny in the shops and mills. But I want to destroy the tyranny. They want to destroy womanhood. That is the only difference.

—from *What's Wrong with the World*
by G.K. Chesterton