

Religion and the Free Economy

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IMAGINE YOURSELF in conversation with a new acquaintance. The exchange of ideas goes well for a time, and then the talk drifts around to economics. This brings forth a series of denunciations from your companion, who declares that economics belongs in the same category as voodoo and witchcraft. You rise hotly to the defense of your favorite subject, and the battle is joined. Within five minutes it becomes evident to the innocent bystander that the economics you are defending is not the economics your adversary is attacking. The thing he knows as “economics” is the set of conjectures and prescriptions drawn from the Marx, Keynes, Galbraith well; whereas for you, “economics” connotes the body of thought associated with men like Adam Smith, Mises, and Hayek. It’s possible that your acquaintance has never heard of the

Austrian School, but his general “feel” for things has already made him *simpatico*. He has rejected unsound ideas, and this opens up the possibility that he might accept sound ones. But even if he repudiates the Austrian School along with the Keynesian, you and he now have the same referent and are no longer talking past each other; you’re that much ahead.

And so it is with the great themes of religion and God; the same words stand for different things to different people. Take religion: Men and women in every age and clime have sought to relate to an unseen order; call it the spiritual realm, if you prefer, to distinguish it from the social order and the order of nature. We live in some society, we are in touch with nature – and we also participate in a dimension which transcends them and us. People seek to come to terms with this unseen order by means of an enormous variety of attitudes, beliefs, and practices. These numerous, diverse,

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and sometimes contradictory activities are then pulled, hauled and pounded into a single category bearing the label "religion." This taxonomic barbarism — this crude labeling — will not satisfy the philosophically-minded, who know that much if not most of what is labeled religion is more properly called magic, superstition, or ideology. Just as most of what is popularly understood as economics is anti-economic, and a lot of what passes for science is really scientism.

Strange Views of God

The well-nigh universal misuse of the term God is another stumbling block. God — in popular mythology — is the tribal deity, the Man Upstairs, Big Brother in the Sky, a transmogrified U.N. Secretary, a cosmic bellhop up there to run our celestial errands for us, and so on. We have to be a-theist-ic with reference to these ideas of God before we can confront a more adequate idea. Santayana put it well. Chided for his "atheism," the great philosopher gently stated his position: "My atheism, like that of Spinoza, is true piety towards the universe, and rejects only gods fashioned by men in their own image, to be servants of human interests." We resist the word God because for most people the notions of their childhood still cling to it, and these notions they

have outgrown while they have not permitted their ideas of God to grow with them. Once this growth is allowed to occur, we become aware that genuine Theism demands that we be a-theist-ic towards the false gods.

Every living thing needs food and shelter and symbiotic relation to its kind, and so do we, but only a human being asks such questions as Who am I? What am I here for? Is there meaning in the totality? What is my destiny? These are religious questions, and a creature who has never asked himself these questions is a defective hominoid. Philosophical religion is the uniquely *human* concern, and if our assessment of human nature fails to take religion into account — together with its corruptions into magic and superstition — we achieved only a warped and partial understanding of man and his checkered career upon this planet.

The subject presently under discussion is not theology as such, it is the relation between religion and the free economy; or, the bearing of Theism on the free market/free economy way of life. So, let us shift gears.

An important distinction is to be drawn between the market and the market economy; the former is universal, the latter is rare. The market comes into play wherever there is a society, for no people is

so primitive as not to engage in trade and barter. There's a lively market in Russia and China. The market yesterday, today, and forever; but not the market economy: This human institution is very rare. Only occasionally has the market been able to institutionalize itself as the market economy. This is a most desirable transmutation; if it is to occur certain conditions must be met. In this paper I shall discuss five of these conditions, in an effort to deal with the question: On what does the market economy depend?

- *First*, there must be firm convictions widely held about the reality of Mind and the capacity of Reason to ascertain truth.
- *Second*, there must be belief in Free Will.
- *Third*, there must be a firm commitment to the idea of inherent rights; for it is obvious that unless we believe in an interior, private domain natural to the human person we will not structure government so as to protect it.
- *Fourth*, there must be firm convictions about the reality of a moral order whose mandates are binding upon all men alike.
- *Fifth*, there must be a sound philosophy of man and his destiny, and a hierarchy of the life goals appropriate to human nature.

Now we know what we are looking for; we are searching for a world view which meets these five conditions. I shall begin with the self-evident truth that some portion of your being is mental and attempt to draw out the full implications of this fact. There is the physical you, but in addition to your body, which is matter, you have a mind or intellect which is nonmaterial. The two interact; your state of mind affects the health of your body, and vice versa. A change in body chemistry or damage to brain cells may impair memory and darken the intelligence. Now, just as our eyes are given us to see with, we have a mind to think with. Possessing minds, we can remember the past, we can anticipate the future, and we can reason about the present. By using our intellect we can begin to understand and explain things. In virtue of our minds we are conscious beings; and not only that, we are self-conscious, aware that there is no way of understanding our mental processes except by other mental processes. We have the capacity to think about thinking, which means that the mind, in reflecting upon itself, is both measure and thing measured.

The Origin of Mind

What account shall we give of this remarkable instrument, the

human intellect? What is its origin, its nature, its place in the totality of things? The consensus today is that mind is merely an off-shoot of matter; "there is only one world, the material world, and thought is a product of matter." This Marxist dogma is echoed by Behaviorists, such as B. F. Skinner, for whom thinking is a physical process. In other words — and to put it graphically — your brain cells ooze mind just as your scalp extrudes hair! Now, if we accept some such assumption as this — that your body originates your mind — the inescapable inference is that each person's mind is as private and unique as his fingerprints. And if this be the case, then each person's mind is locked within his skull.

Now, if the mind of each one of us is a strictly individual reflex of physical processes, it is difficult to imagine how mind so conceived could possibly be a means of communication between persons. And if the communications gap were somehow bridged, what information could be transmitted? Only information as to the inner state of the organism which produced the mind.

Ordinarily, we demand more of the mind than this; we expect our intelligence and our powers of reason to expand the boundaries of knowledge in the realm outside

our skulls. This leads to the question: What must the universe be like if these expectations are to be fulfilled? Briefly, if by taking thought and using our powers of reason we are to acquire truths about the universe, the universe must be rationally structured; there must be some resonance between the thinking which goes on inside us and the rationality present in the nature of things. The mind in us can be trusted to reach reliable conclusions about the world outside only if the material world — nature — embodies a non-material element akin to our minds, that is to say, a pattern, a structure, a meaning. This position may be called Theism.

Mind is Ultimate

Theism is the belief that a mental/spiritual dimension is at the very heart of things; it is the conviction that mind is ultimate, and not matter; that mind is at least as ancient in time and as fundamental in significance as protons, electrons and neutrons. Mind is a primary thing; not something secondary and derived. Push analysis as deep as possible and there is this elemental, primordial, original thing, mind; there is nothing nonmental beyond mind from which mind derives. The nonmental part of us, our physical body, is in a sense continuous

with the material universe; at some point in time nature will reclaim the atoms which now comprise "this muddy vesture." In a similar fashion, it is contended, the mental part of us is continuous with that part of reality which is non-material; minds are linked to Mind. Anything short of this constitutes a subordination of mind to matter, a position which is self-stultifying.

Let me restate the argument thus far: If we choose to think at all we have no choice but to trust our thought processes. There's simply no way that you can think your way to the conclusion that thought is untrustworthy; a reasoned case against reason is a contradiction in terms! You can no more disown your own mental processes than you can stand outside your own feet. This is not to say that every chain of reasoning of yours or mine invariably arrives at assuredly true conclusions. No, we are imperfect creatures and our reasoning is frequently flawed — as we discover when we go back over it to check for logical coherence. But the checking process itself is an appeal to reason, and there is no higher court beyond reason until we appear at the Great Assize!

In short, a direct frontal attack by reason can never succeed in toppling mind from its pre-eminent

place in the total scheme of things. If the intellect is to be downgraded the critical faculties must first be dulled, then redirected onto externalities, things. The universe is full of things so exciting that many Moderns come to regard them as more real than the mental activities that make us aware of them! Mind is awareness, which means that the intellect itself rarely gets into our sights when we are using it in the process of knowing something. We don't attend to it when we use it to attend to something else, just as we don't see our eyes when we are seeing something with them.

No Physical Measure

Awareness can't be quantified, and to the degree that we are obsessed with size, quantity, velocity, measurement and the like — preoccupations of the laboratory — to this extent will we conclude that the universe must ultimately be defined in these terms: the quantitative alone being fully real, the mind, therefore, is given a second-class status. Our minds work so well that we forget we have them, and so we are intellectually disarmed when some learned fool comes along and tells us that the mind is a fiction and thinking only reflex activity. Accept the premise that mind is not an ultimate and original ingredient of

this universe and you assure the rise of a world view wherein reason is assumed to be untrustworthy.

Conversely, if we do acknowledge that mind is an ultimate and original ingredient of the universe — existing in its own right, independent, not derived from something non-mental — an interesting result follows. What are the characteristic earmarks of intellect or mind? The mental is characterized by awareness, conscious intelligence, rationality, creativity, will, purpose. Possessing intellects we have a principle of explanation, an ordering power. Having reasoned to this point we discover that we have arrived at the God of the philosophers, a concept of Deity which is the cornerstone of religion. Discard this concept — that something akin to the mental in ourselves is intrinsic to the universe — and the human intellect is imperiled. Accept the opposite outlook, which we may call nontheism, and the cults of unreason revive.

The Diminished Mind

Nontheism diminishes mind. It regards mind as a mere off-shoot of matter, an epiphenomenon, a secondary thing derived from that which is primary and fundamental — elementary particles. The mythology of nontheism tells us that

the universe was mindless for billions of years, and that only after the appearance of the higher primates did this later comer, mind, stumble by accident onto the planetary scene. A few hundred thousand years ago the nonmental chanced to give rise to the mental, the nonrational happened to turn into rationality, and lo, *homo sapiens*. This incredible pedigree downgrades mind by giving it an unreasonable origin, and then it compounds this error by asking us to believe that this discredited instrument can somehow be relied upon to reach trustworthy conclusions! Anti-theism makes matter the master of mind; it reduces our mental processes to the level of secretions from a gland; it degrades the search for truth into a movement of material particles — and thus refutes itself.

Nontheism of some variety — not spelled out this way, as a rule — is the prevailing ideology, and it is hostile to the idea that mind exists in its own right. It declares that matter is primary, mind only secondary, and so it is only natural that nontheism reduces truth to a matter of feeling and opinion. Reason, logic, intelligence — along with mind — are reduced to a second-class status, and without these props and stays the free society hasn't got a chance. The only philosophy which gives Mind and

Reason their due is what I refer to as Theism.

Now, it is of course true that not everyone who entertains the Theistic position automatically draws the conclusions which I think are implicit in the premises. Human nature being what it is, this fact should cause no surprise. The point is that Theism leans in the right direction; whereas, there's no way to extract the ingredients necessary for a free economy from the polar opposite view, Materialism.

Another cornerstone of the free society is the concept of free will. Nontheism, carried out to its logical end, is some form of materialism, and materialism logically connotes the idea of a cosmic machine and the inexorable, inevitable workings of cause and effect sequences. This is the philosophy sometimes labeled Mechanism. There's no room for the human creative act within this closed system, and if man is not a freely choosing person, it's pretty silly to try to defend the free society, as one where people enjoy maximum liberty to choose and pursue their life goals.

Law of the Market

Of course, the world view I espouse, Theism, acknowledges the realm of natural or scientific law — nature — the domain in which

“there prevails an inexorable interconnectedness in physical and biological phenomena.” Theism recognizes, in addition, the social order where the laws of the market (laws of praxeology) operate. For the nontheist, this is all there is, nature and society; man is totally contained within these two orders; he's a product of his natural and social environment; there's nothing more. For the Theist, there's more; man's body is compounded of the elements to be found in the earth's crust, but he also possesses a mind *sui generis*, in virtue of which he participates in the unseen order which transcends nature and society. “Mind,” Plato wrote in the *Philebus*, “belongs to the family of what we called the cause of all things.” Man is able to break the chain of causation because he has a leverage from beyond nature and beyond society; his will is indeed free. Most people, if they had the choice, would choose more freedom rather than less, and they'd rather be prosperous than not. But mere wishing gets us nowhere when the conditions for freedom and prosperity are absent; and these conditions are lacking when the climate of opinion is hostile to mind, truth, and freedom of the will. The intellectual outlook which excludes the unseen order also diminishes man himself, to the

point where the idea of inherent rights is extinguished.

Only a handful of the world's people have ever believed in the idea of the inherent rights of persons, and not many philosophers; nor will mere assertion on our part convince anyone but ourselves of the validity of this idea. Individual rights are not self-evident, except to those who embrace a world view from which the idea of equal rights is an immediate inference. It will not do merely to declare that human nature is the source of man's rights, because the alert critic will call upon you to explain the origin of human nature. Is human nature the chance product of the natural and social environment? In which case there is logically no room for rights. Or, is human nature rooted in the ultimate nature of things, thus embodying a purpose of cosmic dimensions, a purpose needing human freedom for its fulfillment? Theism answers in the affirmative!

Rights are Intangible

Now, John Doe's rights do not exist in time and space, as does his brain, for example, or his heart. These organs have mass and extension, and upon analysis they break down into various chemical elements. Not so a person's rights; these intangibles are part of the unseen order — if they are real at

all — and those who deny the reality of an unseen order should be sufficiently logical to abandon the idea of inherent rights. Because the prevailing orthodoxy for a century or more has been positivism, scientism, materialism — the labels are many but the substance is the denial of an unseen order — the idea of inherent personal rights has a feeble hold on the modern mind. Reality consists of two orders only, it is affirmed, nature and society, and man is a creature of nature produced by the blind action of chemical and physical forces, shaped finally by his interaction with other people in society: there is nothing in John Doe's present make-up which was not first in nature and society, whose joint product he is. Can we locate rights in those places? No! We can no more attribute rights to nature than color to a musical note; and what is "society" that it could be endowed with rights?

What sort of a world view do we need, then, if we would validate the idea of equal rights for all persons? We need a metaphysic which includes an unseen order transcending the orders of nature and society. If man participates in a transcendent order then the idea of inherent rights readily follows; but if man is merely a creature of nature and society . . . no way!

The human person is either an

accidental end product of forces in the natural and social environment — the popular opinion today; or, man is what the theologian would call a created being. To affirm that man is a created being is to say that his life has an ultimate meaning and the individual counts; it is not to say that God materialized him in a flash, like Houdini pulling a rabbit out of a hat. The doctrine of creation is another way of affirming that the whole show makes sense, and is purposeful; and man, therefore, has a reason for living. The late Archbishop of Canterbury put the doctrine of creation in theological terms: “the world exists because God chose to call it into being and chooses to sustain it in being.” This is Theism, and it is the only world view hospitable to the idea of inherent or “natural” rights.

What Social Arrangements?

Let’s assume now that our doctrine of man includes an affirmation of his inherent rights, natural or God-given. What kind of social arrangements most fully acknowledge each person’s inner and private domain?

The Declaration of Independence says that legitimate governments are those limited to securing men in their rights, and this position has many adherents even today, myself included. But there are

those among our contemporaries who maintain that government *per se* violates rights by its very existence.

To illustrate their zero-government position, these people ask us to suppose that John Doe decides to put down his stakes in Podunk and buys the house and lot at 10 Main Street. Along comes the tax collector and forces John to cough up his prorated share of the cost of Podunk’s government. This tax, it is alleged, constitutes an invasion of John Doe’s right to live and every taxpayer in the country is similarly violated. Will this allegation hold water? Nary a drop! Consider: Each of these millions of taxpayers lives at some definite location, his home address; and each of the alleged violations takes place at that same spot. The assertion that the assessment collected from John Doe at 10 Main Street is a violation, implies that John has some prior, inherent right to locate at 10 Main Street.

Logically, there cannot be a violation of a right unless there was a right in the first place! Presumably, Doe bought the property at No. 10 and acquired a legal “right” to live there; but if it be argued that he has a natural, inherent right to live at a given place — like 10 Main Street — why was he required to buy his way in? The same twisted theory that views the

tax as a violation would have to view the purchase as a violation also. But the argument is wrong on both counts. Your right to live, properly understood, means that you have the same rights within a society as anyone else; equal rights for all. If you have chosen to live in Podunk because of its plus features, your choice logically embraces its minus features as well. It's a profit and loss world.

Moral Convictions

The idea of equal rights has close affinities with firmly based moral convictions, and it is Theism again—with its belief that the nature of things has an ethical bias—which supplies grounds for drawing a radical distinction between right and wrong, good and evil. No people, in the absence of an adequate moral code, can move from the mere urge to be free into the free society, nor can they maintain levels of freedom once reached by their forebears. What is right? and What is good? are perennial questions, and most emphatically they are not the same questions as What is useful? what is pleasurable? profitable? legal? What benefits the community? and the like. These are interesting questions, but they are not ethical questions; calling them such does not make them so.

Ethical relativism and ethical

nihilism are part of the prevailing orthodoxy; they are the dead ends where axiological inquiry arrives if the opening premise denies the reality of anything beyond the natural and social orders. If there is no unseen order which transcends nature and society, then our moral code must anchor its authority in either the social order or the natural order. Now, nature does have its mercies, but it is also "red in tooth and claw"; it's the scene of a constant struggle for survival. Surely, the law of the jungle does not provide a model which human beings should seek to emulate. And if someone declares that society or a segment thereof is the source of moral authority, we must ask, Which society? or Which faction within society? Only the totalitarian nation can give a clear-cut answer here, and it is not a pretty one.

This position, moreover, presents a logical difficulty. It begins with the assumption that there is no reality beyond nature and society, and concludes that we ought to conform our action to nature's or society's mandates. Whence this imperative? It is not from within nature that we receive a mandate to obey nature; only if the code transcends both nature and the individual can the message be derived that the individual should live according to nature. And it is

precisely such a code that is denied by all varieties of nontheism. Ditto in the case of society's mandates.

The next expedient of the nontheist confronting his moral dilemma is to assert that every individual is an end in himself; therefore he should pursue his own advantage and further his own interests; he should "do his own thing." The Theist believes that man didn't just happen; he is a created being. Those who deny this affirm that man is the accidental end product of the physical and social environment. And it would take a pretty hard sell to convince anyone that a mere end product really is an end in himself, thereby possessing inherent rights and immunities which everyone else should respect. Only if we acknowledge the mystery and sacredness of personhood — because each person participates in an order that transcends nature and society — do we have the ingredients for a moral code; only then do we have a set of rules, in terms of which each person has maximum opportunity to pursue his private goals and a reason for not aggressing against his fellows — even when an act of aggression appears to give him an advantage or serve his immediate interests. Throw out the rule book, and the admonition "do your own thing" puts the

weak doing their thing at the mercy of the strong doing theirs.

What Is the Purpose?

Now for our final point. I have argued that Theism is the only philosophy which validates mind, supports free will, provides for inherent rights and supplies a moral dimension. What does Theism have to say about the purpose of life and the goals appropriate for creatures cast in our mold? We do know that people who are not pursuing the goals proper to man come to feel that life is meaningless; and if life is meaningless — Albert Camus' point — then power has no limits. "What shall I do with my life?" is a question that dogs each of us in the course of our three-score-years-and-ten.

Shall we seek pleasure, power, truth, wealth, or what? Unquestionably, life is to be enjoyed and laughter is good for us; but it is notorious that those who work at having fun don't have much; the serious pursuit of pleasure is a contradiction in terms. What about power? It is a heady thing to wield power, but the corruptions wrought by power afflict both the powerful and their victims.


Truth and beauty? The search for truth and beauty is on a higher level than most pursuits, but there are disquieting trends in modern philosophy which down-

grade truth by limiting it to the experimentally verifiable, and reduce beauty to a pleasing emotion. Logical positivists discredit mind by denying that thought is an independent source of knowledge. As the Oxford philosopher, A. J. Ayer, puts it, "... there are no 'truths of reason' which refer to matters of fact." Deny the reality of an unseen order which transcends nature and society, and truth is a casualty; men lose contact with the pursuits which make life worthwhile.

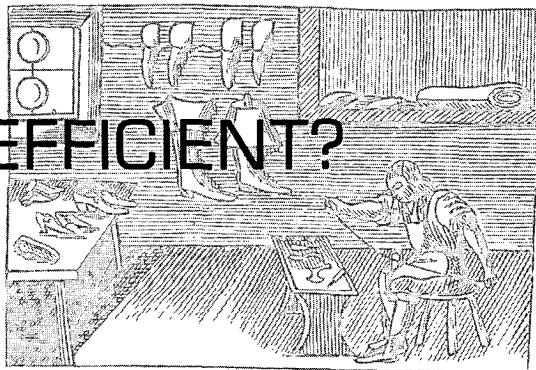
Let the Market Decide?

Sometimes another tack is taken; some people tell us that the market and the pursuit of maximum profitability provides both a goal for individual life and a guide to conduct. What shall the individual do with his talents, his time, his energies — his life? Why, let the market decide; let each person find out what other people most urgently want from him by noting what they are willing to pay, and then conduct himself so as to maximize his profits! Reflect on the fact that "the market" — in the eyes of any given person — is simply "other people"; so what this position boils down to is equivalent to advising each person to let other people determine how he should live and what he should live for! Society, then, is an enormous

altruistic stew, in which "everyone is the servant of all and all the masters of each." Any person who finds himself sunk in this predicament cannot rescue himself unless he has a purchase on a value system which transcends society. Only Theism offers such a value system, one which helps us choose the goals proper for human living.

The free society/free economy does not just happen in human affairs; only occasionally has it emerged in history. The free economy is a contingent thing, dependent upon the cultivation and application of the right ideas, the right philosophy. Freedom needs a world view which makes mind central and gives truth its proper place; freedom needs to be buttressed by firm moral convictions, by the idea of inherent natural rights, and by belief in free will. And only a happy citizenry pursuing the goals proper to man will struggle to become free, or fight to retain such freedom as they already enjoy. The free society, in short, needs Theism. Of course we need sound economic and political theory as well, but it must be emphasized once again that a people which has embraced an untenable world view — one which denies the spiritual and the transcendent — will be seduced repeatedly by crazy schemes of reform and revolution. 

WHO IS EFFICIENT?



BRIAN SUMMERS

WHICH BUSINESSES make the most efficient use of the factors of production: natural resources, labor, and capital goods? That is, which businessmen are the least wasteful in their efforts to market goods and services?

To find the answer, we must have a means of comparing a businessman's product with the factors of production he has used in its creation. That is, we need a standard that applies to goods and services as well as to natural resources, labor, and capital goods.

At first glance, this is a pretty tall order. We usually think of raw materials in terms of tons, labor in terms of hours, capital goods in terms of tools, and products in terms of usefulness. How does one compare usefulness with tons, hours, and tools?

Fortunately, in a free market we are not forced into such arbi-

trary decisions. For when the market is free, we need not think in terms of natural resources, labor, capital goods, goods and services per se, but rather, we may use prices the market attaches to these items.

Is free market pricing the proper standard to use in judging business efficiency? We will know the answer when we understand how free market prices come into being.

When the market is free, businessmen present customers with goods and services, and asking prices for these goods and services. Of course, consumers are not forced to buy from any one merchant. If they feel that a given merchant's asking price is too high, they take their business elsewhere. Competition among businessmen causes them to base their asking prices on their anticipations of how consumers will react to these asking prices. Only when

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