

and socialist measures cannot devote full attention to the pursuit of the true, the good, and the beautiful.

Buchanan might respond with an objection. Does not capitalism encourage unlimited immigration, since employers wish to drive down wages? Such mass movements of peoples, Buchanan has been at pains to argue, overthrow tradition. Whatever the interests of certain capitalists, it is by no means the case that advocates of economic freedom must embrace

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open borders. Hans Hoppe has made an excellent case to the contrary in his *Democracy—The God That Failed*, reviewed earlier in this issue. I venture to suggest that he is a sounder guide to economics than Brownson or Whittaker Chambers (p. 38). Pat Buchanan ably defends conservative values, but he needs to study further the works of the great Austrian School masters. ♦

## ARGUMENT BY AXIOM

### *The Anatomy of Racial Inequality*

GLENN C. LOURY  
HARVARD UNIVERSITY PRESS, 2002  
XI + 226 PGS.

Critics of Austrian economics often attack it as “armchair economics.” Instead of testable hypotheses, Mises and his followers offer us truths about the world based on allegedly self-evident axioms. Is this not, according to positivists, the very height of folly? One can discover facts only by investigation, not by conjuring them into existence.

Readers of *The Mises Review* will not be surprised that I find these criticisms mistaken. The axiom of action from which Mises begins really is a self-evident truth about the world and adequately grounds his science of praxeology. But if the positivists are wrong about the Austrians, they do have a point. Useful self-evident axioms are few and far between; and, usually, to obtain scientific knowledge requires empirical investigation.

Glenn Loury does not agree. He begins with a genuine problem: blacks in the United States lag behind whites in money, power, and social status. “Numerous indices of well-being—wages, unemployment rates, income and wealth levels, ability test scores,

prison enrollment and crime victimization rates, health and mortality statistics—all reveal substantial racial disparities” (p. 4). The disparities are not much in doubt; but, like a good empiricist, Loury offers numerous charts and tables to document his statement (pp. 175–204).

Unfortunately, Loury’s stay in the world of facts is of short duration. When it comes to explaining the black-white gaps, facts make a quick exit. Our author first clears the deck of competing hypotheses to his own. By far the most politically incorrect of these is that of innate racial differences in intelligence or character traits; Hernnstein and Murray’s *The Bell Curve* is probably the best-known recent example of a work that adopts this view.

Loury dispatches this view by fiat. He tells us in his Axiom 2: “The enduring and pronounced social disadvantage of African Americans is not the result of any purportedly unequal innate human capacities of the ‘races.’ Rather, this disparity is a social artifact—a product of the peculiar history,

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culture and political economy of American society” (p. 5).

Surely this claim, whether true or not, is a contingent matter. Whether blacks are innately less intelligent than whites, or, for that matter, how Albanians compare with Basques is *prima facie* not a matter to be settled by prescription. In these days of officially mandated antiracism, I hasten to preclude a misunderstanding. I am not concerned to advocate any thesis about race. My point is purely one of method: one cannot settle controversial issues quite so easily as Loury imagines. One must admit, though, that Loury’s approach has its merits. Is it not convenient to deal with opponents in this way: “Any criticism of what I say is wrong”?

Racial differences, then, are out: what then explains the gaps? One possibility is that whites discriminate against blacks. By this I mean that whites hold blacks consciously in contempt: an example of such discrimination is a “For Rent” sign that explicitly excludes blacks. Loury by no means rules out actions that stem from prejudice; but, as he recognizes, discrimination as a complete explanation of the gaps fails of its purpose. Discrimination against blacks has dramatically lessened in the recent past, yet the gaps persist.

Loury explains the point at issue succinctly: “[A]lthough the extent of overt racial discrimination against blacks has consciously declined over the last half-century, it seems to me equally obvious that racial injustice in U.S. social, economic, and political life

persists, though less transparently so, and in ways that are more difficult to root out” (p. 20).

Our author solves the problem of the gaps through other means. He appeals to a peculiarity in the ways whites perceive and classify blacks, rather than to an emotional aversion for them. In essence, he contends that whites expect blacks to behave in various undesirable ways. These expectations induce in whites certain reactive behavior; but these reactions by no means are founded on prejudice. Quite the contrary, the reactions display complete rationality—given the beliefs about blacks on which they are based.

An example will clarify Loury’s point. “Suppose automobile dealers think black buyers have higher reservation prices than whites—prices above which they will simply walk away rather than haggle further. On this belief, dealers will be tougher when bargaining with blacks, more reluctant to offer low prices, more eager to foist on them expensive accessories, and so on” (p. 31–32). Here the actions of the dealers lead to worse results for black car buyers than for whites; but the actions stem, not from hatred of blacks, but rather from beliefs about how they act in the car market.

But if these beliefs do not reflect virulent prejudice, are they not irrational? Have not car dealers adopted unfounded views about the behavior of their black customers? No, says Loury. “Now, given that such race-based behavior by dealers is common, blacks will come to expect tough dealer bargaining

as the norm when they shop for cars . . . the typical black buyer may find it rational to accept a price rather than continue searching elsewhere, even though the typical white may reject that same price” (p. 32).

The dealers, then, expect blacks to be less willing to bargain than whites, and so they prove to be. Yet the situation is hardly as it stands satisfactory. The beliefs of the dealers play a crucial role in bringing about the situation they depict. If dealers did not expect their black customers to be easy marks, they would more readily bargain with

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them. If so, blacks would respond in a different way, and no disparity between blacks and whites would arise.

As matters stand, then, blacks have fallen victim to the bad effects of a self-confirming stereotype. And the car market is but one of many examples of this malign mechanism: Loury sets forward ingenious examples of it, in fields ranging from taxi drivers’ pickups to professional-school admissions. Our author has accomplished a remarkable

feat. He has solved the problem of the gaps, without having to bring in dubious claims of white prejudice. Or has he?

Let us return to the car market. The passage quoted above, explaining how blacks are victimized, has attached to it a footnote number. One might expect the footnote to refer to data that support his account, but it does not. He offers no evidence for his view that black behavior is an artifact of a self-confirming stereotype. Here our author is at any rate consistent. Nowhere in his book does Loury provide confirming evidence that his ingenious mechanism explains anything. At least he does not declare his view an axiom.

To his credit, Loury recognizes an objection to his analysis. Why do self-confirming stereotypes operate in so many instances to the disadvantage of blacks? His model assumes no initial group differences; rather, the expectations that one group has about another bring about the results they foresee. "If the racial markers are truly arbitrary, then why are the blacks so often on the short end of this process?" (p. 34).

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Loury's response brings back the prejudice that he has so far rejected. Blacks in the United States were once slaves; and "slaves are always profoundly dishonored persons" (p. 69).<sup>1</sup> Because of this dishonor, whites tend to have negative expectations about blacks. Hence the objection fails. It is not at all anomalous that self-confirming stereotypes hurt blacks. Since whites viewed their slave ancestors with contempt, they hold unfavorable expectations about present-day blacks.

Our persistent question recurs. Let us grant Loury his assumption that slaves are seen as dishonorable. Why should this affect whites' views of blacks many generations removed from slavery? Once more we must inquire of him what data support his account.

And once more Loury stands at the ready. A glance at Axiom 3 answers our doubts: "An awareness of the racial 'otherness' of blacks is embedded in the social consciousness of the American nation owing to the historical fact of slavery and its aftermath. This inherited stigma even today exerts an inhibiting effect on the extent to which African Americans can realize their full potential" (p. 5).

And that is that. No need for evidence—to ask for proof is to show oneself ignorant of what an axiom is. Why waste further time? He can proceed apace to what I suspect is his real

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<sup>1</sup>Here Loury relies on the "profound treatise *Slavery and Social Death*" by Orlando Patterson (Cambridge, Mass.: Harvard University Press, 1982), p. 68.

aim: a defense of affirmative action. Does not justice demand that we exert ourselves to dissipate the stigma? Once blacks are entrenched in good positions, will not whites cease to hold negative expectations about them? If so, the cycle of self-confirming expectations will end, and all will be well.

By now, I hope that readers have been conditioned not to raise the following difficulty. Even if Loury is correct about both self-confirming stereotypes and racial stigma, it does not follow that affirmative action has good prospects of ending the gaps. Perhaps the stereotypes cannot be eradicated, at any costs at all realistic. What evidence has Loury in favor of his optimistic view?

The response is, I hope, obvious. What evidence? Should his view be questioned all Loury need do is to devise a new axiom. His method has, in Bertrand Russell's phrase, all the advantages of theft over honest toil.

The book is not without value. His notion of self-confirming stereotypes seems to me a promising hypothesis, though the evocation of racial stigma is no more than political propaganda.<sup>2</sup> Nevertheless, if I am right, grave and obvious methodological flaws disfigure the book. Why, then, do eminent academics accord it extravagant praise?

Kenneth Arrow tells us that "Loury has reoriented the discussion on black-white inequality" with his book.

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<sup>2</sup>His account of systems of justice closed to moral deviation (pp. 129–30) is also valuable.

Michael Walzer says, "This is social criticism at its best." Cass Sunstein calls the book "fact-filled," without mentioning that the facts recounted in it lend no support for the book's principal contentions. (All quotations are from the book's dust jacket.)

What has happened? I should like to suggest a hypothesis of my own. Owing to the dishonor in which slaves were held, these academic eminences have low expectations about the work of black scholars. When a book by an African American appears with any ideas of value, so great is their surprise that they respond with hosannas. I have no evidence to support my view, but never fear—I assume it as an axiom. ♦

## WAR LAID BARE

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NOAM CHOMSKY  
SEVEN STORIES PRESS, 2001  
125 PGS.

*Writing in the Dust:  
After September 11*

ROWAN WILLIAMS  
WILLIAM B. EERDMANNS PUBLISHING  
COMPANY, 2002  
XII + 78 PGS.

These two short books supplement each other and are best considered together. Mr. Chomsky is an assiduous collector of facts,