CHAPTER 7

UTOPIAS: MISCONCEPTION OF HUMAN NATURE?

7.1. Introductory

In the preceding chapters we have discussed a considerable number of means by which the situation of an economy can be influenced so as to make it more attractive to the policy-makers; and it was assumed that the latters' preferences represented those of the citizens. There has been a continuous search for other and better means to "improve society" and many more proposals have been made than have been discussed here. Some of these proposals, although still in the minds of many dissatisfied citizens, have been rejected by most economists or politicians because they were not believed to be appropriate. They have been rejected either on the basis of practical experience, or as a result of critical analysis prior to any attempts at their realization being undertaken. Consequences were observed, or feared, that were neither desirable in general nor desired by the promotors of the proposals. In the opinion of most economists and politicians these promotors overlooked certain aspects of human behaviour which could result in those undesirable consequences. In trying to construct the optimum policy such aspects should not be disregarded. In order to exemplify these aspects we will, in this brief chapter discuss some of the proposals usually rejected, and also rejected by the author. They are being presented as based on misconceptions of human nature and are called utopias. It will already have been clear that the author is in favour of some proposals, discussed in the preceding chapters, which have been so far rejected by most of his colleagues. These proposals will probably be reckoned in the utopian category by these colleagues. This difference of opinion illustrates the margin of error, very wide in these matters, that may exist; and the question mark behind the

title of this chapter is meant to remind the reader of the relativity of this type of opinion.

If our analysis should be more or less correct, the lessons to be learned from utopias inform us about the limits that have to be set to social reforms. These limits will depend on many circumstances, such as the education of the population, the integrity of its leaders, and many others. They may change and what would seem impossible today may become possible tomorrow.

7.2. Complete Freedom

Certain philosophers have advocated complete freedom as the governing principle of economic policy. Complete freedom has hardly ever existed in any regular society worthy of study. But is has been approached from time to time, and in widely varying degrees, either in small communities formed haphazardly, or in certain economies particularly devoted to the idea of freedom. Gold-rush communities and certain colonial areas may be examples of the former and certain phases in the history of the United States and some other western countries may be quoted as examples of the latter category. Briefly stated, complete freedom tends to resemble the state of affairs in the jungle and, as far as we know, in certain animal communities, where the strong and brutal rule. This explains why, in the oldest human societies, restrictions on freedom (often severe restrictions) were already accepted. Human intercourse has to be regulated by a large number of laws and rules in order to attain its greatest achievements. Various aspects of human nature must be held responsible for this lesson of experience. First, certain aspects of physical strength and brutality are not correlated with spiritual strength and performances, and secondly, variability in mood sometimes causes actions against which, not only society, but also the committor himself has to be protected.

Even a society like the nineteenth century European society, where so much was already regulated by law and custom, showed inacceptable exploitation of children, to quote just one example, and a degree of inequality dangerous to social stability.

7.3. Complete State Regulation

About as impossible as complete freedom, complete state regulation

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has hardly ever existed either. In view of the great number of members of most economies and the great numbers of acts each member has to perform to keep life it is inconceivable that it all be operated by state regulation. The closest approximation is probably obtained during war and other emergencies. Even then, a number of activities have to be done voluntarily and individually. Nevertheless war economies are not maintained even in the communist countries, where consumer rationing, for example, has been abolished. This illustrates the impossibility of complete regulation and deprives any debate on freedom or regulation of its absolute character. It is a question of degree and any choice to be made has to depend on considerations of efficiency.

7.4. Productive Co-operatives (Associations)

Attempts have been repeatedly made by idealists to substitute, for the enterprise hierarchy with its many disagreeable aspects for those at the bottom of the pyramid, forms of voluntary co-operation on an equal footing. Such organizations have sometimes been called productive co-operatives or productive associations. Their characteristic is that decisions are taken "in a democratic way", that is, in meetings of all members of the productive community in which all have equal rights and responsibilities. To the experienced business man or union leader this may seem ridiculous, but it is indicative of the deep-felt aversion against the hierarchic method. The experience made with such associations is that most of them have not survived, that very few, if any, have ever reached the size of even a medium-sized enterprise and that evidently, therefore, this form of organizing production is an impossibility. The reasons are that, as could be expected, efficiency is usually lowered, and also that difficulties between the members of the community cannot be avoided by this form of organization either. To a large extent it is therefore a technical question: in modern production processes things become so complicated that a large number of different acts are needed; these have to be co-ordinated and the natural form to do so is the hierarchy, with its system of small and large leaders each of them supervising the junctions of flows of activities whose products have to be combined and each of them having certain responsibilities. Perhaps it is significant that not only the armies and

the enterprise have assumed this form, but even the most progressive political parties or workers unions.

To some extent it is, also, a human question. The majority of men need some outside stimulus for them to make their contribution to the process of production, and the question may well be put whether cooperative contacts with "equals" only are the most stimulating.

7.5. Abolition of Money

As already observed before (§ 6.5), many social and economic philosophers have looked at our monetary system as the root of many evils. Some of them have even gone as far as to look at money itself as that root and have proposed to abolish money at all. Evidently they have not meant to deny that money as an organizer of the exchange of goods and services is useful; for they usually have proposed that certain rationing tickets would be used in which form income would be paid out and for which consumer goods, at least, could be bought; and questions of words could be left out of consideration. Probably it is money as a means of accumulating value which was in the minds of these colleagues. It is this possibility which they want to destroy, by "abolishing" money. It cannot be denied that certain aspects of the unlimited accumulation of wealth seem to be contrary to general human wellbeing (cf. what was said in § 1.54); but there are other means that could be applied, and the elimination of money as a means to accumulate savings seems an outright error. It is not necessary to give theoretical demonstrations of the useful function of savings in order to support this thesis. Experience with our monetary system has supplied some important evidence. The situation so much desired by the sponsors of the elimination of money has been more or less approached by certain war-time and post-war experiences. In such periods of extreme scarcity of goods, when rationing tickets are being distributed, money almost loses its significance. It cannot be spent and savings are not particularly attractive. It is well known, however, that such a situation very much reduces people's willingness to make efforts and to further efficiency. This would also be the probable consequence, then, if the possibility of accumulating savings would be eliminated. Experience in the opposite direction speaks the same

language. Monetary "purges", that is, the absorption of superfluous money and its substitution by new money, whose value, it is hoped, will be maintained, generally have a very favourable influence on the activity and efficiency of the population. The German experience of 1948 is one of the best known and clearest.

7.6. Complete Equalization of Incomes

Those impressed by the sometimes appalling inequality in incomes have repeatedly suggested that there should be equality in incomes, either exact equality or at least approximate equality. For obvious reasons the idea appeals to many people. It is also clear that arguments in favour of inequality, given as they always are by people with incomes well above the average are, to the ordinary man, at least suspect. It is important, therefore, to state that some attempts at income equalization been made relatively recently and that their consequences have been observed. Russia before 1926 and Israel after 1945 made such attempts. In the Israeli case, the income of a government minister (secretary of state) was no more than 150% of the income of a huissier in the same ministry. In both countries the attempt has been given up and the income distribution in these countries does not differ much from what it is in progressive western countries generally. The consequences were exactly those foreseen by economists, namely the impossibility of attracting sufficient people for the harder jobs—harder especially in the sense of more responsibility-bearing jobs.

7.7. Completely Free Services

Another proposal meant to improve the standard of life of the low-income groups has been the supply, without any charge, of certain services or goods. The better-known modern examples are those of free education and free medical services. Completely free education hardly exists in the western world, since a student does not, as a rule, get his food, housing and clothing completely free. Free medical treatment has been applied more frequently. The experiences made do show that a certain element of waste is an almost unavoidable consequence. Even without completely free education a number of

students at high schools or universities appear to be unable to complete their education. And the number of cases in which an unnecessary use is being made of free medical services is considerable. The conclusion drawn by most modern social experts is that, although the charges should certainly be very moderate, some charge, at least, seems to be advisable. The temptation to make use of a free service is too great, it seems, for human nature to permit the individual to take account of the community's interest.