

Chapter 10: Some Normative Reflections

Man's fate will forever elude the attempts of his intellect to understand it...The quest for the laws which will explain the riddle of human behaviour leads us not towards the truth but towards the illusion of certainty, which is our curse.

— Grant Gilmore¹

The love of money is the root of all evils...Warn those who are rich in the world's goods that they are not to look down on other people; and not to set their hopes on money...Tell them they are to do good, and to be rich in good works, to be generous and willing to share—this is the way they can save up a good capital sum for the future if they want to make sure of the only life that is real.

— St Paul²

Reiteration

This book has—like Gilmore above—been highly critical of the 'abstract impersonal values, the universal solutions and the logical imperatives' being relied on by contemporary governments and international economic organisations to formulate economic policy.³ Human knowledge narratives—including economic theories—like human laws, should not be seen as mystical absolutes but as tentative and imperfect social constructs, open to challenge and change. In particular, economic and social theories and laws—like the classical law of contract—cannot be understood independently of their social and historical contexts, and of the traditions of thought of which they form part.⁴ Therefore, the rise and the subsequent fall of the doctrine of freedom of contract—recounted in the previous chapter—has much to do with the rise and the subsequent disintegration of the nineteenth-century concept of explanation in the natural and social disciplines. That doctrine and the associated forms of explanation lie at the heart of economic fundamentalism.

Nineteenth and twentieth-century social theory—in the tradition of Descartes, Hobbes and Locke—sought to find general laws of society modelled on the natural sciences, just as Spencer, Marx and numerous others sought to find general laws of history and social progress. Classical contract law in its fully mature state—as exemplified in Langdell's casebook of contract law towards the end of the nineteenth century—was an abstraction from which all the particularities of person and subject had been removed.⁵ Indeed, for theorists such as Langdell (1826–1906), law was a science and his casebook was an attempt to select and classify all the important contract cases ever decided, and to

determine what he thought to be the small number of logically consistent and self-contained principles and doctrines that lay beneath those cases. For classical contract law, there was only one true, universal and unchanging rule of law—what Gilmore⁶ calls a ‘mystical absolute’ or a ‘logician’s dream of heaven’. This view of contract law had a close intellectual and historical relationship with *laissez-faire* economics and with the free market of classical and neoclassical economic theory.

This ‘positive’ tendency of the social disciplines and of law had its origins in the Enlightenment project, enjoyed a renaissance in the 1920s and 1930s and persists in economics to this day. Elsewhere, as such authorities as Horwitz, Toulmin, Rorty and Lyotard tell us, belief in the possibility of general laws capable of making explanatory or predictive statements in the social disciplines has plummeted: ‘The result has been a dramatic turn towards highly specific “thick description” in which narrative and stories purport to substitute for traditional general theories.’⁷

We should therefore be wary of the seductions of grand theories, sacred rules and idealisations that have a problematic connection to the ‘reality’ they purport to describe.

In Chapters 5, 6 and 7, the privileged epistemological status of scientific reasoning was seriously challenged along with the separation between fact and value as the basis of value-free social disciplines. This challenge has been associated with a growing understanding of the contingency of the categories and frames of reference employed in the social disciplines, along with a growing awareness that knowledge is itself constructed socially. There has also been a growing understanding of the world as complex, multi-factored and interdependent. This, in turn, has led to a loss of faith in the single-factor chains of causation that were embedded in most nineteenth-century explanatory theories.⁸

This critique also points to the collapse of the philosophical dualisms that have characterised all forms of theoretical debate since the Enlightenment. The representative schemes of our language cannot sustain these efforts to formulate categories that are mutually exclusive and final. This insight led, for example, to Dewey’s refusal to accept a deep chasm between ‘principled’ and ‘results-oriented’ ethics and jurisprudence, and to neo-pragmatism’s rejection of the choice between deontological and utilitarian moral theory.⁹ These developments have tended to undermine the hope of finding rational ethical foundations for our social, political and economic arrangements and, with it, the special right of philosophers and other theorists to preach about those arrangements. For Dewey, James and Peirce, truth ‘was not to be found in the abstract logic of ideas, but in their practical consequences. There were no absolute or a priori truths, only workable and unworkable hypotheses.’¹⁰ The very idea that human reason could discover immutable metaphysical principles that could

explain the true nature of reality was an illusion. This, of course, undermines faith in all forms of dogmatism—and dogmatic explanatory schemes—including absolute property rights, absolute human rights, absolute markets and absolute rules more generally.

Among American legal theorists of the progressive and realist schools, the challenge to nineteenth-century legal orthodoxy—with its scientific pretensions rooted in natural rights, individualism and absolute property rights—involved a fundamental re-examination of the idea of a rule of law independent of politics and the idea of a ‘self-regulating, competitive market economy presided over by a neutral, impartial, and decentralised “night-watchman” state...Classical legal thought and contract law was neither neutral, nor necessary, but was instead a historically contingent and socially created system of thought.’¹¹

This attack questioned the dichotomy between the State and the market, between ends and means, between procedure and substance and between public and private law. The last dichotomy was a central feature of classical contract thought, with its will theory of contract. Over time, it came to be recognised that the institution of contract was itself subordinate to social and political goals. The market, property rights and the law more generally were social creations—products of social and political struggle. Importantly, there was no privileged category of economic relations that could be regarded as voluntary.¹² Rather, property was a delegation of coercive state power to individuals, while the market was an organised form of coercion of the weak by the strong. The Lockean idea of natural property rights helped to disguise the coercive nature of these institutions. Since there was no such thing as a completely voluntary market, there could be no completely normatively neutral market because rules were needed to regulate that coercion. Of particular relevance to this book are the rules that regulate the coercive enforcement of contracts by the State.

These developments in American legal thought—influenced by American pragmatism—and the claim that truth was not to be found in the abstract logic of ideas, but in their practical consequences, also called into question the claim that legal reasoning could imitate geometrical forms of argument. Such deductive reasoning suppressed the moral or political choices that were inevitable between possible inferences in long chains of reasoning. Likewise, deductive reasoning—by assuming contradictory postulates—could produce radically different ethical systems. In any event, such forms of reasoning have themselves come under sustained attack. Mathematicians and geometers had come to understand that geometries were formal logical systems based on arbitrary assumptions whose only essential attributes were self-consistency, with no necessary connection to reality. Similarly, it was possible to invent different logics such as the different non-Euclidean geometries. Consequently, there are no universal laws of logic attributable to the universe or to human reason; they

are merely human conventions, valued only for their usefulness. Similarly, mathematics was simply a humanly devised tool with no connection to any metaphysical or theological absolutes. All logical and mathematical reasoning is purely tautological—the elaboration of implications contained in the definition used, according to problematic, socially created, formal systems of thought. This critique of logic and mathematics undercuts all pretensions to a priori and absolute knowledge. There was no such thing as abstract reason and impartial legal or any other theory. Moral beliefs and social preferences were prior to reason, and we needed to be conscious of the philosophical assumptions underlying our actions.

Within the American legal profession, objective contract theory—and legal theory more generally—has been recognised as ‘Euclidean’, proceeding deductively from what are claimed to be ‘self-evident truths’ about the judicial process. Many of the a priori assumptions of traditional legal theory are, however, themselves subject to significant attack. For Jerome Frank, the legal profession manipulated abstract concepts to construct a façade of certainty and absolute rationality over a confused legal process.¹³ Such positivist legal theory—and positivist social science—suppresses political and moral discourse by appropriating the prestige associated with the natural sciences and conferring a privileged position on the *status quo* and on the professional expert—be it a judge or social scientist—with a capacity for judgement based on claimed technical expertise, neutrality and impartiality. It is also reflected in the increasing professionalisation and credentialism of political, social and academic discourse and the need for such professionals to justify their prestige and influence. Such ‘scholasticisms’ were merely escapes and delusions. In practice, judges shared and implemented their personal standards, the moral standards of the legal profession or the moral standards of those members of society they admired, with the reasons given for judgements being rationalisations that manipulated the language of precedents to produce the desired result. All of this should sound familiar to critics of economic fundamentalism.

The rejection of the possibility of demonstrating the truth of ethical propositions has left such moral ideas without a convincing theoretical basis. This does not in itself undermine the fundamental significance of such ideas for the stability of society. Paradoxically, the declining faith in the expertise, neutrality and impartiality of experts has led—in the United States in particular—to a reinvigorated emphasis on proceduralism within political theorising and the law. It is, however, a proceduralism that, imitating the alleged neutrality of the market, is biased in favour of the existing distribution of wealth, power and privilege, and which refuses to look at substantial outcomes of legal and market processes. Indeed, the market system is proceduralism writ large. In the case of the equitable doctrine of unconscionability within Australia, it has been seen that, while there has been a steady increase in concern about procedural

unconscionability, there has been a considerable reluctance to extend the doctrine formally to cover substantive issues.

More broadly, with such theories as Rawls' 'Theory of Justice' and Habermas's ideal speech conditions, there has been a major theoretical effort to revive social-contract theory and procedural accounts of justice. These reflect a desire to accommodate the positivist claim that values were incapable of objective determination—a claim that assumed a privileged epistemological status for scientific knowledge. Hart and Sacks therefore make the claim that:

These institutionalised procedures and [the] constitutive arrangements establishing them are obviously more fundamental than the substantive arrangements in the structure of society...The principle of institutional settlement expresses the judgment that decisions which are duly arrived at as [a] result of duly established procedures of this kind ought to be accepted as binding upon the whole of society unless and until they are duly changed.¹⁴

We see a similar attempt in the use of economic concepts to model politics. Consensus theorists attempted to achieve the same accommodation with the positivists by trying to locate social and political norms in widely shared customs and conventions. The extent to which there are such widely shared norms—or even underlying shared norms—remains, however, problematic. It could simply be that values conflicting with the interests of the economic and political elites are suppressed. Others have sought to return to a natural-law tradition or to some form of Aristotelianism. The attempt to find a rational, ethical foundation for our social, political and legal systems remains hotly contested. As our discussion in Chapter 7 indicates, it is ever likely to remain so. This general lack of agreement has, however, the effect of undermining the credibility of our moral and philosophical theorists and of this form of theorising.

Joseph Hutchison sees dangers in four intellectual 'cults', which infect such attempts at theorising: a cult of scepticism holding that all beliefs, with the possible exception of scientific discoveries, are simply matters of opinion; a cult maintaining that only the present is meaningful; a scientism that assumes that empirical knowledge is the answer to all human problems; and, finally, an anti-intellectualism that downgrades the intellect and raises the human will to a position of primacy.¹⁵ Consistent with the account given by Rorty and Toulmin, the first three cults flow directly from the Enlightenment project. The radical scepticism of the Enlightenment has, however, undermined its own project: there is nothing of which we can be absolutely certain, and there is no way of avoiding belief as the ground of our moral values or anything else. As for the fourth cult, this seems to be a well-justified reaction to the arrogance and dogmatism of past intellectual optimism and pretension.

The total social environment could be too complex—and the human mind too limited—for us to understand fully the scope and operation of our social activities, a view with echoes in Hayek,¹⁶ Habermas¹⁷ and Arthur.¹⁸ Abstract ethical theories are simply a historical, cultural phenomenon, the progressive invention of humans striving to deal with the uncertainties of day-to-day life, the mystery of human existence and to give themselves some purpose. They can do so only from within a paradigm—or, as MacIntyre would prefer, from within a tradition.¹⁹ As such, they are only a limited part of a much broader human conversation.

Development

The above marks a profound loss of confidence in scientific rationalism and in the associated moral speculation that dates from the Enlightenment. It points squarely to the normative basis of such speculation. Consequently, it also challenges the application of that speculation—particularly economic speculation—to public policy problems. Economic speculation in its Newtonian guise is simply one way, among many possible ways, of speaking about the social world. It heralds a search for alternative ways of talking about, and trying to make sense of, the world and its bewildering confusions—as a source of existential comfort and as a guide to actions. In the face of this confusion, however—and our inability to firmly ground our speculations—public policy formulation has to be seen as an experiment in which the criteria for success and the evaluative vocabulary are cultural artefacts—inventions of the human heart and mind.

Speaking within the Protestant tradition, leading American theologian Reinhold Niebuhr (1892–1971) shared this loss of confidence. For him, there was simply not enough intelligence to conduct the intricate affairs of a complex civilisation, though he believed initially that intelligent analysis and experimentation could help overcome social evils. He believed also in the incommensurability of individual and group morality. Like James, Niebuhr was convinced of the indeterminateness of the universe and the relativity of all human knowledge:

God, though revealed, remains veiled; His thoughts are not our thoughts, nor His ways our ways. The worship of such a God leads to contrition; not merely to a contrite recognition of the conscious sins of pride and arrogance which the human spirit commits, but to a sense of guilt for the inevitable and inescapable pride involved in every human enterprise.²⁰

For Niebuhr, as for a majority of the population including me, God exists, and consequently, absolute truth exists. This provides an absolute basis for human hope and morality. God's transcendence, however, places that truth beyond our reach. Consequently, God's absolute truth can never become fully our truth,

nor can we know how much we possess. This should come as no surprise, as Sidharta Gautama (the Buddha) warned us 2500 years ago to stop speculating about absolutes. The human search for knowledge is necessarily tainted by self-interest. Consequently, the truth we know is necessarily personal and limited. Nevertheless, we continually proclaim our personal truths as universal in the vain belief or hope that we are masters of the universe. The Enlightenment merely succeeded in displacing the Christian vision of God—as creator, redeemer and sanctifier—from the centre of the universe. It replaced this vision first with a more limited and non-Christian, anthropomorphic, masculine vision of God as a rule-maker, and then, in turn, with man within nature and, for some true believers, with humans as the servants of ‘THE MARKET’. Surely in this age, the idea of men, let alone their artefacts—markets—being at the centre of the universe is bizarre. Furthermore, the idea of nature as the ultimate ground of all being is not much of a god around which to build a life or a moral discourse.

The Enlightenment’s assumption that the universe is rational and benevolent is fundamentally wrong. The price of freedom, of change and of progress is finitude, failure, uncertainty, decay and sin. At best, the universe provides a partially stable background against which we make our play and narrate our stories, including the stories of our own lives. All too often, the social worlds in which we create our knowledge narratives are dominated by power, selfishness and passion. In this climate, the scientific tradition and economic thinking all too often become the tools of the dominant social group. ‘No society and no social group can ever escape the vicious circle of the sin which aggravates human insecurity in seeking to overcome it. All societies and individuals must therefore remain under the judgment and the doom of God.’²¹

Consequently, Niebuhr rejected faith in progress, pointing out that necessarily selfish groups dominated societies and that scientific knowledge, popular education or universal Christian love could not end group conflict.²² Belief in human progress and scientific achievement were the height of sinful pride and led unavoidably to disastrous failure. The greatest intelligence and the noblest ideals inevitably led humans to set themselves above God’s teachings. Only a profound humility before a transcendent God—which acknowledged our finiteness—and limited vision could help alleviate much social oppression. Of course, this critique of human dogmatism extends to dogmatic absolutist claims within Christianity itself. Consequently, for Niebuhr:

[T]here is no historical reality, whether it be the church or government, whether it be the reason of wise men or specialists, which is not involved in the flux and relativity of human existence; which is not subject to error and sin, and which is not tempted to exaggerate its errors and sins when they are made immune to criticism.²³

If the 'Children of Light' were ever to establish a humane and stable society, they had to abandon excessive faith in the goodness and rationality of humanity and recognise human sinfulness and self-interest. This vision was attainable only on the basis of revelation. I would not limit that revelation to the canonical texts of the Bible but would extend it to that revelation of the divine mystery in other religious traditions. This view does not lead to any reinstatement of natural law, certainly not to any assertion of absolute human rights, let alone absolute property, or to the reinstatement of some form of Aristotelian virtue, however much the moral vocabulary derived from those traditions might continue to figure in social and political discourse. Rather, it leads to a humble journeying, an uncertain search for the right and the good. It is always uncertain; it is always a groping. Dogmatism has therefore to be forsworn as we can see only a partial and distorted vision of the kingdom. The kingdom that can be grasped is not the kingdom. Reality always falls short of the kingdom, though it is an image of the kingdom that inspires a striving for newness of life.

In summary, Niebuhr added to pragmatic and relativistic social theory a profound appreciation of human evil, an appreciation founded in his Christian tradition, but absent from Enlightenment optimism. This optimism was, however, an illusion. Marxism was distinguished from liberalism only by sharper and more specific schemes for identifying and providing an elite with power. This critique of Marxism's particular claim to certain knowledge of the end towards which history must move—and its associated willingness to sacrifice every value to that end—applies with equal force to alternative pretensions about the end of history and to any absolutist faith in markets and freedom of contract. Importantly, for Daniel Boorstin:

To say that a society can or ought to be 'unified' by some total philosophical system—whether a Summa Theologica, a Calvin's Institute or Marx's Capital—is to commit oneself to an aristocratic concept of knowledge: let the elite know the theories and values of the society: they will know and preserve for all the rest.²⁴

Such elitism was the very reverse of the intellectual humility that Niebuhr called for. Of course, the acceptance of a relativist position can all too easily lead to an acceptance of the political and economic arrangements of the current dominant state—the United States—as the norm.²⁵ The particular danger for us is that the American anti-statist tradition that dates from Locke—and which was encouraged by secularised American Calvinism and by Spencer's social Darwinism—will become the moral standard by which we should judge our institutional and organisational arrangements.

Consistent with Niebuhr, Stackhouse²⁶ advances a biblical covenantal view of justice, supplementing the Catholic model of 'subsidiary' with 'fairness as equity'. As we saw in Chapter 4, the idea of covenant comes from the social and religious

history of the ancient Middle East, where divine authority was invoked as a witness to morally binding agreements. The Old Testament related how this ““basic”, “mutual”, oath-bound creation of responsible relationships”²⁷ was recognised to be a close analogy of the way in which God related to humanity and a model of how we should relate to each other under God. It involves also a revelation of the nature of a just, merciful God who engages directly in the formation and sustainment of righteous living in community. This justice of a covenanting God is pre-given in that it is constituted by a standard and ultimate end that humans do not make; it is unfinished in that the standards of right and wrong, good and evil are neither fully recognised nor completely fulfilled in this life. Thus, the deontological right and the teleological good must be fulfilled and joined for full justice. Stackhouse recognises, however, as does moral philosophy more generally, that a tension exists between these two views of justice, which has not been reconciled.

As was shown in Chapter 4, the development of the idea of a social contract was influenced by those Old Testament covenant ideas. A fuller understanding of the implication of those ideas was, however, lost in Locke’s appeal to the natural-law rights and in deism’s limited vision of God as a rule giver. This covenant view leads directly to the rights of humans to develop religious, educational, social and political organisations to exemplify their best vision of the ultimate good and how it is related to what is right. It recognises, however, that an individualistic understanding of human rights provides only a partial understanding, for it fails to recognise that humans are inevitably relational beings, called to live in groups and to assume associated responsibilities. Freedom and rights are best used to fulfil responsibilities in interpersonal and civil life. Consequently, Stackhouse sees contract theories among those who see no need for a higher moral law or greater purpose—and for whom morality consists of whatever is agreed—as a degeneration of the covenantal idea and the greatest temptation in the West.²⁸ Rather, ‘the full actualisation of the right and the good in our inner lives, in our human relationships, and in the matrices of social life cannot be attained on humanistic grounds alone but...a divine initiative must be taken’.²⁹

The social-contract tradition involved a progressive impoverishment of the covenant idea with the progressive secularisation and impoverishment of the natural-law ideas that underpinned Locke’s account and resulted, *inter alia*, in the reification of the concept of freedom of contract. It is, however, degeneration implicit in Locke’s appeal to a natural law assessable by human reason. It was only late in the day that we came to realise that the appeal to nature involved in that process of secularisation effectively removed the moral content of the tradition. In contrast, Stackhouse’s covenantal account of justice would lead directly to a relational view of the law of contract such as that advanced by Macneil—a view concerned far more with the substantive outcomes of contractual

relationships, which recognised a substantial duty of care on the part of the parties towards each other.

Of course, none of this means that I believe we should accept direction on particular moral issues from self-righteous, authoritarian churchmen—in fancy dress or otherwise—who claim to mediate between God and the rest of us. It should be clear also that I have little sympathy for Calvinism with its claims of divine election—in either its traditional or secular forms. For non-believers also there should be little attraction in the residual transcendentalism in Western epistemology, moral and political philosophy and science. There could also be an understandable reluctance to accept any moral guidance from the above overtly theological traditions, particularly when they are in conflict. Nevertheless, at a practical level, non-believers might be prepared to see them as particular distillations of human experience and as legitimate contributions to moral and political discourse and to the application of the practical reasoning and wisdom that Aristotle advocated. Overt theological insights are not the only or necessarily the most important source of moral insights in contemporary society. We are the inheritors of a long political and moral history and we would be unwise to disregard that history and its lessons, particularly in respect of our willingness to exploit our compatriots in the name of high principle. In addition, we are the beneficiaries of an extraordinarily active popular discourse on the human condition—all of which can contribute to our moral understanding. In that sense, religious authorities are not the only, or necessarily the most important, source of revelation in contemporary secular society. After all, Bob Geldof and Bono are among the great prophets of our age, challenging individual and communal indifference to Third-World suffering, particularly in Africa.

Economics as a Secular Religion

Importantly, the Enlightenment's search for rational principles as a secular alternative to traditional religious authority and beliefs to justify our moral decisions is itself a religious search, serving the same dogmatic and legitimating functions of what Bergson calls static religion.³⁰ Economics claims to provide that secular justification for many contemporary policy choices. As a result, economics threatens to become the dominant rationalist and fundamentalist religion of contemporary capitalist society and of the emerging global civilisation. This threat is aided by its attempt to appropriate the prestige associated with the natural sciences. Importantly, it is easy to slip between the uses of individualism as an analytical tool to a promotion of individualism as a normative ideal. This religion is of particular appeal to business and political elites because it tends to legitimise greed, love of money and power. It is leading to the commercialisation of all human activity, while aiding the atomisation and privatisation of competing values and groups. It has elevated money beyond a

convenience to the means of salvation and the source of meaning, values and security, turning it, and the mechanism for acquiring it, into idols.³¹

Economists—the prophets and priests of this new religion—preach about and have a major impact on public policy and our institutional arrangements. Economics therefore provides an alternative faith tradition, complete with values, ideas of welfare and of progress—usually defined in terms of quantitative economic indicators, which dominate public discourse and which seek to reshape our institutions and organisations.³² With their influence on government, economists are the new theocracy, the contemporary manifestation of Plato’s guardians. In particular, the economic theologian’s rhetoric resembles contemporary process theology. In this school, although God will possess the classic attributes of omnipotence (all power), omniscience (all knowledge) and omnipresence (present everywhere), He does not yet possess them in full. Such a theology offers considerable comfort to the economic theologian, explaining the dislocation, pain and disorientation that are the results of transitions from economic heterodoxy to free markets. THE MARKET is becoming more like Yahweh of the Old Testament: not just one superior deity contending with others, but the Supreme Deity, the only true God, whose reign must now be accepted universally and who allows no rivals. There is no conceivable limit to THE MARKET’s inexorable ability to convert creation into commodities. In the church of THE MARKET, everything—no matter how sacred—eventually becomes a commodity. This radical de-sacralising dramatically alters the human relationship to land, water, air and space. Indeed, human beings themselves start to become commodities as well. This comprehensive wisdom of THE MARKET is something that, in the past, only the gods knew. In ancient times, seers entered a trance and informed anxious seekers of the mood of the gods and whether the time was auspicious for particular enterprises. Today, the financial media are the diviners and seers of THE MARKET’s moods, the high priests of its mysteries. THE MARKET has become the most formidable rival to traditional religions, not least because it is rarely recognised as a religion. The contradictions between the world-views of traditional religion and the world-view of THE MARKET religion are so basic that no compromise seems possible.

This critique has much in common with the critique of ‘autonomous technology’ developed by Jacques Ellul³³ and by Langdon Winner and Weber’s critique of the ‘iron cage of reason’.³⁴ For Ellul, *la technique* is sacred in our society. No social, human or spiritual fact in the modern world is so important. It transforms everything it touches—including the socio-politico-religious software that runs the system—into a machine. It is the pattern of organisation, the rationalisation of society, beyond the willingness of anyone to accept responsibility. Technical means have become ends in themselves. This attack is directed particularly against the technocrats to whom we have handed over our ethical responsibilities.

In the process of implementing their utopian vision, a narrow technological and theocratic elite is in the process of redefining the evaluative methodology for social action, our social goals, our social institutions and who we think we are.

Efficient ordering is the only principle of the ever-expanding and irreversible rule of technique. It is the unconscious response to every challenge and is being extended to all areas of life. Means are remade into ends as we are committed increasingly to continually improved means to ends that are examined only poorly. Of particular concern to Winner are the changes that have taken place in ordinary language, traditional social institutions, earlier kinds of artefacts, human identity, personality and conduct. Efficiency, speed, precise measurement, rationality, productivity and technical improvement have all become ends in themselves and are applied obsessively to areas of life from which they had previously been excluded. In particular, efficiency has become a more general value—the universal principle for all intelligent conduct. It is not that such instrumental values are themselves perverse, but the fact that they have escaped from their proper sphere.

Technique refuses to tolerate competing moral judgements, excluding them from its field in favour of its own technical morality. Consequently, human beings have become objects—no longer choosing agents, but devices for recording the results obtained by various techniques. Decisions are no longer to be made on the basis of complex and human motives, but only in favour of the technique that gives maximum efficiency. In the process, the qualitative becomes quantitative and every stage of human activity is forced to submit to mathematical calculations. Whatever cannot be expressed numerically is to be eliminated. All the technical devices of education, propaganda, amusement, sport and religion are mobilised to convince us to be content with our condition of mechanical, mindless ‘mass man’, and to exterminate the deviant and the idiosyncratic.

In particular, technique forms the very substance of economic thought. Technical economic analysis has been substituted for political economy and its concern with the moral structure of economic activity. In seeking to grasp, but also to modify, it is no mere instrument but possesses its own force. This technical orientation is evident particularly in the application of mathematics and statistical techniques to economics. In the economic sphere, as in others, the technicians form a closed fraternity with their own esoteric vocabulary from which the layperson is excluded.

Technique involves the progressive dehumanisation of the economic sphere in which the abstract concept of *Homo economicus* becomes real. Not only has the entire human being been absorbed into the economic network validating the producing—consuming parts of the human, the other facets have been progressively devalued. Consequently, all values have been reduced to money

values. The whole of human life has become a function of economic technique. This is particularly so in respect of work.

Politics in turn becomes an arena for contention among rival techniques. The consequence is the progressive suppression of ideological and moral barriers to technical progress. In this environment, the conflict of propaganda takes the place of the debate of ideas. Technique permits public discussion only of those ideas that are in substantial agreement with the values created by a technical civilisation. This technical economy is anti-democratic and a form of slavery. Despite all the talk about freedom and popular sovereignty, people are unable to exert any genuine influence on the direction of the economy, and their votes count for very little.

For technique, there is there no mystery, no taboo and no rules outside itself. Because people cannot live without a sense of the secret, or the sacred, they have created for themselves a new religion of a rational and technical order. Since the religious object is that which is worshipped uncritically, technology has become the new god. Technique has become the essential mystery. For the technician in particular, technique is the locus of the sacred, an abstract idol and the reason for living. Without technique they would find themselves poor, alone, naked and stripped of all pretensions. They would no longer be the heroes, geniuses or even 'archangels'. Technique is thus the god that brings salvation.

These technological influences—these economic influences—have become so much part of everyday life that they have become virtually invisible. For Ellul and Winner, there can be no human autonomy in the face of technical autonomy; people have lost their roles as active, directing agents:

Each individual lives with procedures, rules, processes, institutions, and material devices that are not of his making but powerfully shape what he does. It is scarcely even imaginable what it would mean for each of us to make decisions about the vast array of sociotechnical circumstances that enter our experience.³⁵

Consequently, technical rationality and modernisation pose a particular and significant challenge to liberalism. They are incompatible with the central notion that justifies the practice of liberal politics: the idea of responsible, responsive, representative government. In the technocratic understanding, the real activity of governing can have no place for mass participation. All of the crucial decisions, plans and actions are simply beyond their comprehension. This technological society is not governable. Rather, the ideal is of a self-directing and self-maintaining system, requiring no human direction. This is true even of the means of analysis itself—the meaning of 'rationality' having been distorted and corrupted by these technocratic tendencies. For Ellul, 'Every intervention of technique is, in effect, a reduction of facts, forces, phenomena, means, and

instruments to the schema of logic.’ Similarly for Weber, ‘The fate of our time is characterised by rationalisation and intellectualisation and, above all by the “disenchantment of the world”.’³⁶

The price for this rationalisation is the loss of freedom. It is ironic that the libertarians’ search for increased human autonomy ends, in practice, in the loss of the value that they claim to hold dearest.

The Need for Intellectual Humility

The critique developed in this book of rationality and of deductive reasoning does not question the need to use concepts to bring some order to experience. There is nowhere else to go. Rather, it questions the practical use of concepts that are so general, at such a level of abstraction, that they lose touch with empirical reality. This is particularly so when they are conceived of as absolutes. In such circumstances, their application as a guide to action is inherently problematic and ideological. The perspective to be drawn from pragmatism—and from Niebuhr and Stackhouse in particular—should make us wary of such God-like pretensions and cause us to become more aware of the need for humility about our limited abilities, our intellectual techniques, our intellectual speculations and our real policy decisions.³⁷ Absolute truth is not available to us. All truth, as we know it, is constructed socially and is subject to revision—sometimes radically.

The substantial judgements involved in public policy development are moral rather than technical. It is the quality of our moral judgements, the sensitivity of our moral vocabulary and stories—rather than the quality of our economic logic—that is the crucial element in public decision making. Judgement needs to be informed by a moral sensitivity to the needs of others, wide learning, deep reflection, wide consultation and by wide experience of the practical world. We therefore need to acknowledge that it is not so much the lack of technical knowledge that inhibits government policy as it is the dominant moral values that shape what it is possible to think and do.

We need to be particularly wary when it comes to postulating this or that as an overarching moral principle with priority over all other values. Despite pretensions to the contrary, economics does not and cannot provide the moral equivalent of a unified field theory—an equivalent of the physicists’ Holy Grail, which can be invoked to justify collective action directed by government. For example, there is no ideal form of social or economic organisation against which to measure real organisations; the forms of organisation used in the private sector do not provide an ideal form or vocabulary that must be emulated. Social evolution, like biological evolution, does not lead to optimal outcomes, only satisfactory ones.

Of particular note is the prevalent tendency to fasten onto particular ideological interpretations of human rights and of liberty, to make them into absolutes and then to use those interpretations to exclude collective action based on other values. We have tended to elevate individualism, freedom of contract and economic efficiency above values that point to mutual interdependency and responsibility for our neighbours. Such humility should make us more conscious of the needs and claims of others in contrast with our own needs and claims. It should make us more conscious that we frequently lack the knowledge for sound decisions, and of the need to consult widely, to proceed carefully, to be willing to experiment and to change direction. Humility should also make us aware of the pretensions of ‘rationality’ and of the need to accord emotions and values a legitimate role in decision making.

We should be more careful about such abstractions as ‘the economy’, ‘the market’ and particularly ‘the labour market’. In the practical policy debate, the fact that these are abstractions has long been forgotten—the dancers have become the servants of the steps. We should also be more careful about the division of people and their social groups into rigid categories. Rather, we should admit that it is difficult to unscramble all the influences that bear on real people in all their relationships.

This critique should also serve as a reminder to avoid seeing the complex issues we confront in the world through simple dichotomies. Unfortunately, most policy debate occurs at a simplistic, markets-are-good/governments-are-bad level. Rather, as Popper recommends, in the search for knowledge, every source, every suggestion is welcome, while all are open to critical examination. Qualitatively and quantitatively, by far the most important source of our knowledge—apart from inborn knowledge—is tradition.³⁸

In particular, the current distinction made in public debate between the public and the private sectors is overdrawn. We quickly forget that what we are really talking about are real, interdependent groups of people engaged in complex interrelationships, involving different and complex organisational structures and in a bewildering variety of activities and exchanges. Governance is a necessary part of all of these activities. It is only the types of governance that are in question. This is a question that cannot be answered on the basis of a priori reasoning. Collective action is a necessary part of any complex society and the government is a legitimate organ of that collective action. Limitations on government action are not to be established on the basis of abstract a priori reasoning but on the basis of experimentation within the framework of a political tradition—a tradition incorporating much practical wisdom and learning.

Complexity

As has been shown, current Australian public policy debate is constrained heavily by a belief on the part of many participants that there is some acceptable theoretical basis for determining the role of the government, or that such a basis is attainable. The very language of the discussion contains this belief. An artificial dichotomy has been envisaged between the market and the State, which fails to recognise the interdependencies within our economic system and the role of the State and the social system more generally in underpinning economic activity. It is a dichotomy based on an idealised conception of markets that is grounded neither in fact nor in credible economic theory.

The claims of neoclassical economics to intellectual rigour are also subject to innumerable challenges at a more detailed level. In response to these detailed attacks, many economists have insisted that critics provide an alternative theory. In doing so, they have not realised that metaphors play the key role in theory formation. Consequently, they have not understood the extent to which their economic thinking has been bounded by the Newtonian metaphor, and by their search for natural laws of the economy analogous with those of mechanics. They have assumed that economic phenomena can be treated as if they are natural phenomena, caused by natural forces, and not social phenomena, the result of social invention and institutions. Running through the history of this economic thought is a persistent effort to evade responsibility for the outcomes of the economic system—a responsibility that would have to be faced were the idea of natural law to be abandoned. In the process, economic theory has been emptied of its historical and social elements. Nor has economics faced up to the normative judgements involved in the choice of metaphors and the extent to which they can serve to legitimate the existing social order and the privilege of the commercial and policy elites.

Since the Enlightenment, the physical sciences and the reductionist method have established priority over other ways of knowing because of their ability to produce reproducible results, accurate predictions and plausible explanations. This form of mastery is, however, unlikely to be achieved of systems as complex as the social and the economic. In any event, given human freedom of action, there is no prior reason to believe that society will exhibit the types of natural regularities seen in the physical sciences.

Part of a search for a better understanding must be the recognition that we are part of an indivisible totality that we—in all our complexity and diversity—have a share in creating, in partnership with our ancestors. Important support is given to a new holistic approach to economic speculation by the new science of complexity. Complexity is not simply a new reductionist model, but a new way of looking at the world, which attempts to deal with the interconnectedness, interdependence and non-linearity of systems.³⁹ Such a complex system cannot

be understood through reductionism, as the whole is greater than the sum of its parts. Real complex systems cannot be modelled successfully mathematically because of the extraordinary difficulty of the mathematics involved, and the radical differences that small differences in initial states can make. Furthermore, there is a mismatch between the ontology assumed by mathematics and the ontology of social systems. The way ahead is not through the reductionist approach and a more refined Newtonian model. There is a fundamental mismatch between our predominant ways of thinking about reality derived from the Enlightenment's scientific tradition and the nature of reality in a complex social system.⁴⁰

Arthur has argued that the alternative to the Newtonian model is Taoist. It involves the recognition that there is no inherent order underlying economic phenomena. Consequently, our economic institutions are matters for social choice; and we have to learn to live with the relativism and circularity that this involves. As Arthur explains, 'The world is a matter of patterns that change, that partly repeat, but never quite repeat, that are always new and different.'⁴¹ There is no perfect system to be discovered, no magic word that will remove our responsibility for each other and ourselves. This involves abandoning the idealisation of THE MARKET that is at the heart of economic fundamentalism.

What this means for policy is that there is no one correct approach to policy or to organisational arrangements. Just as biological organisms have evolved a bewildering variety of systems, it is reasonable to expect a wide variety of approaches in social organisations. Such variety is not to be despised; rather it is to be valued as it could reflect subtle or even coarse differences in the environment or a degree of 'indifference' between approaches. Secondly, complexity in environmental circumstances could be so great as to defy analysis. It is not possible in principle to list in order of importance the influences affecting a complex system. History cannot be ignored. It shapes the evolution of a complex system and, consequently, a complex system cannot be understood in isolation from its history. Similarly, the state of 'fitness' of an organisation cannot be determined by reference to crude reductionist criteria, but could, perhaps, be reflected in broad measures of confidence and happiness, which reflect some common judgement.

The 'organisational capital' of such a system is not primarily in its physical endowments but in the complex network of relationships formed within that system and the knowledge held within that network. Our evolved institutional arrangements—ethical rules, legal rules, conventional ways of behaving and popular culture—are all part of the organisational capital of our system, are critical to the effectiveness of the system, cannot be ignored and need constantly to be renewed. Such values assume critical importance. One of the features of complex systems is that they emerge at the edge of order and chaos.

Consequently, they can be highly unstable. Fundamental changes in the values and rules that underpin our society—of the type advocated by economic fundamentalists and, to some extent, implemented in Australia in recent times—could therefore have unforeseen and radical implications that we will all regret.

An inability to deduce an appropriate theoretical framework does not, however, reduce us to impotence. It does mean that there is no alternative to experimentation. Nor are the criteria to be applied in assessing those experiments written in the heavens. Therefore, a balanced approach would not be one that rules some classes of government action as inadmissible on theoretical grounds, nor would it suggest that all possible government action would be beneficial. The experiments need not be all ours. Rather the way ahead should be characterised by a more careful examination of the models and approaches used elsewhere, and a more careful examination of the policy problem. Effective policy design has often been seriously inhibited by too much ideology, with too little attention to the practical problems of policy implementation and behavioural change.

In framing practical policy, the important question is ‘What works?’ The question cannot, however, be asked in isolation from our moral, religious and political traditions. The answer is to be found more in experimentation backed by empirical investigation of the consequences than in theoretical knowledge, a priori reasoning and high-level abstraction. It involves substantive moral judgements and moral sensitivity, not formal logic. It follows that the policy development process should properly be seen as pragmatic, eclectic and political. We should acknowledge that public policy decisions legitimately involve balanced judgements involving potentially conflicting criteria—not a departure from a postulated market ideal for ‘illegitimate’ social and political reasons. It should encourage a much closer examination of the environment, a much closer examination of policy approaches that others have employed along with an assessment of their impacts and a willingness to engage in careful experimentation in the full knowledge that we will, from time to time, make mistakes. We also need to recognise the limitations of past policy development processes and to commit ourselves to changing those processes.

While structures are very important, their effectiveness—and the effectiveness of public and private networks—depends ultimately on trust. Economic fundamentalism has neglected the essential contribution that moral conduct makes to the capitalist system and to our governance structures. Many economists have no concept of history and of the delicately constructed social fabric, which makes the difference between workable and unworkable market economies. Nor do they have an adequate understanding of the complex motivations that bind individuals into functioning organisations and effective economies. Sound

business ethics—and moral conduct more generally—are an essential part of the social infrastructure. That moral conduct cannot, however, be reduced simply to compliance with rules; rather it requires an aspiration towards virtue. The codified law established the minimum standards of behaviour required of citizens before social sanctions were applied, not the optimal standards for the good life.

Final Thoughts

For Robert Bellah et al. in *The Good Society*, social science and policy analysis have not taken the place of public philosophy but, instead, have regrettably strengthened the notion that our problems are technical, rather than moral and political. In this, they echo the critique developed by Ellul and Winner. In particular, they are concerned about the erosion of trust in the political system and public institutions that results from the current emphasis on Lockean individualism and the associated economic theorising with its emphasis on efficiency. It threatens to undermine our democracy. In their words:

If policy elites stand outside the world of citizens, designing social policies evaluated in terms of outcomes, efficiency, or costs and benefits, as they define them, they short-circuit the democratic process, and this is so whether they believe that people are essentially ‘interest maximisers’ or even that they are motivated in part by ‘values’. Politics under these circumstances becomes the art of image manipulation by expert media managers.⁴²

The consequence is a gross abuse of power that eats at the heart of the liberal tradition.

No society can survive without stable moral traditions and social conventions backed up by effective means of coercion. The prevailing scepticism about the possibility of establishing any moral principle as true or valid beyond reasonable doubt troubles some with the theoretical thought that as a consequence we are unable to identify the difference between might and right.⁴³ This search for *epistēmē* in moral matters was, however, always an illusion. At a practical level—the level of practical wisdom or *phronēsis*—we nevertheless possess a highly developed moral vocabulary and a long political tradition, both of which provide a source of stability. This represents the social and moral capital of our civilisation. Brennan and Buchanan⁴⁴ have, however, argued that there is now a widely sensed deterioration in the social, intellectual and philosophical capital of Western civil order. Hirsch had a similar sense of foreboding, believing that an excessive reliance on self-interest as the fundamental social organising principle would undermine the basis of the market system itself:

In brief, the principle of self-interest is incomplete as a social organising principle. It operates effectively only in tandem with some supporting social principle. This fundamental characteristic of economic liberalism,

which was largely taken for granted by Smith and Mill in their different ways, has been lost sight of by its modern protagonists...The attempt has been made to erect an increasingly explicit social organisation without a supporting social morality...In this way, the foundations of the market system have been weakened, while its general behavioural norm of acting on the criterion of self-interest has won ever-widening acceptance.⁴⁵

The fear is that in acting on the precepts of economic fundamentalism modern governments have participated in changes in the institutional structures of their societies that could weaken the matrix of social rules on which their economic systems depend. For their part, Nancy Foulbre and Thomas Weisskopf argue that the care and nurture of human capital has always been difficult and expensive, and that the erosion of family and community solidarity imposes enormous costs—costs that are reflected in inefficient and unsuccessful educational efforts, high crime rates and a social atmosphere of anxiety and resentment.⁴⁶ Such forebodings are, however, as old as civilisation itself. They could reflect the prevailing uncertainty about the foundations of our moral values as well as the intuition that civilisation is always under threat from what used to be called human sinfulness.

It is at this point that it is wise to recall that it is the control of our greed that represents one of the prime victories of culture over 'animality'. If this is so, it is greed that also represents one of the prime threats to our civilisation; economic fundamentalism is an ideology that attempts to justify that greed. In particular, it promotes selfishness and materialism. Even for the non-religious, however, the acquisition of personal wealth and power is not a satisfactory basis for self-definition. Consequently, economic fundamentalism is a significant threat to our civilisation. Its application to public decisions cannot be reconciled with the ethical import of our cultural heritage, with its Christian underpinnings, its command to love God and to love one's neighbour as oneself. Nor can it be reconciled with other religious traditions, including Buddhism, with its calls for compassion and detachment. Taking something that is good—such as rational thought, or economic analysis, or markets, or human rights, or liberty, or law, or money, or consumption—and turning it into an absolute is the essence of a new idolatry.

ENDNOTES

- ¹ Gilmore 1974, p. xviii.
- ² St Paul, in 1 Timothy 6:10–19.
- ³ Collins 1995.
- ⁴ Horwitz 1992.
- ⁵ Gilmore 1974.
- ⁶ Ibid.
- ⁷ Horwitz 1992, p. vi.
- ⁸ Ibid., p. viii.
- ⁹ Murphy 1990.
- ¹⁰ Purcell 1973, p. 6.
- ¹¹ Horwitz 1992, pp. 4–6.
- ¹² Ibid.
- ¹³ Purcell 1973.
- ¹⁴ Hart and Sacks 1958, pp. 3–4.
- ¹⁵ Purcell 1973.
- ¹⁶ Frowen 1997.
- ¹⁷ Habermas 1998.
- ¹⁸ Waldrop 1992.
- ¹⁹ MacIntyre 1981.
- ²⁰ Niebuhr 1965, p. 45.
- ²¹ Ibid., p. 108.
- ²² Niebuhr 1944.
- ²³ Ibid., pp. 70–1.
- ²⁴ Boorstin 1958, p. 168.
- ²⁵ Purcell 1973.
- ²⁶ Stackhouse 1999a.
- ²⁷ Ibid., p. 2.
- ²⁸ Ibid., p. 22.
- ²⁹ Ibid., p. 9.
- ³⁰ Bergson 1935.
- ³¹ Stackhouse 1999b.
- ³² This does not mean, of course, that all economists share this faith or that it is necessarily tied closely to an understanding of the discipline of economics. Nor does it mean that many economists lack high standards of integrity in their private lives or are not personally religious in the more traditional sense.
- ³³ Ellul 1964.
- ³⁴ Winner 1977. This work is largely a commentary on Ellul's *The Technological Society*.
- ³⁵ Ibid., p. 86.
- ³⁶ Ibid., p. 180.
- ³⁷ Etzioni (1988) takes a similar position.
- ³⁸ Popper, *On the Sources of Knowledge and Ignorance*.
- ³⁹ Waldrop 1992.
- ⁴⁰ Senge 1992a.
- ⁴¹ Waldrop 1992, p. 330.
- ⁴² Bellah et al. 1991, p. 293.
- ⁴³ Reiman 1990.
- ⁴⁴ Brennan and Buchanan 1985.
- ⁴⁵ Hirsch 1977.
- ⁴⁶ Foulbre and Weisskopf 1998.