

Against Nietzsche (Part Two) Herd Morality, Liberal Utopias, Populism, and Post-Populism

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Howard Richards presented his text “‘Against Foucault’:
Middle Foucault (1970-1976) (Part Twelve)” on 26th May 2013 in Pretoria, South
Africa, on video. In his presentation, he referred to “Against Nietzsche, Part 1 and Part
2.”

According to Nietzsche, the common people smell bad. He associates them with bad air. (Nietzsche 1885, pp. 169-70) No doubt this claim could have been empirically confirmed in 19th century Germany. It could be strikingly confirmed today regarding the two and one half billion people who lack elementary sanitation facilities. (UNDP 2008) This must be one of the forks in the road where Michel Foucault parts company with Friedrich Nietzsche. Foucault had a passion for breaking down discursive distinctions that distinguish bad people from good people (Foucault 1971) and for redeeming social outcasts, including the insane (Foucault 1961), the drug addicts (Foucault 1963) and the murderers (Foucault *et al* 1973). I assume Foucault would also want to redeem the common people who smell bad.

Nietzsche also found that the common people tend to be weak and sick and to have poor esthetic judgment (Nietzsche 1885, *passim*). These claims may also be at least to some extent verifiable.

From a psychological point of view, as Nietzsche frequently observes, the common people are resentful. They do not own things. Lack of ownership is what makes them in the successor states of the Roman Empire *plebs* (Nietzsche uses the term), a word which originally referred to people who did not belong to any tribal group, back in the days when membership in a clan carried with it access to resources of the clan. They wish that they had what they do not have. Nietzsche contrasts their negative attitude unfavorably with the positive attitude of the good people (in the sense of the word “good” that was its original sense in all languages). The good are glad that they have what they do have.

So far one cannot doubt that what Nietzsche says partly or mostly true. But he makes a mistake when he describes the reversal of values that led to the herd morality first of the Jews, then of the Christians, then of the democrats, and then of the socialists. He writes as if the Jews had turned morals upside down, as if they had made smelling bad, weakness, sickness, bad taste, lack of ownership, and resentment into virtues. He confuses solidarity with the poor with advocating poverty.

To be sure, Nietzsche’s meaning is clear enough in spite of the confusion. He condemns regarding the common people as “friends.” (Nietzsche 1885, pp. 121-22). He clearly means that the upper classes should continue to treat the lower classes as they had traditionally treated them, as conquered people to be kept down by force – by the actions of Nietzsche’s culture heroes who prefer deeds to words. (Nietzsche 1887, s. 1.10)

To be sure, one can quote, and Nietzsche does quote, Christian texts that advocate poverty, chastity, and obedience; that advocate identification with the suffering of Christ on the cross; that gleefully anticipate the punishment of the upper classes of this world in

the after-life, and the corresponding delights to be enjoyed by the Christians; including, in the text Nietzsche cites from Tertulian, having a window in heaven from which they can look down into hell to see the tortures of the damned.

My view is that nevertheless the reversal of values that Nietzsche attacks and I defend is mainly and on the whole more about comforting the afflicted than about advocating afflictions. The great bulk of the herd morality tradition is devoted to making the weak stronger. The Jews are famous for achieving material prosperity by bonding, by maintaining strong family ties and by being loyal to each other, as well as by being studious and hard-working. They showed the rest of the world how to do it. Jesus healed the sick. He did not praise them for having the virtue of being sick, nor did he devote himself to spreading disease in order to make the world more miserable than it already was. Saint Francis, who was second to none in his praise of poverty, chastity, and obedience, provided in Chapter Ten of the Franciscan Rule: “If one of the brothers, wherever he may be, falls sick, the other brothers must not abandon him, but should rather designate a brother, or more if necessary, to care of for him as they themselves would want to be cared for.” (St. Francis, ca. 1209, p. 99) The democrats advocate government of the people, by the people, and for the people, because they expect such government to provide benefits for the people. The democrats are quite right: social democracy has in fact made the common people less weak, less sick, and more prosperous. I agree with herd morality and with the social democrats. I take herd morality to be valid, and I take it to authorize me to write the first person plural as I have often done; implying that “we” should be working together to solve our common problems, and insofar as “we” can each other’s problems.

If the criterion by which history judges cultures is power, as Nietzsche says and as Foucault most of the time agrees, then on the whole the herd morality has been justified by history. That was Nietzsche’s lament. He condemned modernity because in the 19th century modern ideas were democratic ideas. The church had poisoned Europe with a Jewish ethic. The church was in decline, but the poison remained in the form of democracy. Nietzsche prophesied a brighter future in which nobility would make a comeback. The rest of the 19th century went by. The 20th century went by. Now a decade of the 21st century has gone by. There is still no aristocratic comeback. The herd morality is still winning.

The morality of the herd is also logical, although not quite logical in Nietzsche’s terms. If life is good and anti-life is bad (a premise Nietzsche accepts) then the dancing, health, strength, power, wealth, self-confidence, and beauty Nietzsche praises as qualities that make the upper classes good ought to be enjoyed by everybody. If life is good, then more life is better. If Nietzsche found himself nauseated by the common people, then a logical way to make him feel a more pleasant emotion when encountering them would have been to provide the common people with flush toilets. Herd morality means more of what Nietzsche likes and less of what he dislikes. Nevertheless, I added the qualification that the morality of the herd is not quite logically justifiable in Nietzsche’s terms, because one of the pleasures his culture heroes most enjoy is the pleasure of commanding (Nietzsche 1887). Certain expressions of will-to-power, certain vital impulses of life, have to be curtailed in democracies. It follows that, strictly speaking, the morality of the herd is not entirely logically justified by saying that implementing it consists of taking the

existing stock of good things, augmenting its quantity, and improving its distribution so that more good things will be enjoyed by more people.

Nietzsche had several reasons for saying that the triumph of a herd morality is undesirable. Another one was that the common people have an innate tendency toward mediocre conformity, so that their triumph is also the triumph of mediocre conformity.

Here Michel Foucault has similar concerns, but he has a different diagnosis. Foucault's evidence shows, in *Histoire de la Folie* and in several of his courses at the Collège de France that the behavior of common people does not tend toward mediocre conformity at all. It tends by itself to be bizarre and anti-social. It tends not to conformity but to resistance. Foucault echoes Freud's finding that children left to themselves would be polymorphously perverse. The societies of our modernity apply disciplinary power to normalize recalcitrant individuals. (Foucault 1975) Foucault's findings point to the conclusion that to the extent that mediocre conformity reigns today, it is not because of the innate bent of the masses, nor entirely due to the democratic post-Christian and in some cases progressive Christian ideologies that are promoting herd morality, but rather mainly due to the regimentation of individuals in schools, jails, hospitals, clinics, barracks, factories, and other normalizing institutions. If the Christians and other herd moralists are to blame, then on Foucault's view it is to the extent that their ideals have motivated the construction of bureaucratic welfare states. Foucault sympathizes with Nietzsche's distaste for conformity in modern mass society (although not with Nietzsche's militant classism) but he gives a different account of the source of the problem. If he has a solution, or the beginning of a solution, it might be found in his last works, in the three volumes of his history of sexuality and the accompanying Collège de France lectures. There he proposes that instead of power shaping subjects, we should move in the direction of self-cultivation, where it is not the disciplinary institution that forms the subject, but rather the self working on the self that forms the subject. At this point I will suspend my few remarks directly on Nietzsche, but not without crediting Nietzsche with having anticipated an important difficulty, the difficulty of running a massive welfare state that is not at the same time a conformist and impersonal state. I will now move to more recent controversies about "populism" which I take to raise issues similar to those Nietzsche raised about "herd morality."

Populism

What might generically be called threats of too much people power have been variously viewed by various viewers with alarm. Nietzsche's perceived the advance of herd morality as a threat of too much people power. Today a more common perceived threat of too much people power is called "populism." A discussion of the populist threat will add realism to the immediately preceding discussion. I want to praise Michel Foucault's useful suggestions for overcoming the alienation of the human subject in the welfare state. But as P. Vilorio, quoted several lectures ago, pointed out, the welfare state is disintegrating. We are in the process of descending from the regulated economy and the welfare state into chaos. A discussion of populism will bring us face to face with contemporary issues.

"Populism" is today a pejorative term used to name too much people power, although, true to its pejorative intentions, in the conservative press it usually connotes the idea that the people themselves do not have power, but rather have been misled by

populist politicians who seek power not for the sake of the people but for the sake of self-aggrandizement. Their populist policies buy them political support in the short run but harm the economy. In the long run they harm the voters the politicians deceived. I we deviate from the common usage of the term (but not from scholarly usage) by believing that it is almost invariably the case that in regimes pejoratively designated as populist there really is a considerable mobilization of people power.

In explicating the meaning of “populism” I will now paraphrase a recent anti-populist editorial in a Chilean newspaper (Larrain 2007). “Populism” is a term which has been called absolutely ambiguous, having been variously used at various times and places with a series of mutually incompatible meanings. (Araya 2004, p. 113; Laclau 2005 pp. 3-20). Nevertheless, I think explicating it following the lead of a typical article in the conservative press, begins to capture a large and important swathe of its significance today. Populism appeals to the unsatisfied masses. The masses are unsatisfied not so much because of poverty as because of inequality. Populism proposes to reduce inequality and to expand social programs (such as the ones that produced most of the normalization in the heyday of social democracy in Foucault’s France). After they are elected with the support of labor unions, leftist political parties, and social movements, the populists use public funds to buy welfare for the people and political support for themselves. They spend more money than public budgets can fund. They artificially generate economic activity with deficit financing. They introduce an excessive amount of money into circulation. The inevitable results are inflation and a fiscal crisis, which bring in their train recession and consequently unemployment. Latin America has had more than half a century of experience with populist governments. The inevitable end of all of them is the same, *completamente previsible y nefasto* (completely predictable and disastrous). (Larrain *op. cit.*)

Discussions of populism usually mention another factor this particular writer does not mention. Under populist regimes investors usually lose “confidence” in the sense Keynes gave this term discussed in Chapter Three. (Keynes 1936 p. 148) They withdraw funds and slow production. The excess of funds mentioned in the editorial paraphrased goes together with a deficit of production, thus exacerbating inflation.

Populism is also described in slightly different terms as follows: an excess of democracy leads to too much participation in politics. The result of too much participation is a list of demands made upon the state longer than any list the state can possibly satisfy. The state is thus caught between two impossibilities: the impossibility of providing the goods and services that the voters demand, and the impossibility of silencing the demands that its own populist approach to politics has generated. This account is roughly equivalent to the account given in the editorial paraphrased in this respect: the editorial makes the plausible assumption that the state responds to an impossible situation by in effect printing money, a practice that generates unsustainable economic activity, and which in the long run leads to a result *completamente previsible y nefasto*. (For additional variations on anti-populist themes see Dornbusch and Edwards 1992)

Like many of Nietzsche’s claims about the common people, the editorialist’s claims about populism can in some ways be empirically confirmed. He mentions as examples from the past the governments of Getulio Vargas in Brazil and of Juan Domingo Peron in Argentina. Both were overthrown by *coup d’état* and replaced by a

military *junta*. He could have given many more examples. I will concede that populism does not work. I am not an anti-populist, but rather someone who wishes populism would work who regretfully concludes that it will not. Regarding the contemporary leaders the editorialist names as populists (Daniel Ortega in Nicaragua, Hugo Chávez in Venezuela, Rafael Correa in Ecuador, Evo Morales in Bolivia, Cristina Kirchner in Argentina) I would note, however, that we do not yet know whether what for the editorialist is *completamente previsible*, will in fact turn out to be their fate. We do know that the editorialist is mistaken in thinking they are merely new editions of the populisms he cites from the past. Indeed, most of the contemporary regimes he names are now (2008) running a budget surplus, not a budget deficit. Each of them is taking public control of natural resources as a source of public income; they depend less than yesterday's populisms on traditional tax and spend policies. (I make this statement interpreting Argentina's taxes on agricultural exports not as traditional taxes but as in effect public control of the *pampa húmeda*, equivalent to the single tax on land recommended by Henry George. (George 1879) See the discussion of Post Populism below.) If Latin America's new left-leaning regimes prove in the end that they can put herd morality into practice while escaping what has been the fate of populisms in the past, I will attribute their success to their having learned from history; to their having brought new variables into play. Rather than saying that they have at last found ways to make populism work, I will say that what they do is not populist; it is something else that deserves a different and better name.

I have been saying that in order to understand the reverses of social democracy it is advisable to take a step backwards to attain a broader view; to adopt a broad, comprehensive, and philosophical viewpoint; a viewpoint from which biological adaptation to the environment is seen in the human species as taking primarily the form of culture, and rules guiding behavior are seen as primary components of culture. I offer the same advice for understanding the failures of populism ("populism" being latterly a common pejorative designation for social phenomena which overlap with many of the same phenomena for which "social democracy" is an honorable name).

Seen from such a philosophical viewpoint, the state appears as an institution made of rules, set in a context of other institutions also made of rules. It is a deceptive institution, as economics is a deceptive science. One reason the state is deceptive is that it is called "the government" although it governs very little. "To govern" is to set rules and monitor compliance. The great bulk of governing is done by parents supervising children, by bosses supervising employees, by individuals and firms agreeing to contracts that set the rules that will govern their relationships. Production is governed by consumer demand; the distribution of wealth is governed by inheritance and by markets. All this is governed by private law. The state concerns itself with a thin layer of public law superimposed on a mountain of private law.

States do not own their territories. Bearing this in mind, Jeffrey Winters points out that many official statistics are deceptive (See the discussion at the end of Chapter Two). For example, they present national income as it were income belonging to a nation, when almost all of the income reported accrues not to the nation as a whole but to private individuals and firms. The legal owner of economic assets is with a few exceptions not the state. It is a mistake to think of the world as composed of states each of which governs a territory it owns. On the contrary, we now live in a world where territory is

offered for sale in a global market. Each state acts as a sales agent on behalf of owners of land and other assets located in the territory it administers, offering incentives to entice investors to favor its space as a site for economic activity. Territory is a commodity. In the territory market states are not even the sellers. They are only the sales agents for the sellers. (Winters 1996)

In a series of lectures at the London School of Economics, a predecessor of today's neoliberals, Lionel Robbins, discussed these issues in the 1930s. His lectures have turned out to be prophetic. He articulated the main concepts behind today's anti-populism, and behind the orthodox economics that supplies the ideology for globalization. He goes over the same ground traversed by Jeffrey Winters with an opposite bias: for Robbins with a few exceptions the more powerless the state and the more powerful the market the better.

Before going on to discuss Robbins, however, I should say just a few words about the question that prompted my recommendation to move to a broad, comprehensive, and philosophical viewpoint. It was the question how to understand the failures of populism. Now we have to some degree attained such a viewpoint. Now we can see that the rules of private law, such as, for example, the rules that constitute what Bowles and Gintis call the exit power of capital (the power to leave) (Bowles and Gintis 1986) make it unlikely that state action alone can include the excluded and reduce inequality, without the transformation of the underlying basic cultural structures.

Lionel Robbins and Liberal Utopias

Robbins develops a worldview that I will call a liberal utopia. Liberal utopias allow people to think we do not need cultures of solidarity because we already have in the free market a system of solidarity that makes a culture of solidarity superfluous. Robbins spelled out his ideas in a lecture at the London School of Economics in the winter of 1936-37 as part of a lecture series devoted to the topic of Peaceful Change. (Robbins 1939 pp. 81-106) The immediate questions he addresses are the assessment of the costs and benefits of Empire, and generally those of governing extensive territories.

Professor Robbins starts by distinguishing property and territory. In earlier times that distinction was blurred whenever the territory ruled by a prince was at the same time and by the same token the prince's property. In modern times it is different. In the case of property, *ceteris paribus*, there is a flow of real income proportional to the size of the property owned. But now today when Great Britain "owns" a territory, Great Britain does not collect rent from it as a property owner might. What belonging to the British Empire means is that the territory of the British "possession" falls within the jurisdiction of the British courts, and generally within the jurisdiction of the British government. It means the territory is under British administration. (Robbins does not mention the role played by constitutive rules like those codified in Roman Law and "received" in modern Europe in the transition from earlier medieval to modern conceptions of the distinction between private law and public law, and of the concept of property.)

Armed with this distinction, Robbins points out that the costs of administering an empire can be very great. The advantages British investors derive from Britain having an Empire are small. "It is quite untrue that advantageous investment is impossible outside the area of jurisdiction of the state to which the investor belongs. Provided that, in the area in which investment is made, contracts are enforced and a certain minimum of

security is preserved, the fact that it is under a different government need not militate against its attractions as an area for investment.” (Robbins 1939 p. 87) “On the assumptions of free trade, free migration and free investment the positive advantages of wide possessions are small.” Robbins finds that the costs of administering and defending an Empire generally exceed its benefits. The German government spent 1002 million marks running its Empire from 1894 to 1913 while their total trade with it was 972 million marks. The Italians spent 6856 million lire in direct costs of administering their possessions from 1893 to 1932, while their trade with them in that period was approximately 5561 million lire. The British Empire data are more complex, but they lead to the same conclusion.

Robbins concludes, nevertheless, that the British Empire is desirable. “If part of the territory were owned by another state, that state might impose limitations on trade, on investment, on migration, which would limit the division of labour and make the value of the local factors of production less.” (Id. p. 97) This is really the heart of the argument for globalization. From Adam Smith in 1776 to Jeffrey Sachs today the argument has been that the greater the division of labor, the greater the specialization, the greater the exchange value of any given factor of production; therefore the bigger the market the better. Robbins goes on to say that the British Empire, “...keeps open at least some channels of economic freedom, it means that the division of labour is more extensive, the productivity of the factors of production is greater than might otherwise have been the case.” (Id. p. 99) On the other hand, nothing would be lost if instead of the British running their empire, an international authority would run it “...on lines exactly similar.” (Id. p. 98)

After considering the miserable state of the world in the 1930s, Robbins finally makes a prescient proposal, prefiguring the Washington Consensus at the end of the twentieth century: “The national states must learn to regard their functions as the functions of international local government. They may assist in the development of the territory over which they have jurisdiction. But, no more than existing local government authorities, must they restrict the interlocal movement of mobile products and resources. If the national states in their present form cannot be trusted to abstain from such measures, then the national states must give way to federations which will make such measures illegal. This may seem very utopian at the moment. But whether we live to see it or not, sooner or later it must come.” (Id. pp. 105-06)

The liberal internationalist utopia Robbins advocated was, moreover, on his view, a way to save democracy, and a way to save the masses from poverty and from the risk of violent death. (Robbins 1939 pp. 105-06) He did not remark that his proposals necessarily limited democracy, since no government (and necessarily therefore no democratic government) would be allowed under them to choose any economic policies or legal principles differing from the ones recommended by Robbins and his fellow liberals. Today, seventy years later, the international agencies promoting world trade are implementing Robbins’ program. Simultaneously, radicals are calling for a radical utopia so similar to Robbins’ liberal utopia that it is hard to distinguish liberals from radicals (Hardt and Negri 2000, 2004, Badiou 1993, 2008; Petras 2006). The dream of the liberals is the dream of Adam Smith. It is to refine the specialization of labor and to optimize resource allocation generally by deregulating markets and making them extend over larger geographical areas. Spatial expansion makes markets more efficient by giving

buyers more choices. It minimizes costs and therefore maximizes productivity. An interplanetary market would be even better than a global market. An intergalactic market would be better than an interplanetary market. If one consistently follows out this line of reasoning, which is simply an extension of the first three chapters of the Wealth of Nations (and which is strikingly similar to certain kinds of radical logic) then if a day should ever come when every individual person located anywhere in any galaxy should come to depend for her or his daily bread on the unregulated production of commodities for sale in an impersonal intergalactic market including all points in space where resources are or might be located, then at last the *n*th derivative of all production functions would be zero. Productivity would be maximized. Since there would be no *Gemeinschaft* (community) left, no traditional fetters binding one person to another in reciprocal non-market networks of obligation, and since the concept of deregulation would be carried out consistently by allowing labor as well as capital to cross national boundaries, effectively dissolving boundaries, then at last each individual would be autonomous. The liberal utopia would be strikingly similar to a radical utopia.

If a liberal utopia would work as Robbins says it would, then it would not be necessary to choose between the Romans and the Jews as Nietzsche characterizes them, since the principles of Roman Law, updated as those of modern commercial law, will lead if consistently followed as liberal utopians advocate following them, to everything the slave morality of the ancient Jews desired and aimed to achieve. Americans who post two bumper stickers on the rears of their automobiles, one saying “Practice charity and loving-kindness,” and the other saying, “Support our troops,” would not necessarily be expressing inconsistent sentiments; because American troops can be regarded as fighting for an internationalist liberal utopia; and because such a utopia can be regarded as a path (according to some the only viable path) to ending poverty and to protecting the weak from violence. (cf. Jabri 2007) Similarly, it would not be necessary to choose between liberalism and radicalism. The radicals who oppose all restrictions on immigration because they believe in the equality of all human beings and the employers who oppose all restrictions on immigration because they desire to maximize profits by minimizing wages would have not only the same practice but also the same ideal. The ideal is the free market. (At a more perspicuous level, the ideal is the market, bracketing and problematizing the assumptions hidden in the adjective “free.”)

I do not want either to underestimate or to overestimate the empirical arguments of the liberal utopians or those of anti-liberal utopians, among whom I wish to mention Karl Polanyi who argued specifically that a “starkly utopian” self-regulating market was necessarily unsustainable (Polanyi 1944). But I also do not want to exaggerate the extent to which the case for free markets is empirical. Consider these related propositions: that welfare is maximized when consumers get a maximum of what they prefer; that productivity is maximized when producers are most specialized, each doing what it does best with the factor endowments that it has; that the larger the market the greater is the division of labor; that the freer the factors of production are to move from place to place in search of lower costs and higher returns, the higher productivity will be and the closer the distribution of returns to factors will be to the hypothetical market-clearing optimum called equilibrium. None of these can be called an empirical finding. These propositions are similar to the psychological law that the probability that a type of behavior will be repeated is increased by its positive reinforcement, and to Newton’s law that force equals

mass times acceleration. They are located in a conceptual space where the observation of very general facts meshes with the articulation of conceptual frameworks so finely that the two are inseparable. Any data that might at first seem to contradict them are more likely to be explained away by arguing that *ceteris* was not *paribus* than to be taken as empirical proof that the central concepts of economic science are false. If one were to argue that a smaller market would lead to lower prices for consumers, one would be more likely to be accused of logical inconsistency than to be accused of ignoring particular facts.

The worldview of the utopian liberal be she or he a professor at the London School of Economics or a sales associate at Wal-Mart, is so clear and logical that its premises seem to be, as Kant supposed his categories to be, conditions of any possible experience. It sees everywhere experiences that confirm the settings of its lenses: Free markets explain success. Their absence explains failure. And as for the persistence of poverty in the midst of plenty: sociological and psychological factors, such as family breakdown, dropping out of school, and drug abuse, explain most of that. The people who accept views like those of Lionel Robbins quoted above, and Robbins himself, generally acknowledge that government is necessary, that certain kinds of regulation of business by government are desirable, and that some functions are better performed by public authorities than by private enterprise. In principle, they favor social safety nets, although it can be argued that a nation struggling to attract investments in a global market will be hard put to raise taxes high enough to finance much of a social safety net. I have no reason to believe that utopian liberal internationalists are more inclined to sexism, racism, militarism, or homophobia, than a random sample of the population at large.

In another book, the same author follows the lead of Carl Menger and the Austrian school in holding that economics is a science whose subject is the optimal allocation of scarce resources (Robbins 1932). It is this science that in the last analysis validates intellectually the worldview of the liberal utopian. It is ultimately because its truth claims are supposed to be true everywhere and everywhen that the World Trade Organization could justify treaties that forbid governments, even democratic governments that in principle express the sovereign wills of peoples, to deviate from free market policies and neo-Roman normative frameworks. It is because of this science that such international agreements can be thought of as forbidding people to be irrational. In this way a definition, a definition that claims to be that of a science, provides an academic imprimatur certifying "*nihil obstat*" on page one of the worldview of a typical liberal (a "conservative" in the American dialect).

Of course I am not convinced. It has not escaped my notice, nor has it escaped the notice of Michel Foucault and many others, that what at a theoretical level is the mathematical science of economics at a practical level is in many ways an instrument of domination of labor by capital. I have found no clearer acknowledgment of one of the ways that the specialization of labor facilitates its domination than some observations of the French engineer Le Turc who was sent to England in 1786 in the hope of learning how French industry could catch up with the rapid progress of British industry. Le Turc wrote: "There is no country where labour is so divided as here. No worker can explain to you the chain of operations, being perpetually occupied with one small part: listen to him on anything outside that and you will be burdened with error. This division is well-

intentioned, thus resulting in inexpensive handwork, the perfection of the work and the security of the property of the manufacturer.” (Stewart 1998, p. 263)

It cannot be denied, nevertheless, that today the characteristic doctrines of mainstream economics have in popular and even academic culture attained the status of common sense. To some considerable extent in some parts of the world liberal utopian views have come to be part of today’s common sense, and consequently part of the necessary starting point for cultural improvement. Of course I think the functioning of markets can be improved, and that nations around the world should be free to try different ways of improving them, and not tied to compulsory international rules. The viewpoint I am advocating holds, with John Dewey that how well cultural norms function can be evaluated with realistic criteria. (Dewey 1920) It is from this point of view that I join those who are offering constructive alternatives to liberal utopias. Markets are not an exception to the general principle that human institutions should be evaluated and revised to improve their performance. Anthony Giddens concept of the double hermeneutic applies to them in the respect that they are second-level institutions; they are institutions made of institutions. (Giddens 1993) Markets are places where persons with property make contracts. “Persons,” “property,” and “contracts” are already social institutions whose performance can be evaluated with realistic criteria, as can their combined performance when all three perform together in the type of human activity Adam Smith designated as truck or barter, which in his time had already mainly taken the form of sales transactions where money is exchanged for goods or services. Markets are places where there are sales.

I am thus reviving the *Methodenstreit* (methodology controversy) of the early twentieth century, coming out on the side of the historical school (in contrast to Robbins who adopts the opposing Austrian views of Carl Menger). The historical school held that there is a series of different political economies as different social norms come and go in the course of history. The historical school is generally held to have been defeated in the *Methodenstreit* by the Austrian school, which held that there is such a thing as pure economic science, valid and at all times and places, which studies the logical problems all cultures necessarily face in deciding how to allocate scarce resources. As long as resources are scarce, there will be economic science, and it will be applicable in any culture, whether or not the people who live in the culture know it. In the light of this bland and abstract first premise, liberal economists are able to identify social welfare with people getting maximum amounts of what they prefer, to identify the potential to maximize social welfare with maxima of productivity, maxima of productivity with free competition and the division of labor, and this latter with free trade and generally with the international mobility of the factors of production as sketched by Robbins in the passages quoted above. All this is supposed to be scientific truth. There would be no point in granting the peoples of the world the right to decide by voting in elections whether it is true or not, because that would simply be to grant them the right to be mistaken and because of their mistakes to vote against their interests. From this viewpoint it is logical to limit democracy, and also logical to condemn as irresponsible “populists” who run for office advocating deviations from free market orthodoxy.

I am coming out on the side of John Maynard Keynes, who argued that precisely because the solutions to social problems are not known, national governments should have autonomy to deviate from free market orthodoxy, to engage in social experiments,

in search of what may be the best solution to their problems as they in their circumstances see them. (Keynes 1933) With John Dewey, I do not define social democracy as any particular set of institutions – not as nationalizing basic industries, and not in general as any particular set of laws governing property, and certainly not as universalizing the principles of free markets. I see social democracy as an ongoing never-completed process. The light shed by empirical studies by social scientists (here I borrow a page from Karl Popper); and the rather formal norms prescribing which decisions are the legitimate ones, and therefore the ones to be enforced by public authority, known as the rule of law and as democracy gradually improve institutions. Democracy is gradually deepened by the increasing power of the people to choose what seems right to them and what seems to them to serve their interests. Social democracy creates and recreates institutions.

I claim it to be a merit of thinking of a market as a place where there are sales that it immediately places in the limelight, as the subjects to be examined and questioned, the cultural normative frameworks economic analysis presupposes. (Richards 2000) The point of departure is deeper than the point of departure of Carl Menger and the liberal utopians. Instead of asking how welfare can be maximized starting from a given set of factor endowments, it immediately places in the limelight the questions, “What is a factor?” and “What is an endowment?” It immediately questions “Persons,” “Property,” and “Contracts.” It immediately problematizes the traditional answer to the first of these two questions. The traditional answer is: “the factors of production are land, labor, and capital.” It immediately challenges the concept of “scarcity” as masking the more fundamental concept of “factor of production,” since it is, indeed, the “factors” which are scarce, and the “factors” are, just as Gustav Schmoller and the historicists of the *Methodenstreit* said, historically defined by the social norms prevailing at a given time and place.

Robbins concedes my point in the following passage: (He is defending his Austrian view that economics is about scarcity against Professor Cannan’s view that it is about material welfare). “Moreover, the very example which Professor Cannan selects to illustrate his definition fits much better into our framework than it does into his. ‘Economists,’ he says, ‘would agree that ‘Did Bacon write Shakespeare’ was not an economic question, and that the satisfaction which believers in the cryptogram would feel if it were universally accepted would not be an economic satisfaction....’ On the other hand, they would agree that the controversy would have an economic side if copyright were perpetual and the descendants of Bacon and Shakespeare were disputing ownership of the plays.’ Exactly. But why? Because the ownership of the copyright involves material welfare? But the proceeds may all go to missionary societies. Surely the question has an economic aspect simply and solely because the copyright laws supposed would make the use of the plays scarce in relation to the demand for their use, and would in turn provide their owners with command over scarce means of gratification which otherwise would be differently distributed.” (Robbins 1932 pp. 22-23) (People around the world today are suffering the consequences of laws creating scarcities of the sort Cannan and Robbins discuss, as water, forests, indigenous traditional medicine, and genetic codings are privatized, thus incorporated into the normative juridical framework descended from Roman Law, and by the same token incorporated into the subject matter of political economy.) (Shiva 1993)

Robbins thus inadvertently illustrates one of the ways that economics is a deceptive science. It is deceptive because it is supposed to be about the allocation of scarce resources, and for that reason applicable cross-culturally, but it turns out that which resources are scarce is a function of cultural norms. If copyright laws were amended to make copyright perpetual, the descendants of Shakespeare would have property rights to sell. If Monsanto is allowed to patent genes, then genes become a scarce resource that Monsanto can use to make profits.

The point Robbins concedes can be generalized to all three of the “factors of production:” land, labor, and capital. (David Ricardo in 1820 candidly defined the subject matter of the science of political economy as the study of how revenue is distributed among the social classes. (Ricardo 1820) Subsequently economists have modestly placed a fig leaf over “social classes” by renaming the same entities as “factors of production.”) Land, labor, and capital are what they are because laws “...provide owners with command over scarce means of gratification which otherwise would be differently distributed.” (Robbins 1932, p. 23) It is the law that defines the *dominium* that entitles the absentee landowner to rent; *dominium* is, as Michel Foucault would say, the condition of possibility of political economy as a science of rent. It is the law that alienates workers from tools, raw materials, and marketing networks, and thus constitutes “labor” as a separate “factor of production.” The historical school was right; economics is not a universal science of rational allocation of scarce goods applicable in every culture whether the people who live in the culture know it or not, because the scarcities it starts with are cultural artifacts. (See Veblen 1901, pp. 80-93)

Reconstructing Markets with Critical Realism

Let us now acknowledge that even though we know that other cultural structures are possible, at the present time the world is dominated by the Roman structures of the modern world-system. Given that assumption, let us now ask whether it is true that given the presently dominant basic structures, free markets maximize welfare. When Robbins makes his case for keeping vast territories under the jurisdiction of a single Empire that enforces contracts and assures the security of investments (i.e. of property) he is partly right to say “If part of the territory were owned by another state, that state might impose limitations on trade, on investment, on migration, which would limit the division of labour and make the value of the local factors of production less.” (Robbins 1939, p. 97) He implies that wherever self-interested actors who own means of production seek to maximize profits by cutting costs to a minimum and charging for the product whatever the market will bear, they will be able to maximize profits more if they have more places to choose from to find cheap labor and raw materials, and more places to choose from to find buyers. That much is true. If one then postulates – contrary to most historical experience – numerous sellers in competition with one another, all seeking to bring the products to the buyers at lower prices, a continuation of this process will tend to minimize profits and to maximize Alfred Marshall’s “consumer surplus.” That much is true too, at least in the theoretical cloud cuckoo land where the sellers do not have enough common sense to cooperate with each other to limit supplies and thus to keep prices high in order to maintain reasonable profit margins for themselves. But it is not true that total production (which is not the same as productivity, “productivity” being a measure of how efficiently a quantity of inputs produces a quantity of outputs) is

maximized by free markets. Here I am coming out again on the side of John Maynard Keynes. Total production is highest when there is full employment. Under free market conditions full employment is rare and temporary. Therefore, under free market conditions production is maximized only rarely and temporarily. Nor is it true that free markets maximize the share of revenues going to labor. How much of total revenue goes to labor is a political question. (Myrdal 1954) Where local governments count for nothing, because their whole duty is to enforce contracts and protect the security of investments, and they are forbidden to interfere with the free mobility of factors across borders, then government cannot weigh in on the side of labor. Therefore, if maximizing welfare means maximizing production and equalizing distribution, free markets will not do it. Ecologically oriented thinkers will tell us of course that in the long run maximizing welfare does not mean maximizing production at all, but rather making production compatible with the conditions imposed on culture by nature. They will tell us that what Robbins calls “utopian” is the rape of Mother Earth.

I claim it to be a merit of thinking of a market as a place where there are sales, and more broadly to be a merit of critical realism as an approach that looks at underlying structures and generative mechanisms, and to be a merit of the story I am telling about the genealogy of morals, that it immediately becomes clear that Keynes’ reservations about free markets were only the small visible tip of a large underwater iceberg. At least it is immediately clear to me, and I hope my brief remarks here about things I consider to be immediately clear will at least suggest my vision (elsewhere elaborated at length) to others: Thinking in terms of structures and generative mechanisms makes it immediately clear that, as Keynes says, full employment is bound to be rare and temporary. (Keynes 1936, pp. 249-50) There is no reason in general for expecting employment “...to be equal to full employment. The effective demand associated with full employment is a special case, only realized when the propensity to consume and the inducement to invest stand in a particular relationship to one another.... It can only exist when, by accident or design, current investment provides an amount of demand just equal to the excess of the aggregate supply price of the output resulting from full employment over what the community will choose to spend on consumption when it is fully employed.” (Keynes 1936, p. 28) If a market is a place where there are sales, then it is immediately clear that a sale may and may not happen. A sale happens only when a buyer agrees to buy and a seller agrees to sell. Keynes’ laborious refutation of Say’s Law (the “law” that supply creates its own demand) is therefore correct but superfluous. There will be no sale whenever for any reason at all, or for no reason at all, people do not get interested in buying, or in selling. This follows from *suum cuique*. It follows from the privilege of the *paterfamilias* to do as he chooses with what is his. Keynes did not need to make a list of twelve reasons why people might want to keep their money instead of spending it. The instability of the system, and the social exclusion of those who have nothing to sell that anybody else wants to buy, follow from the elementary legal principles of property and contract.

I claim it to be a further merit of my approach that it provides immediate guidance for the construction of the other and better world that is possible. If *dominium* is the root problem, then integration is the root solution. It is a general worldview that puts social structure in ecological context, and suggests methodologies for improving it. (Richards 1995 volume two, Richards 2000, Richards and Swanger 2008, Bhaskar 1987)

Post Populist Movements (also sometimes called Post Neoliberal)

Latin America is one of the parts of the world where believers in herd morality are finding ways to build solidarity in spite of globalization, and in ways that deliberately avoid some of the many ways to go wrong history has shown. As I have already suggested, if Venezuela and Ecuador are able to fund a people's economy sector with public funds, it is not because they have found a way to make mobile capital stand still and be taxed. It is because the state owns the petroleum; the petroleum is under the ground and it is not going to go anywhere until the state derives revenue from it. If what they fund with income from state-owned natural resources is a people's economy (briefly, an economy where workers own their own tools, see the longer explanation below) instead of a nationalized economy, it is because they have learned from history. If Bolivia revives the millennial folkways of its indigenous peoples, it is because it has learned to value its cultural resources, and if it pays for its social programs by nationalizing natural gas deposits and raising the price to buyers, it is because it is looking for ways to be independent of the demands of multinational corporations. If it orients adult education toward building communitarian local economies, it is because Bolivians no longer believe there will be jobs for all in a globalized liberal utopia. Argentina as a nation does not own the *pampa húmeda* where enough food and soy is grown to supply a nation ten times the size of Argentina, but it is able to tax agricultural products, because the land, like Ecuador's oil and Chile's copper, is not going to go anywhere. Argentina's government is now running a healthy surplus in a world where many nations are deeply in debt, and it is using its surplus to subsidize a variety of programs for rebuilding a social fabric badly torn by the ravages of neoliberalism. Argentina has had the good sense to keep the value of the peso low, thus activating local production and local employment. Without illegally withdrawing from the global market, Argentina makes its goods attractive to foreign buyers (and skims a healthy chunk in taxes off sales to them) while making its domestic market unattractive to foreign competitors of local firms. Chile provides universal health care and massive subsidies for poor people's housing largely with copper earnings. (For further details see Richards 2007)

The movements in Latin America I am optimistically calling post-populist are finding ways to beat the system. They are also theorizing what they are doing in ways that make coherent practical alternatives to orthodoxy and to old-fashioned populism. Their leading theoretical figure is José Luis Coraggio. He holds a doctorate from the Wharton School of the University of Pennsylvania, and he heads the graduate program in social economics at the General Sarmiento University in Buenos Aires. He joins those who consider economics regarded as an isolated field of study to be intellectually incoherent, holding instead that the only possible economic science is a socioeconomics in which economics is integrated into sociology and anthropology. He defines a people's economy as a third sector of the economy, which is not the public sector and not the economy of the entrepreneurs that is run for profit. He does not propose to destroy either of the other two sectors, but rather to build up a people's economy alongside the other two and in cooperation with them.

Among the assets and components of the people's economy are the following ones. I have compiled this list by combining several lists found in Coraggio's writings. (Corragio 2004, 2004)

1. Educational cooperatives, in which groups of parents cooperate to improve the lives of their children,
2. Consumer cooperatives, among others various forms of cooperative dining halls. (*comedores populares*).
3. Barter networks, with or without a system of local money or credits to facilitate the exchanges.
4. Cooperation in production for the use of the family and the neighbors, sometimes also selling a surplus, as for example in the case of community gardens.
5. Committees for local betterment, which carry out various activities for the common good, for example crime patrol, neighborhood cleanup, construction projects.
6. Ethnic groups which practice mutual aid among their members, for example among the indigenous people who often preserve ancient ties of solidarity among themselves even when they move to a big city, or for example the lodges of people who immigrated to Latin America from the same European, Middle Eastern or Asian country.
7. Neighborhood sports clubs.
8. More formal organizations for mutual help on a larger scale, such as the medical insurance plans sponsored by labor unions.
9. Houses.
10. The people's sector of the economy includes the many small workshops, kiosks, and stores in which the owner and the worker is the same person. The boundary between the people's economy and the entrepreneurial economy is crossed when the labor of the owner ceases to be a main asset and making a living ceases to be the objective. In the entrepreneurial economy capital is the main asset and profit the objective.
11. Also in the people's economy there are owners of vehicles, for example a pickup truck or a taxi used as a tool for work.
12. Frequently the assets of specialized workers include specialized tools.
13. Land is frequently available for a people's economy. It has not proved to be difficult to get access to land for urban agriculture for example. There is usually unused land people are willing to land, or land belonging to public or private agencies that can be farmed or otherwise used.

14. Retirement funds are assets or possible assets of the people's economy, because many people have rights to retirement payments, and because sometimes the directors of the funds sympathize with the people's cause and are willing to advance credits.

15. The skills and knowledge of people are resources for the people's economy, as are also their attitudes and feelings of solidarity.

16. In Argentina today there are three hundred recovered industries. These are bankrupt industries which have been taken over and run by their employees. The majority function as worker-owned cooperatives. A few want to be in the public sector under worker control.

17. The three hundred recovered industries do not include the older cooperatives that have long existed, some of them for many decades, for example the dairy cooperatives, and cooperatives of stevedores at ports. The older cooperatives have frequently helped the new ones to get started.

18. Among the assets of the people's economy are also included forms of help without expectation of pay, for example the work of family members who care for the elderly and for the young.

19. Besides the retirement funds, there are other popular savings institutions of the kinds in Spain called "ethical banks." They give preference to the institutions of the people's economy.

20. Other assets of the people include adult education institutions that provide for life-long learning.

21. Coraggio also takes into account the technical assistance given to the people's economy by government agencies, by non governmental organizations, and by international agencies...

22. ... and also by lawyers, accountants, engineers and others who help as volunteers...

23. ... and the marketing cooperatives, for example those of artisans and small farmers, and the fairs sponsored by city governments.

24. He also considers to be parts of the people's economy the unions that defend the interests of those workers who are employed in the entrepreneurial sector or in the public sector...

25. ... and any association that promotes solidarity among its members, for example the churches whose members care for each other when they are sick or when there is some other crisis in their lives....

26. ... and the places for exchanging ideas and systematizing collective learning, such as the educational institutions inspired by the philosophy of Paulo Freire.

Post-populist measures for putting what Nietzsche called a herd morality into practice are many and varied. I have mentioned a few and given a rather long list from Coraggio in order to provide a fairly concrete sense of how they may avoid the errors of populism discussed above when I was paraphrasing an anti-populist editorial from a Chilean newspaper. There are reasons why they may succeed in creating sustainable democratic change processes. They do not rely on state action alone. Nor do they rely mainly on a combination of state action plus labor unions, where the unions contribute mainly a capacity to stop production, as distinct from a capacity to start production. They do not depend on running up large deficits on government budgets to finance social programs. They do not print money to stimulate the economy. They do emphasize national control of natural resources and strengthening internal markets. While they are not given to making major concessions in order to attract foreign capital, they also do not in general provoke massive losses of investor confidence. They do not encourage in the people unreasonable expectations concerning what the government will do for them. On the contrary, they tend to promote local self-reliance. They tend to promote territorial organization, both in neighborhoods, and on larger scales. They generally promote cooperation among the public sector, the private or entrepreneurial sector, what Coraggio conceptualizes as a people's economy sector, and other sectors variously classified and named.

Summing up this chapter, social democracy can be regarded as an attempt to put into practice what Nietzsche called a herd morality, bravely endorsing the egalitarian ideal to which Nietzsche gave a pejorative name, as American patriots bravely endorsed the pejorative term "Yankee," and as the Society of Friends bravely endorsed the pejorative term "Quaker." Herd morality faces several obstacles: A series of objections like Nietzsche's holding that it is a false ideal; The worldview of the liberal utopians which finds herd morality superfluous because global free markets are what will maximize the welfare and freedom of the masses; The ideology of anti-populism which frames the empowerment of the people as a sham used by unscrupulous politicians to mobilize the unlovely sentiments of the resentful masses to produce power for themselves; The practical failures of populist regimes which really have led to inflation, unemployment, and chaos. Today there are post-populist regimes which are trying to resurrect and implement the egalitarian ideals that Nietzsche pejoratively designated as "herd morality" and which the contemporary conservative press pejoratively designates as "populist."

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