“The Goodness of Tolerance”: The Humanity of Political Economy

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Abstract: A humane society is the product of human action. It cannot, however, be the product of human design. We explore exactly how a humane society has emerged and how it can continue to flower in the light of some of the unavoidable constraints we face. A liberal individualism rooted in community requires social processes and institutions, such as personal sovereignty, agency, commercial freedom, and religious freedom. These things make possible the human flourishing around us, as manifested in growing literacy rates and technological use. We approach the problem of a humane economy from the perspective of several classical liberals — Adam Smith, Friedrich Hayek, James M. Buchanan, Elinor and Vincent Ostrom — and especially W.H. Hutt and his concept of “consumers’ sovereignty.” They all emphasized the importance of the ethical consensus at the foundation of any flourishing society. In particular, we explore the importance of tolerance to a humane economy.

1. Introduction

Rising populism and nationalism, escalating racial tension, and the global Covid-19 pandemic raise questions about the attributes of, and prospects for, a humane economy. It is important not to lose societies’ achievements in the shuffle. It is also essential to maintain our ethical and institutional sensibilities lest we be dragged by widespread hysteria into a new illiberalism. In a tug of war between Prometheus and Leviathan, we would do well to come to Prometheus’s side, recognizing that choosing Prometheus requires us to exert tolerance for others. We explore the themes of a humane economy and a humane society in the light of 2021 being the 85th anniversary of the publication of William Harold Hutt’s Economists and the Public, the book in which

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Hutt introduced the idea of consumers’ sovereignty into economics. Consumers’ sovereignty gives us hope for a humane economy.2

Fears from left and right about the new technological age are usually greatly exaggerated. Doomsday prophecies and doomsday prophets have come and gone, and yet we remain with a comparatively bright future ahead of us. Will it be utopia? No. Will it be better than anything we know now? Yes. We will not rehearse the evidence here; the world today is more prosperous and more humane than it has ever been.3 Thomas Hobbes wrote of lives that were solitary, poor, nasty, brutish, and short. The Enlightenment and the Great Enrichment have spread lives that are connected, wealthy, clean, humane, and long. Even in the poorest countries on earth, life expectancy at birth is half again what English and French life expectancy was in 1800. It happened because we loosed Prometheus and bound Leviathan. McCloskey and Carden (2020) call it “innovism.”

A humane society, we argue, is the product of human action. It cannot, however, be the product of human design.4 In what follows, we explore exactly how a humane society has emerged and how it can continue to flower in the light of some of the unavoidable constraints we face. We approach the problem of a humane economy primarily from the perspective of classical liberals Adam Smith, Friedrich Hayek, James M. Buchanan, Elinor and Vincent Ostrom, and especially W. H. Hutt, a British economist who spent most of his career in South Africa. According to Buchanan, Hutt was “among the select few political economists and classical liberals who are, at base, realist rather than romantic reformers.”5 They all emphasized the importance of the ethical consensus at the foundation of any flourishing society. In particular, we explore the importance of tolerance as a process characteristic of a humane economy.

2. Consumers’ Sovereignty and a Humane Society

Questions about the society we ought to have must necessarily take a backseat to questions about the society we can have. For instance, ought we to have a humane economy? Is this economy within the realm of possibility? Or, more critically, are we already creating a humane economy but failing to identify it as such because we have misinterpreted the
attributes that characterize such an economy? A liberal individualism rooted in community answers these questions. It requires social processes and institutions, like personal sovereignty, agency, commercial freedom, and religious freedom, things that make possible the human flourishing around us, as manifested in growing literacy rates and technological use. Therefore, the theory of the humane society should likewise emphasize social processes rather than articulated outcomes. What framework allows for maximal cooperation between individual people without undue assumptions about individual and collective preferences? Hutt’s theory about consumers’ sovereignty is one such framework. As Desmairis-Tremblay puts it: “For Hutt, absolute consumers’ sovereignty was an ideal, a norm against which economists could assess different economic systems.”

Hutt introduced the notion of “consumers’ sovereignty” and offered it as a normative benchmark due, he thought, to the problems that come with specifying the desirable attributes of particular patterns. By consumers’ sovereignty he meant “the consumer is sovereign when, in his role of citizen, he has not delegated to political institutions for authoritarian use the power which he can exercise socially through his power to demand (or to refrain from demanding).” A social change was permissible as long as it was consistent with, or as long as it advanced, consumers’ sovereignty. Social change that interfered with consumers’ sovereignty was, conversely, inadmissible. Hutt was an enthusiast for economic freedom — he was one of the original members of the Mont Pelerin Society — and wrote: “When I think of economic freedom, I think of a productive system commanded by ‘consumers’ sovereignty.’” He argues: “The social will may be most truly realized when the greatest measure of sovereignty is vested in consumers.”

Who is the consumer? As Hutt put it: “The notion of ‘consumer’ envisages the individual simply as seeking the fullest realization of his preferences, whatever they may be.” Consumers’ sovereignty maximizes the agency and responsibility of the fundamental unit of consciousness — the individual — without imposing ethical restrictions on one’s preferences. Sovereignty complements rather than substitutes for careful moral reflection. As an institutional norm, it facilitates a broad conversation about the good by giving people a broader scope to exercise and examine their preferences. Religious freedom is one sphere
where we see consumers’ sovereignty at work. In another sense, the market process itself provides crucial feedback about the strength of people’s convictions.\textsuperscript{12}

With its emphasis on individual agency, a commitment to consumers’ sovereignty suggests a commitment to individual liberty. Buchanan explains:

\textit{\textbf{Man wants liberty to become the man he wants to become.}} He does so precisely because he does not know what man he will want to become in time. Let us remove once and for all the instrumental defense of liberty, the only one that can possibly be derived directly from orthodox economic analysis. Man does not want liberty in order to maximize his utility, or that of the society of which he is a part. \textit{\textbf{He wants liberty to become the man he wants to become.}}\textsuperscript{13}

One of the obvious objections to classical liberalism comes from the concern that “the man he wants to become” may not be the man he should want to become. No doubt many people will go down this path. A humane society, however, accepts the possibility that people will choose poorly. As Elinor and Vincent Ostrom articulated: “All human societies are Faustian bargains; potentials for doing evil are necessary to achieving the common good.”\textsuperscript{14} Through collective action, we might prevent some people from using their liberty and dignity poorly, but only at the expense of preventing other people from using them well — and only if we assume that we have the right to choose for others.

Competition is essential to a humane economy because it preserves consumers’ dignity and autonomy. Throughout his work, Hutt urges his readers: “Remember, the free market is color blind.”\textsuperscript{15} As he writes: “Consumers separated from producers by the market are obviously indifferent to producers’ status, and competition is therefore privilege-dissolving.”\textsuperscript{16} Competition in a commercial society, he argued, was a viable alternative to a war of all against all: “In fact, competition enables a social principle to replace the ‘philosophy of grab.”\textsuperscript{17}

The intersection of consent and consumers’ sovereignty suggests a role for liberty as a shared conception of the common good because it maximizes possibilities for widespread flourishing. A liberal order based on secure private property rights and individual dignity rewards people for producing and for finding ways to make others’ lives better as those
others choose to define it. Liberty releases productive capacity — as Hutt prefers to think about it, “release” is the appropriate word because productive capacity is not something a government creates.18

When we follow Smith, Hayek, Friedman, Buchanan, Sowell, Hutt, the Ostroms, and many others and begin with the assumption that people generally tend to be self-regarding, we highlight the need to be very clear about the institutions that encourage people to pursue this self-regard in ways that make other people better off. Some people are, for example, motivated by the desire for status. The proliferation of intellectual, moral, and cultural communities means status seekers have a lot of opportunities. In a commercial society where people venerate innovation and riches, innovators and business people secure riches and status. There is only one spot at the top of the Forbes 400 and, no matter how the distribution of wealth changes, this will always be true. Competition for that spot might be zero-sum regarding the participants, but it is strikingly positive-sum regarding the rest of the world. Jeff Bezos (for example) only keeps his position insofar as he serves consumers and makes them better off. Amazon has rocketed up the Fortune 500 and now occupies the #2 spot, just behind Walmart. Competition is an equalizer. “There should never be any need to sacrifice freedom for equality,” Hutt writes.19 “Indeed, the complete attainment of the former will mean the accomplishment of the latter.”20

 Doesn’t liberal individualism celebrate our worst instincts? Not necessarily. As Hutt puts it in criticizing T.H. Huxley: “T.H. Huxley failed to see that the individualist philosophy was based on the restraint of ‘self-love’ and not on a plea for its free expression.”21 There is grave concern that social institutions —like family, community, organized sports — are perilously weak (Putnam, 2000), caused by a 20th-century Promethean complex of the individual. In this complex, the individual finds freedom in the complete unmooring from his social context. He rejects family, community, and voluntary association and replaces them with wandering and rootlessness. Wendell Berry speaks to these societal challenges, arguing that returning to one’s roots and home can be the very thing that enables one to properly engage with one’s identity while interacting with one’s social network.22

 The anti-capitalist left and the anti-capitalist right overstate fears of social disintegration. The ability to grapple with the best and most provocative ideas that society has generated is a virtue of a flourishing,
humane society. Widespread literacy has thoroughly democratized access to previously hidden wisdom, and the world is flush with good (and bad) translations of classic texts. Literacy depends on languages, which are, as Vincent Ostrom puts it, “the vehicles for creating bodies of common knowledge, mutual understanding, social accountability, and patterns of trust that are themselves the most fundamental sources of capital upon which peoples can draw in realizing productive potentials.” Rapid advances in literacy bring societies together and generate bonding social capital that might transcend social differences. Literacy is also what makes the Internet Age possible, with its digital network linking people and facilitating human connection in a way that transcends physical boundaries.

Advances in technology and commercial society are transforming piety, for example. YouVersion, the most popular Bible app, has been installed almost 450 million times as of this writing, and it currently offers 2,062 versions of the Bible written in 1,372 languages. An innovative, commercial society can provide the institutional structures that give us more opportunities for humane development expression. Virgil Henry Storr and Ginny Seung Choi advance these arguments: “People can improve their lives through markets,” and markets can function as feedback mechanisms that “reward good behavior” and “punish bad behavior” and in which “good actors gain social approval” and “bad actors suffer social disapproval.” Others have argued that person-to-person engagement through the marketplace is an expression of economic and religious freedom. These two freedoms must exist in tandem if freedom is to exist at all. Religious tolerance for an individual’s right to believe and to express their faith as they wish, which the recent United States Supreme Court decision in Roman Catholic Diocese of Brooklyn v. Cuomo affirms, must therefore be part and parcel of any humane economy.

Religious tolerance ultimately benefits a humane economy by acknowledging that liberty, as early American leaders asserted, is given to individual people directly from God as a means for exercising their piety. Edward Hart, author of the Flushing Remonstrance and one of thirty British settlers of Flushing, Long Island, who resisted the Dutch magistrates’ prohibition against Quakers, wrote:

You have been pleased to send unto us a certain prohibition or command that we should not receive or entertain any of
those people called Quakers because they are supposed to be, by some, seducers of the people. ... We desire therefore in this case not to judge least we be judged, neither to condemn least we be condemned, but rather let every man stand or fall to his own Master. ... The law of love, peace and liberty in the states extending to Jews, Turks and Egyptians, as they are considered sons of Adam, which is the glory of the outward state of Holland, soe love, peace and liberty, extending to all in Christ Jesus, condemns hatred, war and bondage.27

Religious tolerance includes the willingness to accept that one’s liberty stands or falls in proportion to the tolerance that one has for another’s liberty, even at the risk of entertaining “seducers.” Similarly, William Penn asserted:

First, If God Almighty has made of one Blood All Nations, as himself has declar’d, and that he has given them both Senses Corporal and Intellectual, to discern Things and their Differences, so as to assert or deny from Evidences and Reasons proper to each; then Where any Enacts the Belief or Disbelief of any Thing upon the rest, or restrains any from the Exercise of their Faith to them indispensible, such exalts himself beyond his Bounds; Enslaves his Fellow Creatures, invades their Right of Liberty, and so perverts the whole Order of Nature.28

Liberty, therefore, is not a common good dispersed to the collective community by a political entity. Instead, a government is obligated to support, rather than suppress, an individual’s attempts to secure their liberty.

The freedom to believe how one chooses, entails the freedom for self-fashioning. As we have already seen, Buchanan asserts: “Man wants liberty to become the man he wants to become.” Our earlier point was that a person requires liberty and personal agency. But to what end? Buchanan and Vincent and Elinor Ostrom recognize that individuals, either working on their own or in collaboration with others, engage in (1) self-fashioning and (2) shaping one’s social structures.29 Both these endeavors point towards the artisanal impulse. People as artisans infuse their ideas about the world into their engagement with the world and the things they create. Thus, religious freedom and economic freedom create space for a person to live out their agency, generating a humane
economy. These are the freedoms that enable humanity — and individual humans — to flourish.

3. Bad Taste in a Humane Society

Respect for agency and autonomy means respect for a person’s right to choose. It is in this respect that the economist shines, according to Hutt: “Although concerned with means, not ends, the economist conceives of men as ends and not as means. He visualizes them as persistently choosing, selecting, and not as political demonstrators, voting counters or cannon fodder.”

Nor does the economist view men as children or barbarians who must be controlled and made to appreciate nice things. Theologically, part of our respect for individual agency and the image of God has to be an acceptance — perhaps a reluctant one, but an acceptance nonetheless — of the unhappy fact that people will not always choose well or choose wisely; or, for that matter, according to principles we can understand easily: “Indeed, apparently irrational customs must be regarded as part of the very fabric of contemporary as well as social organization, and the sudden disintegration of part of this fabric might bring disastrous consequences.”

With greater economic freedom and greater prosperity, the average quality of cultural output declines and becomes more vulgar. Hoi polloi use their new purchasing power to control the commanding heights of the economy: they vote with their new wealth for things that are, in the eyes of the cultured, in bad taste. As Hutt argues, however: “The tolerance of bad taste, with its social implications, is as important as religious tolerance.” Smith also faced bad taste but he addressed his concern by recognizing that taste can change through education. Thus, a person’s taste can be improved or worsened by the people in their sphere of influence.

A humane economy can be described by the processes it sets in motion rather than the outcomes it achieves. As Hutt points out:

Our tastes and desires have, after all, been almost wholly imposed upon us by the teachings, the tastes, and the standards of those among whom we live. We are creatures of our environment, and although our innate differences cause ultimate preferences to vary from individual to individual, our emotions as
we know them and our conduct are merely a response, whether
deliberate or impulsive, to a given social milieu.\textsuperscript{33}

Changing that milieu takes time. As people get richer, they tend to
develop better taste. They tend to be less violent, and so on.\textsuperscript{34}

Hutt freely and fully acknowledges that ordinary people have poor
taste, and poor taste might infect the better and more discriminating
taste of the more refined and cultured. Nonetheless, this is something he
thinks we are bound to tolerate if only because refusal to do so would
be worse: “The standards and tastes of the majority may be both bad
and contagious; but for the minority to object implies intolerance. The
ethical and aesthetic ideals of individuals must be subject to the higher
principle of liberty.”\textsuperscript{35} Consumers’ sovereignty, he argues, is justified not
because of the results it is guaranteed to produce but because of the
social processes it sets in motion: “It is the goodness of tolerance, not the
goodness of the taste which emerges, that constitutes the sanction for
consumers’ sovereignty.”\textsuperscript{36}

4. Conclusion

A humane economy is a free economy. A free economy may not be
wholly humane: some people use their liberty and prosperity to live like
pigs, and we cannot rule this out as a possibility.\textsuperscript{43} That some people use
their liberty badly does not mean that others will use power wisely, and
crass, widespread vulgarity might be the best we can do in an imperfect
world. We have reason to believe, however, that this is not our destiny.
Over the last two-and-a-half centuries of the Great Enrichment, people
have gotten “better” as they have gotten richer. We enjoy greater culi
nary and cultural diversity, for example. People live longer, they are far
more likely to be literate, and they have access to millions of new books,
movies, and musical recordings every year. Even if most of them are gar
bage, 2.3 of the 2.3 million new books every year are one-in-a-million
masterpieces.\textsuperscript{44} Someone aged forty has between 90 and 100 master
pieces to read that have appeared since they were born.

Some people will not necessarily use freedom well, but this does
not necessarily mean that we should abandon freedom. Others will
undoubtedly slip through the cracks; however, free societies have
tended to make the cracks smaller by limiting freedom-restricting prac
tices, like excessive regulation. In less-free societies, sometimes well
meaning government officials try to help their people by “closing loopholes” in the tax code or regulations so that no one person, business, or corporation has special advantages over others. They usually assume that people will comply as the officials intended. Necessity being the mother of invention, however, people do not necessarily choose to accept these restrictions but instead find ways around them by using their imaginations and their minds’ creative power. People thus unleash Prometheus to overcome Leviathan and, in a humane economy, temper Prometheus with tolerance. And finally, Buchanan and Vincent and Elinor Ostrom pointed us towards the reality that people craft their futures and institutions. People can fashion Prometheus by fashioning themselves and, in the process, bind Leviathan by fashioning a humane economy.

Notes

1. The authors initiated this article in Summer 2020 at the American Institute for Economic Research (AIER), where Carden is a Senior Fellow and Carini was a Summer 2020 Visiting Research Fellow.
2. Modern usage has contracted it to “consumer sovereignty.” We use Hutt’s original wording.
6. On this, we follow Sowell (2007 [1987]).
27. Hart (1675).
29. Buchanan (1999 [1979]); Carini (2020); Ostrom and Ostrom (2004);
   Ostrom (1980).
31. Hutt (1936: 45).
38. McCloskey and Carden (2020: 37-38, citing data from Rosling et al.,
   2018).

References


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