The Illusion of Choice: How the Market Economy Shapes Our Destiny

Andrew Bard Schmookler (Albany, New York: SUNY Press, 1992).

Readers drawn to Mr. Schmookler's work can look forward to a very engaging book. The pace and tempo serve to guide the reader along to the conclusion that the market economy is the principal cause of the destruction of traditional community structures. However, those looking for a truly challenging critique of market capitalism should look elsewhere. Anyone who has dieted upon Marxian critiques of the market is likely to find the "radical critique" offered by Schmookler to be rather disappointing. On the one hand, his arguments are superficial, replete with assertions and reflect little new scholarship; while on the other hand, he promises more than he delivers. Ironically, despite the author's hostility for the market, his book might actually become commercially successful due to the easy pace of a breathless string of simplistic assertions which he offers. Casual or sympathetic readers may not readily identify the blurred mix of emotion with rational argument. A complete riposte to these unsupported claims against the destructive impact of the market goes beyond the brief of a reviewer. Therefore, the comments which follow will be more general rather than detailed.

One is struck by the author's decidely negative tone, whether in the acknowledgments ("not-always-encouraging world," xi) or in the pessimism expressed in terms of the capabilities of personkind (". . . the circular logic of unnecessary labor straining after superfluous goods suggests that we are not the masters but rather the servants of our own creations," 234). Throughout there is an implicit and explicit focus upon mankind as destroyer, yet there is a total neglect of the positive side of mankind as innovator and creator. This is an important point to consider in light given the author's promise to provide insights through a spiritual quest. This negative tone is mixed with a frivolous vocabulary, especially when characterizing opposing viewpoints. A particular case is found in Chapter 5. Here the author ridicules the view that the inventiveness of personkind provides a means of escape from the effects of a degraded environment by dubbing it a "don't worry, be happy" mentality (104). Rather than the challenging rhetorical process and rigorous argumentation found in Marxian literature, we find here a panoply of pop expressions.

There is some attempt to develop a set of arguments which would have it both ways, viz. the market is our servant yet it is our master; living in America is a blessing yet it is a curse (11); the values of personkind are objectionable yet some similarly fallible persons are to be entrusted with powers to guide and to control the decisions of others, and so on. A glaring weakness of the book is that the arguments are not carefully defined in terms of an explicit methodological framework. As a consequence, ideological assertions are mistaken for rational discourse. Throughout, there are hints of the deterministic logic characteristic of historical materialism, (62).". . . the system makes it hard for us to be anything else . . . "; (71)." . . . so powerful does the market system remain in our society that it is able, in considerable degree, to **determine** our destiny . . . " (emphasis added). A particularly grievous error and annoying concept is repeated throughout which assigns anthropomorphic qualities to the market by asserting that it has a life of its own (e.g. "The market prefers us as social atoms . . . ," [65]; "This is the market's idea of 'progress'. . . ," [293]). Such remarks are symptomatic of an ideological (rather than methodological) holism which relies heavily upon references to social aggregates.

The author's criticisms of the market are often based upon spurious argumentation and inverted logic. His principal arguments are based upon his perceptions of both the poor qualitative nature of choice as well as a presumption of a limited range of choices associated with the market. This is rather like the proverbial tendency to shoot the messenger for delivering an unhappy message. It may be that markets tend to provide differential rewards for different choices, and this will seem unfair to those who wish the rest of the world would behave otherwise. Yet there is nothing about the market that prohibits one from making a choice, per se, even if one is piqued by the fact that choices made by others are inconsistent with your own ends.

Schmookler overlooks the fact that markets evolved to provide a means for minimizing information costs by delivering concise information in the form of prices to others. However, he suggests that markets exist separate from the action (choices) of people. The market is not, as supposed by the author, a "system" which is "organized" (12), at least not in the conventional sense of these terms. Most economists understand market activities as the outcome of voluntaristic and competitive which allows the coordination of the decisions of otherwise disconnected individuals. Market interaction then is "impersonal" in that there is no need to have discussion among the participants of their respective ends or means except for the terms of the transaction in question. However, it is an exaggeration to imply that the market creates or destroys values; it merely serves as a channel, a process by which values are revealed through human actions. Neither is there anything endemic to the process of the market to commodify "things." Although the market might be amenable to commodification, such outcomes arise out of the initiation of actions by individuals. To decry an absence of choice in this context reminds me of the complaint that the effect of alcohol or drug use caused some reaction. There may be a natural tendency to transfer blame, but it does not change the fact that a choice must be made to consume drugs which might in turn inhibit one's thought processes.

One repetitive complaint is the sin of materialism which the market is seen to promote. This is identified variously as an "escalating race for material wealth" or "lust for wealth." Materialism (like greed) seems to be a flaw which can only be recognized in the actions of others, which raises questions about the objectivity and moral content of such complaints. Unwittingly, the logic of Schmookler's objections imply a elitist evaluation of and a derision of the values and choice of life goals of others. Contrary to the author's view which condemns an apparent insatiability for things material is the understanding that such behavior can serve as a beneficial force by generating progress, innovation and the means for correcting some of the worst environmental problems. Another important oversight is that creation of material wealth also allows for extended generosity and altruism which eventually characterized many of the much-maligned "Robber Barons." In all events, the widespread demand for a clean environment is the result of choices of individuals to move from crass materialism.

Despite revealing a selective knowledge of the position of several supporters of the market order (Friedman, Hayek, and Mises), the author expresses disquiet over the uncertain outcome of a reliance upon the market in the present rush toward greater economic and political freedom throughout the world. Yet many of the reported objections to developments associated with the market are often based upon a misunderstanding of the means by which markets promote and underscore political freedom. For example, it is misleading to assert that the listed devotees of the market consider the problem of pollution, and other effects which economists identify as externalities, not to be of much "gravity" (60). It is simply that there is ample evidence that much of intervention by governments, though designed to correct so-called market failures, is likely to result in greater losses than gains. Net losses from public sector action arise from the loss of resources which are either diverted to inefficient use by lobbying groups or lost in a bureaucratic maze. On a somewhat esoteric note, Schmookler's interpretation of the functioning of the market is derived from neo-classical economics. An alternative view is expressed by Austrian Economists (including Hayek and Mises). This school of economic thought is generally critical of neo-classical economic models which they believe contribute to the sort of misunderstandings of market processes as are reported in this book. The neo-classical view of externalities is based upon a comparison of market conduct and performance with pure/perfect competition. From this approach, a contrived notion of a static optimum is derived, providing an argument for government intervention to guide the economy towards a well-defined equilibrium. As opposed to neo-classical economists, the Austrian School views externalities as being exogenous rather than endogenous to market processes, and that the vast preponderance of market-generated externalities are positive rather than negative.

In order to understand the market process, it is important to understand that one of the strengths of markets arises from the fact that they are impartial and impersonal. These characteristics are often confused with the detachment of economists in judging the nature of the outcomes of market transactions. On the contrary, "humanized" distribution is likely to involve rationing of goods and services based upon some discriminatory factor which is inevitably complicated by the operation of the political process. Criticisms of the impartiality of the market misinterpret certain results of market transactions with the processes and procedures of these actions. Observation taken by someone external to a market transaction will necessarily be forced to evaluate them only in material terms. Yet the operation of the market involves intensive and unobservable expressions of the human pursuit of goals which others may not be able to observe, much less to quantify or to understand. A suggestion that the market is blind (52) is both profound and banal. Despite the negative implications of this observation, it does not suggest anything negative about the functioning of the market. By being blind, competitive markets do not protect the status quo. Likewise, they operate in a manner which tends to be color-blind which undermines discrimination.

Contrary to Schmookler's interpretation, the operation of the market is decidely human and humane. The market is not mechanical in any literal nor figurative sense. Market exchange reflects individual choices as human actions. Indeed, these choices are constrained. However, it is the omnipresent problem of scarcity which is at fault, not the market. The market developed out of the reaction of individuals seeking a means for expanding their choices under a regime of scarcity. In turn, the resilience of the market is really a function of its ability to reflect a multitude of simultaneous individual decisions. Competition is a necessarily dynamic feature of markets which might be described by Schumpeter's concept of "creative destruction" rather than a "destructive fatality" implied by many modern critics of capitalism. Non-economists have difficulty appreciating the "spontaneous order" of the market process, especially when they disapprove of the results. Modern society is rife with examples of preferences which seem puzzling, corrupt or fatuous relative to our own standards, such as a preference for rap over classical music. The market allows us to discover something about the values of fellow citizens.

The complaint that markets have no goal, no specific end, overlooks one of its greatest strengths. Markets allow for many different and disparate persons to coordinate and to achieve concurrently many divergent goals, resulting in greater freedom of expression rather than less. An advantage of the market might be seen by comparing it to institutions which set dominant and fixed goals. Such institutions are a source of oppression whether or not there are "admirable" collective purposes to be served. Freedom and growth are best served through the discovery of new goals and values whether in a competitive economic or political marketplace. Hugo's famous adage, "Tout cherche tout, sans but, sans treve, sans repos--," may be an apt description of the competitive market process.

A recurring message of this book is an assertion of a circular nightmare of the market which leads to the atomization of society and the destruction of the sense of community. Yet no clear direction is offered by the author to guide us in the formation of new communities. Brotherhood may be an overly ambitious goal in a world of such diverse cultures. Nationalist movements and the cultural binding of whites under apartheid suggests that brotherhood is not always a goal with desirable outcomes. Mutual trust and interdependency arising from free trade, though imperfect, may be the most feasible alternative to fraternity. In all events, most observers would point out that the decline in the sense of community pre-dated the upsurge in the market economy seen during the 1980's. An explanation for the destruction of the community not considered by the author is seen in the consequences of the politicization of life. Politicians have attempted to reduce the political dimension of life to the provision of material goods and services. In reaction to this new dependency relationship with government, individuals have abandoned traditional community institutions for guidance or fulfillment and turn to government officials. However, many of the most important needs of the community cannot be provided by government action, including a happy family life and a stable professional career. In the age of out-of-control government budget deficits, it is clear that political agents are increasing incapable of providing promised material wants. The disaffection emerging from unmet expectations introduces a self-generating cycle whereby the demand for government interventions creates new distortions in the economy or society which in turn creates a new round of demand for public sector action which generates new distortions which generates new demands for government intervention, ad nauseuam.

The arguments presented in this book also suffer from a narrow focus. In one example of the apparently destructive results of the operation of the market, there is a report on the development of "land trusts" (69) which is seen as a force contrary to the markets. However, economists and legal scholars have long been aware of "restricted covenants" and see them as an important arrangement as a non-coercive alternative to government intervention. These non-governmental, voluntary agreements specify restrictions upon land use to satisfy community standards. Such pacts are consistent with markets and prove a means to avoid the legal compulson of zoning laws, in that they result from private and voluntary negotiations over marketable assets. Despite providing evidence of these covenants (also see 66), we are informed that." . . . government, in a democracy, is the only means a people has to make collective decisions which are not subject to veto by *any* of the parties whose cooperation is required . . ." (italics in original 72). There is nothing remarkable about these arrangements nor do they "stop the 'natural' course of market forces."

Finally, focusing the blame upon the market for the squandering of our natural resources or the degradation of the environment is unconvincing. When one considers the extent of environment degradation under authoritarian socialism in China and East-Central Europe, the market should seem more of a cure than a cause of waste. Similarly, the destruction of the tropical forests in Bolivia (69) arises out of government policies *not* the market. Private ownership within a competitive framework provides a strong incentive for proper husbanding of resources for the future. Likewise, bureaucratic policies (whether pursued by Democratic or Republican appointees) have resulted in the squandering of governmental-owned resources in the form of sales of timber or leasing of grazing land below market prices. Individual interests in the position of friends and family will induce them to protect or to enhance the value of resources as long as these assets can be transferred.

The upbeat use of popular language and light-hearted humor undermines the seriousness of the arguments which the author wishes to promote. A more reflective examination of the working and failures of representative democracy which serve to undermine traditional community structures might have provided some balance to this tirade against the market. Where the market is portrayed as a principally destructive force, we are provided with the incredible understatement that "government can be foolish" (74). In developing a mono-causal explanation of the demise of the community and other traditional institutions based upon the market, the role of politicization and bureaucratization is almost entirely overlooked. These features are unfortunate from an intellectual standpoint, but an audience sympathetic to some of the assertions will find it all rather entertaining. Indeed, at moments there are sparks of insight into the beneficial contributions of the market process. However, entertainment displaces the harder problem of prescribing explicit ways to resolve the complex issues of the restoration of community. Instead, we are offered metaphors of unquestioned bucolic splendor in the form of Wendell Berry's "principle of subsistence" (68) or an enigmatic comparison of our present state to the struggle of Pygmies to interpret the expansiveness of what lies before them (303). In the end, the critical reader is likely to find that the text offers some pleasures without providing intellectual substance.

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