1-1-2004

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Recommended Citation
Barry Schwartz. (2004). "Capitalism, The Market, The 'Underclass,' And The Future". *Towards A Classless Society: Studies In Literature, History, And Politics In Honor Of Thompson Bradley*. 179-194.
https://works.swarthmore.edu/fac-psychology/621

Fifteen

Barry Schwartz

Capitalism, The Market, The "Underclass," and the Future*

1. Introduction

> Reaganism and its twin sister, Thatcherism, create fortunes among the highly educated, but in the middle and working classes, they generate anxiety, insecurity and disparities.... Tax cuts, the slashing of safety nets and welfare benefits, and global free trade... unleash the powerful engines of capitalism that go on a tear. Factories and businesses open and close with startling speed.... As companies merge, downsize and disappear, the labor force must always be ready to pick up and move on.... The cost is paid in social upheaval and family breakdown.... Deserted factories mean gutted neighborhoods, ghost towns, ravaged communities and regions that go from boom to bust.... Conservatism is being confronted with its own contradictions for unbridled capitalism is an awesome destructive force.

Who said this? Was it Karl Marx? Was it Fidel Castro? Was it Paul Wellstone or Bernie Sanders? No. The author of the perceptive observation above was Pat Buchanan. I share Charles Murray's concern that there is bad news lurking in the shadows of what seems to be unalloyed prosperity in millennial America. I share his concerns about urban crime, employment, the fragility of the family, and the coarseness of the culture. But I'm angry. I'm angry at the resolute refusal of conservatives like Murray, William Bennett, and James Q. Wilson to face squarely what their colleague Pat Buchanan is willing to face.

In his essay "And Now for the Bad News," Murray's message is that things haven't been working nearly as well as we think they have. Crime is down only because we've locked all the hardened criminals away; the tendency to commit crime has not changed. Unemployment is down, but those who remain unemployed are contemptuous of work. Illegitimate births are down, but legitimate births are down even more, as growing numbers of people seem disdainful of marriage. All these signs of moral decay Murray traces to the underclass, and he is especially worried be-

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* This paper is a slightly modified version of a commentary written in response to Charles Murray's "And Now for the Bad News." Murray's article appeared in *Society* 37 (1999): 12–14, and this reply followed on pp. 33–42.

Sibelan Forrester and Thomas Newlin, eds. *Towards a Classless Society: Studies in Literature, History, and Politics in Honor of Thompson Bradley*. Bloomington, IN: Slavica, 2004, 179–94.

cause the middle class seems increasingly to approve of what he calls "underclass ethics." He says that "among the many complicated explanations for this deterioration in culture, cultural spill-over [from the underclass to the rest of us] is implicated."

But Murray also says this: "There are many culprits behind the coarsening of American life. It should also go without saying that vulgarity, violence and the rest were part of mainstream America before the underclass came along. But these things always used to be universally condemned in public discourse. Now they are not. It is not just that America has been defining deviancy down, slackening old moral codes. Inner-city street life has provided an alternative code and it is attracting converts."

This is what makes me angry. The idea that middle America needs to look at the underclass for examples of coarseness is preposterous. It turns a willfully blind eye to what the conservative revolution has brought us. The conservatism that captured America's fancy in the 1980s was actually two distinct conservatisms. It was an *economic* conservatism committed to dismantling the welfare state and turning as many facets of life as possible over to the private sector. And it was a *moral* conservatism committed to strengthening traditional values and the social institutions that foster them. These two conservatisms corresponded to the economic and social agendas that guided the policies of both the Reagan and the Bush administrations. These Presidents and their supporters seemed to share not only the belief that free-market economics and traditional moral values are good, but that they go together.

This has proven to be a serious mistake. The theory and practice of free-market economics have done more to undermine traditional moral values than any other social force. It is not permissive parents, unwed mothers, undisciplined teachers, multicultural curricula, fanatical civil libertarians, feminists, rock musicians, or drug pushers who are the primary sources of the corrosion that moral conservatives are trying to repair. Instead, it is the operation of the market system itself, along with an ideology that justifies the pursuit of economic self-interest as the "American way." And so, I acknowledge that Murray's concerns about the "problem of the underclass" are not being solved by our current prosperity. But I insist that they will never be solved unless we face up squarely to what causes them. And what causes them, I believe, is in large part what is responsible for our current prosperity.

I am not going to argue here that the evils of market capitalism demand that we all gather to storm the barricades and wrest the means of production out of the hands of evil capitalists and turn them over to the state. As everyone says, "the Cold War is over, and we won." State ownership of the means of production is a non-issue. We are all capitalists now. The issues before us really are two. First, what kind of capitalism? Is it the capitalism of Reagan and Thatcher—of unregulated markets and privatization of everything, with government involvement viewed as a cause of waste and inefficiency? Or is it the capitalism of John Maynard Keynes and of Franklin Roosevelt, with significant state regulation of the market and state guarantees of life's necessities? I'm going to argue for the latter—old-fashioned capitalism. The boom we experienced in the 1990s created perhaps the greatest degree of income inequality in the history of the developed world. What the free market teaches us is that what *anyone* can have not *everyone* can have, often with very painful consequences for the have-nots. And second, if we must live with capitalism, what are we prepared to do to correct the moral corrosion that it brings as a side effect? For in addition to asking what free-market capitalism does *for* people, we must ask what it does *to* people. And I will suggest that it turns people into nasty, self-absorbed, self-interested competitors—that it demands this of people, and celebrates it.

2. The Market and Inequality

One would think that if the problem is the underclass, the solution—or *a* solution—is to reduce its numbers. Well, what do we know about the great economic "boom" of the 1990s? The income of the average earning worker in 1997 was 3.1% lower than it was in 1989. Median family income was $1000 less in 1997 than in 1989. The typical couple worked 250 more hours in 1997 than in 1989. So to the extent that average people have been able to hold their own at all, it is because they worked harder. The median wage of high school graduates fell 6% between 1980 and 1996, while the median wage of college graduates rose 12%.

And this picture looks worse if you include benefits. Benefits used to be the "great equalizer," distributed equally among employees despite huge disparities in salary. For example, the $20,000/year employee and the $500,000/year employee got the same $4000 medical insurance. But despite IRS efforts to prevent differential benefits based on income (by making such benefits taxable), employers have invented all kinds of tricks. They have introduced lengthy employment "trial periods" with no benefits. They have resorted to hiring temporary workers who get no benefits. The result is that while 80% of workers received paid vacations and holidays in 1996, less than 10% in the bottom tenth of the income distribution did. The result is that while 70% of workers have some sort of employer funded pension, less than 10% of those in the bottom tenth of the income distribution do. The result is that while 90% of high wage employees have health insurance, only 26% of low wage employees do. All told, about 40 million Americans have no health insurance. The picture looks still worse if you consider *wealth* rather than income. The richest 1% of Americans have almost 50% of the nation's wealth. The next 9% has about a third. And the remaining 90% has about a sixth.

America now has the greatest wealth and income inequality in the developed world, and it is getting bigger every day. Efforts to implement even modest increases in the minimum wage are met with intense resistance. Further, the U.S. has the highest poverty rate of any developed nation and uses government income transfers to reduce poverty less than any developed nation. Our two main rivals in these categories are Thatcher's England, and post-communist, gangster-capitalist Russia.

Is this massive inequality an accident—an imperfection in an otherwise wonderful system? I don't think so. Modern capitalism depends on inequality. Modern capitalism is consumer capitalism. People have to buy things. In 1997, $120 billion was spent in the U.S. on advertising, more than was spent on all forms of education. Consumer debt, excluding home mortgages, exceeded $1 trillion in 1995—more than $10,000 per household. But people also need to save, to accumulate money for investment, especially now, in these days of ferocious global competition. Well, how can you save and spend at the same time? The answer is that some must spend while others save. Income and wealth inequality allow a few to accumulate, and invest, while most of us spend—even more than we earn. And this is not an accident, but a structural necessity. There must be some people who despite society-wide exhortation to spend just can't spend all they make. These people will provide the capital for investment.

Perhaps this kind of inequality is just the price we pay for prosperity. Concentrating wealth in the hands of the few gives them the opportunity to invest. This investment "trickles down" to improve the lives of all, by improving the products we buy and creating employment opportunities. There is no question that the current political leadership in the U.S.—of both parties—thinks that keeping Wall Street happy is essential to the nation's financial well-being. By encouraging people to buy stocks we put money in the hands of investors who then produce innovation and improvement in economic efficiency. Thus, we reduce capital gains taxes. And we eliminate the deficit to make Wall Street happy, even if it means neglecting the social safety net.

But who gains? Is it true that what's good for Wall Street is good for America? On investment, more than 90% of all stock market trades involve just shuffling of paper as shares move from my hands to yours, or vice versa. Almost none of the activity on Wall Street puts capital in the hands of folks who invest in plant and equipment. Similarly, most corporate debt is used to finance mergers and acquisitions, or to buy back stock that later goes to chief executives as performance bonuses.

Why is it that when a company announces major layoffs, its stock goes up? The answer is that layoffs signal higher profits, good news for investors. Why is it that when unemployment rates go down, stock prices go down? The answer is that low unemployment signals potential inflation, bad news for investors. Why is it that banks bailed out a highly speculative hedge fund—for rich folks only—that was able to invest borrowed money (20 times its actual assets) while at the same time lobbying to crack down on personal bankruptcy laws, when the overwhelming majority of those facing personal bankruptcy make less than $20,000/year? The evidence is clear and compelling: the stock market operates to benefit the few at the expense of the many.

So if, as Murray contends (correctly, I think), the underclass is a social problem for America that is not going away, why isn't Murray demanding a set of policies that make it smaller rather than larger. Why isn't he demanding a minimum wage that is a *living* wage, so that parents can *afford* to take care of their children. And in addition, why isn't he demanding high-quality day care, so that the children of single mothers, or of two worker households, won't be neglected. How is it that a set of economic policies that has made the underclass bigger glides by free of Murray's wrath, as he chooses to condemn instead the nation's growing enthusiasm for underclass values?

3. The Market and Morality

When the market as an institution first evolved, many thoughtful people saw it as a benign—even benevolent—antidote to the arbitrary exercise of power by kings and princes. As economic historian Albert Hirschman documents in his book *The Passions and the Interests*, people thought of the pursuit of "interest" as a vast improvement on the pursuit of "passion," because "interest" was governed and assessed by means of reason. An "interest" governed world would be an orderly and predictable one. As the market emerged, people came to believe that *it* would take care of our unruly passions. As Adam Smith argued, the market would be self-regulating, guided by Smith's "invisible hand."

This ideal, self-regulating market never existed. The invisible hand needed to be guided by the state, to ameliorate the worst excesses of capitalism (as market enthusiast George Will once put it, "the market delivers rough justice. The state takes some of the roughness out of the justice"). Nonetheless, so long as people could be counted on to bring to the market a collection of "bourgeois" values that everyone took for granted—honesty, restraint, diligence, loyalty, self-control, and duty—enthusiastic embrace of the market as a great social invention was warranted. Adam Smith understood this, but he thought that we *could* count on these bourgeois values because they were part of human nature. Alexis de Toqueville also understood this, but he thought that the success of democratic capitalism in America could rest on the reining in of buccaneer men by their religious wives; it was the family that was the source of moral values that prevented men from being the ruthless creatures that philosopher Thomas Hobbes had said they were.

However, more recent thinkers have realized that we can't take the bourgeois values that support capitalism for granted. Indeed, as Karl Polanyi, in *The Great Transformation*, and Fred Hirsch, in *Social Limits to Growth*, argue persuasively, not only can we not take these values for granted, but market capitalism—the very thing that so desperately depends on them—actively undermines them. This, I believe, is the lesson that Murray and his cohort refuse to accept. The so-called "underclass" may threaten the comfort and safety of the middle class, but it is the overclass that threatens the stability and the future prospects of society.

One sees this dramatically in James Q. Wilson's book *The Moral Sense*. In that book, Wilson argues for a biologically based moral sense in human beings—a sense that almost guarantees such moral traits as sympathy, duty, self-control, and fairness. I say *almost* guarantees because the thrust of Wilson's argument in that book is that modern cultural and moral relativism threatens these virtues. The relativist argues for the almost complete malleability of human nature—of perception, thinking, emotion, socialization, and social interaction. Culture determines how people see, how they live, how they love, what they are. And it also determines how they judge. With such an enormous range of human social practices, it is hard to know from what perspective judgments about the moral worth of those practices can and should be made. At best, such judgments must be relative to the culture's own conception of moral worth. When moral judgments are made, they must be made with due humility and uncertainty. And perhaps it is best if they are not made at all.

Thus speaks the relativist, according to Wilson, and Wilson asks: "Are we prepared for the possibility that by behaving as if no moral judgments are possible we may create a world that more and more resembles our diminished moral expectations? We must be careful of what we think we are, because we may become that."

Wilson's aim in his book is to defeat the moral bankruptcy that he sees as a self-fulfilling consequence of relativism by defeating relativism itself. And this he tries to do by arguing for the existence of this moral sense—deeply rooted in biology, and strengthened by various social practices. The moral sense is indeed a "sense"—not reflective, but intuitive: "By moral sense I mean an intuitive or directly felt belief about how one ought to act when one is free to act voluntarily." And it is fragile—very fragile: "We have a moral sense, most people instinctively rely on it even if intellectuals deny it, but it is not always and in every aspect of life strong enough to withstand a sustained and pervasive attack." And Wilson argues that it is now under attack and being eroded, principally by relativism, as reflected in the deterioration of families, schools, the arts, and other social institutions. Wilson argues that relativism is to a degree self-fulfilling through its effects on our social practices and social institutions. Practices and institutions evolve in a way that is consistent with our ideology, and once they are in place they in turn foster actions that are consistent with the ideology and provide enormous obstacles to actions that are inconsistent with it. I suspect that Murray would agree with all this but add to it that our current "enthusiasm" for the values of the underclass adds to the damage done by relativism.

I agree with most of what Wilson has to say in his book. I agree that people have a moral sense. I agree that sympathy, fairness, self-control, and duty, among others, are moral sentiments. I agree that the moral sense is extremely fragile, that "we must be careful of what we think we are, because we may become that." And yet, despite all this agreement, I think that Wilson, like Murray, misses the main point. What is assaulting this moral sense of ours is not just (or even mainly) relativism, but the market.

In writing about some of the modern forces that have weakened our moral sense, Wilson makes an extremely important observation: "For all their differences, many of the dominant ideologies and intellectual tendencies of the nineteenth and twentieth centuries have had in common the replacement of the idea of commitment with the idea of choice." This, Wilson argues, is a bad thing for morality, and he is right. To be moral is to make commitments—to people, to principles, to ideas, to communities. The things to which one is committed are core parts of the self. In contrast, choices are merely expressions of preference, and preferences may come and go. As preferences change, choices will change with them. Commitment stands in the way of pursuing preferences through choice.

In making this observation about the difference between choice and commitment, Wilson identifies a variety of intellectual villains—analytic philosophy, psychoanalysis, Marxism. But what stands out as the discipline that hallows preference and choice above all else is neoclassical economics. And what stands out as the institution that caters to choice as an expression of preference is the market. Somehow, this most obvious of candidates for a causal role in the undermining of commitment escapes Wilson's attention.

Instead of identifying market institutions and the neoclassical ideology about how we are supposed to behave in these institutions as part of the problem, Wilson seems to see them as a civilizing influence. He echoes Hirschman's point that the pursuit of one's *interests*, in markets, was an enormous improvement on the world of Hobbes, in which people pursued their *passions*, often on battlefields. Wilson largely embraces Hirschman's analysis when he writes:

> Many people believe that commerce not only requires but develops habits of impersonal valuation and fair dealing. Many European thinkers in the seventeenth and eighteenth centuries hoped that

> calm, commercial interests would help tame man's unruly and parochial passions. Personal vendettas, dynastic wars, predatory sexuality, and endless duels upset the predictable routines on which large-scale commerce depends. In this view, families obsessed with honor may find it more difficult than those preoccupied with gain to prosper in commercial transactions. Commercial life requires transactions—buying, selling, lending, borrowing—that are made easier by trust and a reputation for trustworthiness.

I think that Hirschman is convincing on this point, and thus I have no problem with Wilson's endorsement of this view. But what Hirschman made clear that Wilson does not is that the sweet, civilizing influence of commerce may have been the product of a particular historical time and place. Moreover, the civilizing influence of commerce may depend on aspects of the human character that may themselves be undermined by the very commercial activity that they civilize.

Wilson's apparent blind spot to the corrosive effects of the market shows up in his discussion of a famous line from Rousseau's *Discourse on the Origin of Inequality*: "The first man who, having enclosed a piece of ground, bethought himself of saying, *This is mine*, and found people simple enough to believe him, was the real founder of civil society," which was to become "the source of a thousand quarrels and conflicts." Wilson notes that Rousseau's contemporaries interpreted this as an argument against inequality. But Wilson sees it as an "argument against civilization." To me, it is an argument against private property, or at least a warning about the dangers of private property and a system that encourages exchange of private property for gain. In discussing gangs and the market in illicit goods, Wilson notes that in gangs "economic activity is separated from family maintenance and organized around capital that can be seized by predation." No doubt this is an accurate description of the culture and economy of gangs. But it seems to me to be an equally accurate description of the modern financial marketplace. If the eighteen-hour workdays and slash-and-burn takeovers that have grown increasingly common in recent years are not examples of economic activity that is predatory and separated from family maintenance, I do not know what is.

Having made the sweeping claim that the market contributes more to the erosion of our moral sense than any other modern social force, I want to defend that claim with some more specific arguments. In particular, I want to discuss the market's negative effects on some of the moral sentiments that Wilson emphasizes and on some of the social institutions that nurture those sentiments.

One of the moral sentiments that is central to Wilson's argument is sympathy, the ability to feel and understand the misfortune of others and the desire to do something to ameliorate that misfortune. Wilson notes correctly that other-regarding sentiments and actions, including sympathy and altruism, are extremely common human phenomena, notwithstanding the efforts of many cynical social scientists to explain them away as subtle forms of self-interested behavior. What the literature on sympathy and altruism have made clear is that they depend on a person's ability to take the perspective of another (to "walk a mile in her shoes"). This perspective-taking ability in turn depends on a certain general cognitive sophistication, on familiarity with the other, and on proximity to the other. What does the market do to sympathy? Well, the market thrives on anonymity. One of its great virtues is that buyers are interchangeable with other buyers and sellers with other sellers. All that matters is price and quality and the ability to pay. Increasingly, in the modern market, transactions occur over long distances. (Indeed, increasingly, they occur over modem lines, as "e-commerce" joins the lexicon.) Thus, the social institution that dominates modern American society is one that fosters, both in principle and in fact, social relations that are distant and impersonal—social relations that are the antithesis of what sympathy seems to require.

A second moral sentiment that attracts Wilson's attention is fairness. He correctly notes (as any parent will confirm) that concern about fairness appears early in human development and that it runs deep. Even four-year-olds have a powerful, if imperfect, conception of what is and is not fair. So what does fairness look like in adults?

Daniel Kahneman, Jack Knetsch, and Richard Thaler asked this question by posing a variety of hypothetical business transactions to randomly chosen informants and asking the informants to judge whether the transactions were fair. What these hypothetical transactions had in common was that they all involved legal, profit-maximizing actions that were of questionable moral character. What these researchers found is that the overwhelming majority of people have a very strong sense of what is fair. While people believe that businesspeople are entitled to make a profit, they do not think it fair for producers to charge what the market will bear (for example, to price gouge during shortages) or to lower wages during periods of slack employment. In short, most people think that concerns for fairness should be a constraint on profit-seeking. So far, so good; this study clearly supports Wilson's contention that fairness is one of our moral sentiments.

But here's the bad news. Another investigator posed these same hypotheticals to students in a nationally prominent MBA program. The overwhelming majority of these informants thought that anything was fair, as long as it was legal. Maximizing profit was the point; fairness was irrelevant. In another study, these same hypotheticals were posed to a group of CEOs. What the authors of the study concluded was that their executive sample was less inclined than those in the original study to find the actions posed in the survey to be unfair. In addition, often when CEOs did rate actions as unfair, they indicated in unsolicited comments that they did not think the actions were unfair so much as they were unwise, that is, bad business practice.

Finally, another study exposed undergraduates to a variety of bargaining games. One of them was the famous "prisoners' dilemma," a circumstance in which both players do better with mutual cooperation than with mutual defection and yet the logic of the situation pushes each player to defect. The study found that sixty-one percent of participants cooperated in these prisoners' dilemma games—*unless* they were economics majors. Among economics majors, only forty percent cooperated. Another game was something known as the "ultimatum bargaining game." In this game one player is given control of a resource (say ten dollars) and must decide how to apportion it between himself and the other player. The other player can either accept the proposed split (and take whatever his portion is) or reject it, in which case both players get nothing. The logic of this situation suggests that the recipient of the offer should accept any offer (a penny, a dime, a quarter?) since something is better than nothing. Thus, the controller of the resource, knowing that the other player should accept any offer, should offer as little as the rules of the game allow. Despite the logic of this game, the most common choice among participants is a fifty-fifty split, in the name of fairness—unless, again, they are economics majors.

To summarize, people care about fairness, but if they are participants in the market, or are preparing to be participants in the market, they care much less about fairness than others do. Is it the ideology of relativism that is undermining this moral sentiment or the ideology of the market?

Another of the moral sentiments Wilson discusses is self-control. What does the market do to self-control? As many have pointed out, modern corporate management is hardly a paradigm of self-control. The combination of short-termism and me-first management that have saddled large companies with inefficiency and debt are a cautionary tale on the evils of self-indulgence. Short-termism is in part structural; managers must answer to shareholders, and in the financial markets, you're only as good as your last quarter. Me-first management seems to be pure greed. Some of the excesses of modern executive compensation have recently been documented by Derek Bok, in his book *The Cost of Talent*. Further, *The Economist*, in a survey of pay published in May of 1999, makes it quite clear that the pay scale of American executives is in another universe from that in any other nation, and heavily loaded with stock options that reward the executive for the company's performance in the stock market rather than the actual markets in goods and services in which the company operates.

But there is a market-driven challenge to self-control that is more fundamental and more pervasive than either short-termism or mefirstism. Wilson cites drug addiction as the paradigm case of the failure of self-control. And it surely is. But what about addiction to consumption? Most modern Americans now suffer from what I have elsewhere called "thing-addiction," and unlike addiction to drugs, addiction to things is actively encouraged by society. School kids hear no horror stories about credit-card debt; instead, they are bombarded daily with enticements to buy and their parents are daily offered new opportunities for credit. Discouraging consumption seems positively un-American. And since our economy requires constant expansion of demand to stay prosperous, thing addiction is an addiction on which we must rely. If there is a social force that does more to undermine self-control than modern advertising ("Just do it!"), I don't know what it is. Surely, cultural relativism pales in comparison.

The final moral sentiment that Wilson identifies and discusses is duty, "a disposition to honor obligations even without hope of reward or fear of punishment." Wilson is quite right about the importance of duty. If we must rely on threat of punishment to enforce obligations, they become unenforceable. Punishment works only as long as most people will do the right thing most of the time even if they can get away with transgressing. Not only do the costs of enforcement become prohibitive as more and more people are willing to transgress, but we also face the problem of monitoring the behavior of the enforcers themselves. If evidence is needed on this point, just consider how choked our judicial system presently is. Criminal proceedings are almost always plea-bargained. Convicted criminals do little time in part because there is no place to put them. Civil actions take years to litigate.

The enemy of duty is free-riding, taking cost-free advantage of the dutiful actions of others. The more people are willing to be free-riders, the higher the cost to those who remain dutiful, and the higher the cost of enforcement to society as a whole. How does the market affect duty and free-riding? Well, one of the studies of fairness I mentioned above included a report of an investigation of free-riding. Economics students are more likely to be free riders than students in other disciplines. And this should come as no surprise. Free-riding is the "rational, self-interested" thing to do. Indeed, if you are the head of a company, free-riding may even be your fiduciary responsibility. So if free-riding is the enemy of duty, then the market is the enemy of duty.

Another example of what the market does to duty comes from a dramatic recent study by Bruno Frey. Citizens of Switzerland were about to decide in a national referendum where nuclear waste dumps should be located. The issue was hotly debated, and citizens were well-informed. Frey surveyed a group of citizens and found that about 50% were willing to accept the nuclear waste site in their area. They knew is was potentially dangerous, and they didn't want it, but it was a matter of civic responsibility, of duty. Another group of citizens was offered money, up to the equivalent of 6-weeks pay for the average Swiss worker, to accept the waste site. Among these people, less than 25% agreed to accept the dump. According to Frey's analysis, the offer of money turned the issue from a matter of duty to a matter of self-interest, and most people thought that no amount of money made it serve their self-interest to have a dump in their neighborhood. In my view, this is what market activity does to all the virtues that Wilson, and Murray long for—it submerges them with calculations of personal preference and self-interest.

If Wilson fails to acknowledge the influence of the market on our moral sense, where then does he look? As I said earlier, he thinks a good deal of human morality reflects innate predisposition. But that disposition must be nurtured, and it is nurtured, according to Wilson, in the family, by what might be described as "constrained socialization." The child is not a miniature adult (socialization is required), but nor is she a blank slate (not anything is possible; there are predispositions on the part of both parents and children for socialization to take one of a few "canonical" forms). One of the primary mechanisms through which socialization occurs is imitation: "There can be little doubt that we learn a lot about how we ought to behave from watching others, especially others to whom we are strongly attached. Our tendency to imitate has probably been very important for the survival of the species." Thus Wilson, like Murray, is very much concerned with the shape of the modern family.

So let us accept Wilson's position about socialization and ask what the adults who the young child will be imitating look like. I believe, following the work of Fred Hirsch mentioned earlier, that in the last few decades there has been an enormous upsurge in what might be called the "commercialization of social relations"—that choice has replaced duty and utility maximization replaced fairness in relations among family members. Economist Gary Becker won a Nobel Prize in part for using the lens of market analysis to account for behavior in families. Becker thought, of course, that in discussing family size in terms of opportunity costs and marital fidelity in terms of available substitutes along with transaction costs associated with ending a marriage, he was merely describing things as they are, and always have been. I believe, in contrast, that he is describing things as they have become, or are becoming.

Wilson seems mindful of all this. He decries the modern emphasis on rights and the neglect of duty. He acknowledges that modern society has posed a real challenge to the family by substituting labor markets for house-holding. And he deplores the ideology of choice as applied to the family:

> Not even the family has been immune to the ideology of choice. In the 1960s and 1970s (but less so today) books were written advo-

> cating "alternative" families and "open" marriages. A couple could choose to have a trial marriage, a regular marriage but without an obligation to sexual fidelity, or a revocable marriage with an easy exit provided by no-fault divorce. A woman could choose to have a child out of wedlock and to raise it alone. Marriage was but one of several "options" by which men and women could manage their intimate needs, an option that ought to be carefully negotiated in order to preserve the rights of each contracting party. The family, in this view, was no longer the cornerstone of human life, it was one of several "relationships" from which individuals could choose so as to maximize their personal goals.

But instead of attributing this ideology of choice to the market, from which I think it clearly arises, Wilson attributes it to the weakening of cultural standards—to relativism. Indeed he even adopts a Becker-like economic analysis of the family himself, apparently unaware that if people actually thought about their families in the way that he and Becker claim they do, the family would hardly be a source of any of the moral sentiments that are important to him:

> But powerful as they are, the expression of these [familial] instincts has been modified by contemporary circumstances. When children have less economic value, then, at the margin, fewer children will be produced, marriage (and childbearing) will be postponed, and more marriages will end in divorce. And those children who are produced will be raised, at the margin, in ways that reflect their higher opportunity cost. Some will be neglected and others will be cared for in ways that minimize the parental cost in personal freedom, extra income, or career opportunities.

Let me be clear that I think Wilson is right about changes that have occurred in the family, and that he is also right about the unfortunate social consequences of those changes. His mistake is in failing to see the responsibility for these changes that must be borne by the spread of market thinking into the domain of our intimate social relations. As I have said elsewhere, there is an opportunity cost to thinking about one's social relations in terms of opportunity costs. In Wilson's terms, that opportunity cost will be paid in sympathy, fairness, and duty. Sociologist Arlie Hochschild has written that "each marriage bears the footprints of economic and cultural trends which originate far outside marriage." Wilson's analysis has emphasized the cultural and overlooked the economic. And so, alas, has Murray's.

4. What Economies Do To People

In Arthur Miller's play, *All My Sons*, much of the drama centers around the belated discovery by a son that his father knowingly shipped defective airplane parts to fulfill a government contract during World War II. The parts were installed, some of the planes crashed, and pilots and their crews were killed. The man responsible, the father, is a good man, a kind man, a man who cares deeply about his family and would do anything to protect them and provide for them. His son simply can't imagine that a man like his father is capable of such an act. But he is. As he explains, he was under enormous pressure to deliver the goods. The military needed the parts right away, and failure to deliver would have destroyed his business. He had a responsibility to take care of his family. And anyway, there was no certainty that the parts would not hold up when in use. As the truth slowly comes out, the audience has the same incredulity as the son. How could it be? If a man like that could do a thing like that, then anyone is capable of doing anything.

This, of course, is one of the play's major points. Almost anyone *is* capable of almost anything. A monstrous system can make a monster of anyone, or perhaps more accurately, can make almost anyone do monstrous things. We see this as dramas like Miller's get played out in real life, with horrifyingly tragic consequences.

- All too close to the story of *All My Sons*, military contractors have been caught knowingly making and selling defective brake systems for U.S. jet fighters, defective machine gun parts that cause the guns to jam when used, and defective fire-fighting equipment for navy ships.
- An automobile manufacturer knowingly made and sold a dangerous car, whose gas tank was alarmingly likely to explode in rear end collisions. This defect could have been corrected at a cost of a few dollars per car.
- A chemical company continued operating a chemical plant in Bhopal, India long after it knew the plant was unsafe. A gas leak killed more than 2000 people, and seriously injured more than 30,000. The $5 billion company responded to this tragedy by sending $1 million in disaster relief and a shipment of medicines sufficient for about 400 people.
- Other drug and chemical manufacturers make and sell to the Third World products known to be sufficiently dangerous that their sale is banned in the U.S.
- The asbestos industry knowingly concealed the hazardous nature of their products for years from workers who were exposed to carcinogens on a daily basis.

- Trucking companies put trucks on the road more than 30% of which would fail safety inspections and are thus hazards to their drivers as well as to other motorists.
- And of course, we all know now about the tobacco industry.

And it isn't just about dramatic death and destruction. The death and destruction can be slow and tortured:

- Firms get closed down, people put out of work, and communities destroyed, not because they aren't profitable, but because they aren't *as* profitable as other parts of the business.
- People are put to work in illegal sweatshops, or the work is sent offshore, where the working conditions are even worse, but not illegal.

Why does all this abuse occur? What makes people seek to exploit every advantage over their customers? What makes bosses abuse their employees? Do the people who do these things take pleasure from hurting their unsuspecting customers? Do they relish the opportunity to take advantage of people? It doesn't seem so. When bosses are challenged about their unscrupulous practices, they typically argue that "everybody does it." Understand, the argument is not that since everybody does it, it's all right. The argument is that since everybody does it, you have to do it also, in self-defense. In competitive situations, it seems inevitable that dishonest, inhumane practices will drive out the honest and humane ones; humaneness becomes a luxury that few businesspeople can afford.

I find it unimaginable as I talk to the talented, ambitious, enthusiastic students with whom I work that any of them aspires to a future in which he or she will oversee the production of cars, drugs, chemicals, foods, military supplies, or anything else that will imperil the lives of thousands of people. I even find it unimaginable that any of them will accept such a future. They are good, decent people, as far removed from those who seek to turn human weakness and vulnerability into profit as anyone could be. And yet, I know that some of my former students already have, and some of my current students surely will accept such positions. They will also marry, have families, and raise wonderful children who won't believe their parents could ever do such things. Surely there is an urgent need to figure out what it is that makes good people do such bad things, and stop it.

The leaders of corporations tell themselves that they have only one mission—to do whatever they can to further the interests of the shareholders, the owners of the company that these leaders have been hired to manage. When the leaders of corporations say these things to themselves, they are telling themselves the truth. They work within a system that asks—even requires—them to be single-minded, no matter how much they wish they could be different. As long as the system has this character, we can expect that only the single-minded will rise to the top. Only rarely will people whose intentions are to change corporate practices go far enough to implement those intentions.

Several years ago United States Catholic Bishops drafted a position paper, a pastoral letter, on the economy. In it they said, "every perspective on economic life that is human, moral, and Christian must be shaped by two questions: What does the economy do *for* people? What does the economy do *to* people?" I have been suggesting that our economy does terrible things *to* people, even to those people who succeed. It makes them into people that they shouldn't and don't want to be, and it encourages them to do things that they shouldn't and don't want to do. No matter what an economy does *for* these people, it can't be justified if it does these things *to* them. And it seems to me that in the face of massive, antisocial practices like these, blaming the underclass for teaching mainstream America the lessons of incivility is perverse. Indeed, it's downright grotesque.[1]

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[1] I have known and worked with Tom Bradley since I joined the Swarthmore College faculty 30 years ago. For most of that time, he has been my teacher. Without his influence, I would never have written the words, or even thought the thoughts, contained above. The most important thing I learned from Tom was *not* a particular kind of historical and economic analysis, nor even an abiding concern for social justice, though I learned much from him on these matters. The most important thing I learned from him was how to be in the world—how to be committed, how to be passionate, how to be kind and respectful, how to be honest but gentle, how to encourage people to do more than they ever thought possible, and then value them for their contributions, even when they really could and should have done more. I don't do any of these things as well as Tom does, but I probably wouldn't have done them at all without his help and encouragement. Tom embodies and displays all the traits of character that Murray and Wilson mourn, and he does it on a daily basis. He is, in a word, a "mensch," and a "mensch" of the highest order. For what Tom has exemplified for me, and for what he has exemplified for his students and his other colleagues, I will always be grateful.