



## A Rational Choice Approach to Scholarship

Answering the question of why economists do not *know* the material seems to me to require a different type of machinery than answering the question of why textual specialists do not *report* the material. I am fortified in my approach by some personal experience. The reaction of a colleague who is an economist when learning the history of “dismal science” is predictable: “Good God, we were the good guys!” After scribbling down the name of the Carlyle article—which actually can be mentioned in public—my colleague will not remain long in conversation about the textual issues but vanishes in search of an old argument. The reaction of a colleague who is a textual specialist is equally predictable: “Of course I know where *dismal science* came from. I’m not illiterate.” Since I have provided no new information, this conversation continues, turning to Macaulay’s unenlightened opinion of Indian culture or Mill’s fierce moral absolutism or something equally deplorable about these two in whose memory candles burn in my mind.

### Not Reporting What Is

Scholars ought not consider ourselves outside the thrall of rational choice calculations. I view this not so much as old-style University of Chicago economics methodology—although it is that<sup>1</sup>—but as an exercise in moral universality. If people inside the model are supposed to be rational choosers, then the makers of models ought to be supposed to be rational choosers. We ought not to consider ourselves as differing in structure from those we study. On the question of whether the origin of *dismal science* is of interest, I find that the desires of economists differ from the desires of students of literature. Conse-

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1. I am not certain whether it was Harry Johnson or Don Patinkin who first said that he would believe economics was a science when the students at Chicago found that fiscal policy matters and the students at Yale found that money matters. Ronald Coase said that one tortures the data until they confess. Feigenbaum and Levy (1996) give the references and a model of this folk wisdom.

quently, I shall propose one rational choice explanation for why economists do not see the issues in the texts and another explanation for why textual specialists do not choose to report them.

What does the scholar want? In some contexts, for example, when the scholar acts as an expert witness for one party in litigation, the answer is obvious. Since the litigants get to pick their experts, it surprises no one that the experts will see things the same way as the party that writes the check. Just as litigants always prefer one outcome over another, the folk wisdom of applied econometrics is that oftentimes scholars have subtle versions of such preferences, which we reveal by reporting what is most pleasing for us to believe.

There has been considerable attention paid to the ways in which statistical workers affect such preferences without recourse to data falsification or fabrication.<sup>2</sup> Because the data-generating process is random, there is some amount of slack in what to report. Think about the following gamble. You win with “heads” and I win with “tails.” Suppose, unbeknownst to you, that I get to look at more than one coin in search of my favorite outcome, tails. Even if each coin were fair, this gambling procedure is obviously unfair. I can force things to come out my way by searching over more and more coins. Since this possibility—*specification search* is the common term—is indeed something that econometric folk wisdom warns us against, the response of the sensible reader of econometrics articles is not to get too excited about the results of an isolated study and cautiously wait for the reports of other workers, especially those with differing preferences.

Here is one way of posing the problem. It is easy enough to believe that someone of the right who believes in natural hierarchy, in other words, that the elite ought to guide the masses, would be attracted to at least some aspects of Carlyle’s work. Thus, it can hardly come as a surprise that F. R. Leavis, that candid defender of elites and articulate enemy of mass culture, singles out Dickens’s 1854 *Hard Times*, inscribed to Thomas Carlyle, as the greatest of Dickens’s achievements. How, then, do we explain why critics from the left who describe themselves as Marxist, Raymond Williams in particular, have also singled out Carlyle and his followers as offering an important “progressive” cultural criticism of market exchange?

I think there is a simple answer here: waste not, want not. If one wishes to *attack* markets without having to become an economist oneself, it is hard to do better than to use Carlyle as a critic. Knowledgeable? Quotable? Absolutely. But Carlyle as defender of racial slavery and, when slavery fails to humanize this

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2. Plagiarism, falsification, and fabrication are conventionally regarded as the sum and substance of scientific misconduct. This view unfortunately ignores the possibility of substituting technical alternatives that effect the same end at lower cost (*ibid.*). The American Statistical Association Statement on Ethics (2000) is completely sensible about this.

race, genocide? Well, why need that matter? And it will matter even less if the reader does not know about it. As market egalitarians, the classical economists were stuck in the middle between those who hold with property in persons and those who oppose even property in things. Attacks from their right can—after a bit of rational choice scholarship—be presented as an attack from their left.

No interesting writer who lives to produce a number of articles or a sizable book reveals all of his or her thoughts in any ten pages. Ten-page chunks of text are something like coin tosses or econometric specifications: there is enough randomness among them to allow the interpreter to emphasize one aspect of the author's work, at the expense of another, by selecting which one to talk about. As a case in point, in the bulk of Carlyle's works racial issues occur as a passing matter or not at all. The question facing a scholar who prefers to see markets in an unfavorable light, and so presents Carlyle's pungent opinion on the matter, is whether those textual coins revealing an unambiguous belief that blacks can be improved through slavery are to be picked up and reported.

Let me put forward a counterfactual possibility that motivates my explanation of interpretative silence by means of the hypothesis of rational choice scholarship. Markets without hierarchy, and the economists who study them, are not well loved in many parts of the scholarly community. If the "dismal science" label had been applied because a major figure such as Smith or Mill, or even an important secondary figure such as Whately or Martineau, had defended racial slavery along the lines immortalized in *Birth of a Nation*, can one imagine anyone literate not knowing *precisely* why economists are dismal? Would there be the slightest confusion about this?

This explanation of the desires of literary scholars is disciplinary. Literary scholars prefer the Pegasus-eye view of great man accounts to invisible hand accounts. But how about economists? Certainly we prefer invisible hand accounts to Great Man accounts? Ought not disciplinary competition settle things?

### Why Economists Cannot See the Issue

I shall approach the problem faced by economists in recovering the invisible context of Carlyle's attack on economics as one that adults face when learning a new language by trial and error. Here I propose to draw on the insights developed by Adam Smith's rational choice approach to linguistics. We can formulate his statement of the problem of adult language acquisition as a problem in what we now call *exploratory data analysis*.<sup>3</sup> Smith's approach encourages us to

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3. This field of statistics was largely conceived by John Tukey (see, e.g., Tukey 1977 and Mosteller and Tukey 1977). The problem is to simultaneously develop an understanding of the structure and to test hypotheses about the structure. Traditional statistical theory had supposed a sequential approach wherein one brings prior knowledge of the structure of the problem to hypothesis testing. The possibility of exploratory data analysis has distributional consequences (Levy 1999–2000).

think of a language as a model for which grammatical structures have to be discovered. The difficulty with adult language acquisition is that languages differ wildly in their grammatical complexity: one cannot count on the grammatical structure of one's native language carrying over to the target language. English is everyone's favorite example of a language with a minimum of grammatical structures. Words in English are rarely gendered, the difference between object and subject is localized to rapidly vanishing distinctions in pronouns, and there is no specialized vocabulary in which one talks with one's mother-in-law.

If learning a language as an adult is akin to coming to understand the structure of a statistical process one intends to model, then it is easy to understand why modern linguistic scholars report how much more difficult it is to move *to* language with a novel grammatical structure than *from* a language with that structure. If one's native language inflects on number, that is, if it has a plural, then it occurs to one to look for the plural in the target language. But what English speaker would think to look for a specialized vocabulary with which to talk to one's mother-in-law (Dixon 1989)?

Modern economists do not see the context of the dismal science because the economics that descends from Smith has structures in it that neoclassical economics lacks. And it is these structures that are central to the debate between Carlyle and the classical economists. If this is so, then learning Smith's model will require discovering how the missing structures work. Linguists claim that it is possible to express any thought in any language, and in this spirit, to make operational my understanding of Smith's model, I shall employ the missing structure to address open problems in neoclassical economics.

Ofttimes, linguists who study dying languages find the most exotic grammatical structures in the memory of the oldest living native speakers. The younger speakers of a language have grown up side-by-side with another language, and the time learning one is time not spent learning another. This results in a loss of the finer points of their grandparents' languages. I find the memory of the debate between the classical economists and those to their right only in the books of neoclassical economists who knew little or no mathematics, scholars who were famous when even my now-departed teachers were yet students.<sup>4</sup> By and by, we shall encounter a passage in which Schumpeter explains Carlyle's importance to the economist in which it is obvious that he knows all about the Carlyle-Mill exchange (1954, 409–10). Instead of actually explaining the debate, he makes the sort of nasty joke with which the enormously erudite can laugh at the naive.<sup>5</sup> The joke works for a few because most will not catch the reference.

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4. In Levy 1992, I report the memory of language-linked problems in the work of Frank Knight. I learned to see the language-linked aspects in *Wealth of Nations* through the eyes of Knight's student, George Stigler.

5. "This is not to say it is an easy book, or suitable for the kindergarten atmosphere in which so much college education proceeds. Nor is it in every respect a 'safe' book: the orthodox of any

*Katallactics or Robinson Crusoe?*

The critical aspect I find in Smith that is lacking in neoclassical economics is an emphasis on the desire for approbation from one's fellow humans. Approbation can be carried by human language, so there can be symbolic rewards of real importance.<sup>6</sup> Language is important for Smith's argument because it—and only it—allows the experience of one to be shared by others and because it allows approbation to extend beyond the reach of a caress. Science/technology and morality have natural representations as models in an agent's language, and, as I read Smith, he drew no fundamental distinction between the two sorts of models. Thus, language-directed choosing offers insight into a plethora of issues. And, as one might expect, when the attention of neoclassical economists returns to issues of science, we find Smith's insights to be valuable.

The decisive distinction is in one's attitude toward "Robinson Crusoe models." In the classical period, Whately claimed that what he understood as political economy could make no sense of an isolated individual. He named Robinson Crusoe explicitly, and that sticks in the mind. In our time, a dart hurled energetically at a stack of technical journals, such as those sitting on the floor by my desk waiting for me to finish this book and for the twentieth century to end, must pierce Robinson Crusoe a dozen times over.

What is the difference between a katallactic model starting with two and a Robinson Crusoe model starting with one? In the usual subjectivist account of Robinson Crusoe, there is no reason to believe that Robinson would view Friday any differently than he would view one of the island's goats. His preferences and perceptions are completely unrestricted in the subjective analysis. In a katallactic model, humans form a natural kind, as we can obtain the approbation we want from a fellow human not from a goat.<sup>7</sup> The argument to come will exploit this additional structure.

While language, the desire for approbation, and the human as natural kind may seem to be exotic inhabitants of an economic model, Smith makes one move that a modern economist will readily appreciate. In Smith's model, any

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description must be prepared for constant shocks, and the literal-minded will miss much that is said only between the lines" (Hayek 1969, 340–41). Schumpeter charged Hayek with secret writing (Levy 1990a)! Schumpeter is not the only one with things to teach. Ludwig von Mises's *Human Action* has an opening polemic against one particularly virulent form of racism (1949, 74–78). When I read the book as an undergraduate, I could not understand why all the sensible things he said about "polylogism" would matter in the slightest to an economist.

6. When we take increasing returns to scale models of economic growth seriously, we must deal with the possibility that everyone cannot be paid their marginal product in terms of physical output. In Smith's account, poets and philosophers are paid mainly in approbation (1976a, 123). Willingness to accept payment in approbation might be necessary to any competitive increasing-returns model (Levy 1988a; Levy 1992, 155–74).

7. My friend Jack Wiseman spent the last years of his life attempting to construct a katallactic account from radical subjectivist roots. Would that he were here to disagree!

individual, when faced with the same set of incentives and information, will behave just like any other individual. When the agents in the model come to understand this, they give up any claim to uniqueness. In this reflective equilibrium, the individual judges himself or herself as others do. We have freed ourselves of the natural illusion imposed by our status quo. We have come to understand ourselves as the model understands us. For Smith, this insight is embodied in the moral injunction of reciprocity in action. Modern economists will see this as offering rational expectations insights in a somewhat unexpected context.

But for Smith the path to such a rational expectations outcome is difficult and contingent. Since we view the social world from our status quo, we are subject to the social equivalents of the optical illusions that Berkeley described. As Berkeley pointed out, without some learning we really do think that our thumb is bigger than the moon because we can cover the one with the other. The role of moral education in Smith's account is to combat the social equivalents of these natural illusions.<sup>8</sup>

### *Where Did Language Go?*

As I read the historical record, over the long period in which neoclassical economists have been in conversation with Smith's model we have been attempting to travel more lightly. The human as a natural kind, a hardwired desire for approbation, and a language community in which approbation is carried have been seen as burdens carrying ontological commitments. To travel lightly is to travel efficiently. Or so it has seemed. But just how did this come about? I do not recall reading of a convention at which neoclassical economists got together and agreed not to "do" language.

In fact, it was during the classical period that a great mathematician, Charles Babbage, suggested that the assumption of homogenous agents be replaced with the assumption that the agents' abilities are randomly distributed. But Mill had little difficulty incorporating this suggestion within the general confines of Smith's model of the labor market in competitive equilibrium.

Smith, the rational choice linguist, can help us explain why structures of his economic model have been shrugged off. He noticed something very interesting about the collision of languages. When people of different language communities are thrown together, a new language with fewer grammatical structures than the parent languages emerges. Starting in the 1870s, economics as a language community collided with the mathematical language commu-

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8. With competition in religion, society tends to go in one direction; lacking competition it tends to go in another (Levy 1992, 65–91).

nity. Here the mathematicians I would point to are Fleeming Jenkin, F. Y. Edgeworth, and John von Neumann.<sup>9</sup>

Neoclassical economic rethinking, informed by ever-deepening mathematical insight into the properties of the real numbers, offers a fundamental challenge to Smith's way of implementing our shared vision. An individual's preferences are supposed to share deep structure with the real numbers. If our preferences—and thus our perceptions—are as sharp as the relation greater than that over the real numbers, then we would not seem to need the help of others in order to optimize. Can we not remove the agent from the language community and still prove everything we want to know about the social order? (Levy 1992 asks “Really?”) If we start with one, we need not worry about whether this one belongs to a natural kind. If the language community goes, then so goes concern about approbation which is carried by language.

### *Models as Sufficient Statistics of the Past?*

To the extent that modern economics education confronts the past, it is through a collection of modern dress models—canonical growth models and the like. The prevailing attitude seems to be that these modern dress models are sufficient for our understanding of the past. In an important technical sense, models of the past have come to be viewed by modern economists as if they were sufficient statistics.

*Sufficiency* in a statistical context means roughly that this estimator is all one needs to know. With a sufficient statistic, one can throw away the raw data and be none the worse off for any decision one would make.<sup>10</sup> The textbook history of economics is, as a matter of necessity, an account or a model of a text or a collection of texts. Models must simplify if they are to be of use: a map of Nebraska in 1:1 scale does not fit in the glove compartment of any automobile I am likely to own. Simplification is not the issue. The issue is our tacit supposition that models are sufficient statistics, so the raw texts might as well be thrown away and forgotten.<sup>11</sup>

However, if it is true that we will have an easier time appreciating a structure in the past if this same structure is in our current theory, then this attitude

9. For Jenkin and von Neumann, see Levy 2000a.

10. A precise account of sufficiency is found in Lehmann 1986, 18–22, at which he explains importance of randomization to reclaim data as useful as the originals.

11. T. S. Kuhn (1962, 137) gets at this exactly: “More historical detail, whether of the science's present or of its past, or more responsibility to the historical details that are presented, could only give artificial status to human idiosyncrasy, error, and confusion. Why dignify what science's best and most persistent efforts have made it possible to discard?” See also: “Why, after all, should the student of physics, for example, read the works of Newton, Faraday, Einstein, or Schrödinger, when everything he needs to know about these works is recapitulated in a far briefer, more precise, and more systematic form in a number of up-to-date textbooks?” (164).

toward the past cannot be correct. A development in modern research that introduces a new structure might allow us to see more deeply into the past. If we do not see the structure of the past, then our models will not get the details right for the same reason that if one leaves out an explanatory variable in a regression problem one forces the coefficient to be zero.

One of the few noncontroversial aspects of Thomas Kuhn's *Structure of Scientific Revolution* is his remark that when major change occurs in a discipline it acquires new heroes (1962, 137). These are workers of the past whose insights could not be appreciated until some technical barrier had been overcome. For instance, in the modern foundation of mathematics Berkeley has become one of the heroes *avant la lettre*. This is an instructive example for us because Berkeley's new mathematical fame is a consequence of his twofold doctrine that we must learn to perceive and we will never perceive the infinitesimally small or the infinitely large. Not taking Berkeley seriously until recently, we have tended not to appreciate the consequences that follow from his argument. For instance, if we restrict ourselves to the finite, as Berkeley urged, transitivity joins infinitesimals as a ghost of departed relationships. As Henri Poincaré joked—perhaps *proved* is the right word—only in classical mathematics is equality transitive.

Transitivity of equality is critical to a series of substitution principles in neoclassical accounts. If you know  $\alpha$ , and one can prove that  $\alpha$  is the same as  $\beta$ , then transitivity of equality says you know  $\beta$ . And if transitivity fails? We shall have to consider this. Smith, avowedly following Berkeley, presents a related doctrine that we have to learn in order to perceive the importance of those around us. Importantly, Smith argues that we are especially prone to making errors when the state of those we judge is at a great distance from our situation.

I shall argue at some length that this worry about perception errors, which increase as distance from our status quo increases, is responsible for one structure in Smith's argument that is not present in the modern drill: median-based utilitarianism. I would wish that this method of evaluation were in the modern tool kit, but it isn't (Levy 2000b). Historically, utilitarianism has meant that the visionary slogan—not due to Jeremy Bentham—that we ought to seek is “the greatest happiness of the greatest number.” It is important that the slogan was shown to be mathematical nonsense by Edgeworth at various times during the nineteenth century. The vision turned out to be a mirage. Edgeworth proposed that we simply drop “the greatest number” to protect the model from the vision. And he proceeded to construct an elegant theory that maximizes the average happiness of society. And in the fullness of time the Edgeworthization of utilitarianism has been accepted as the sufficient statistic of utilitarianism.

I shall propose, on the contrary, that pre-Benthamite utilitarianism is better modeled with the doctrine that one ought to seek the greatest happiness of the majority, that is, maximize the well-being of the median, than it is with the



Edgeworthian approach of maximizing average well-being. In addition to Smith, the Christian philosopher William Paley is a median-based utilitarian. In the nineteenth century, Malthus was perhaps the most important of the “robust utilitarians.”

It goes without saying that without the massive attention that has been devoted to such estimators as the sample median in the last few decades I would never have seen what one might call the robust utilitarian aspects in Smith. The proposition that recent work lets one see more deeply into to the past is something I should wish to defend in contexts outside the history of economics. Indeed, it seems to be something implied by the technological externalities that arise from any sort of basic research.

This rethinking utilitarianism has a simple consequence: there is more to utilitarianism than Bentham and his “predecessors.” There are different ways of utilitarianism. I shall argue at length that important members of the anti-slavery coalition understood themselves to be utilitarians in the sense that made Benthamite Utilitarianism formally equivalent to the moral center of Christianity.<sup>12</sup>

### Protecting an Interpretation of Carlyle with a Bodyguard of Silence

Believing as I do that it is less useful to compare a model with reality than to compare competing models with reality, I shall here sketch what I propose to be the alternative interpretation of Carlyle and his various friends most deserving of attention. This is the interpretation of Carlyle as social progressive put forward in 1958 by Raymond Williams in his extraordinarily influential *Culture and Society*. Then I shall consider how this interpretation is protected by a bodyguard of silence.

To understand Williams’s importance, it is helpful if we participate, if only for a little while, in the vision put forward by Karl Marx. As Marx looked across the ebb and flow of history, he saw feudalism succeeded by capitalism and capitalism becoming socialism. Both of these developments he judged to be progressive. It is a consequence of this account that those who spoke for capitalism were on the side of progress in the debate with those who spoke for feudalism. To understand, therefore, how the arrow of history points in any particular debate in which an economist was involved, one would actually have to read the work of the economist in question. Marx tried to read them all, and

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12. “To place his books in their environment would mean giving an account in the ‘seventies and ‘eighties’ between Orthodoxy and Free-thought, in which Leslie Stephen played so effective a part, and it would mean giving some historical account of that close alliance between Agnosticism and Puritanism, as noticeable in him as it was in Huxley, which has struck a later generation as curious” (MacCarthy 1937, 5–6).

as far I can judge he nearly succeeded. Of course, Marx wrote on Carlyle's defense of slavery. Not surprisingly, Marx's judgment might have been written by Mill himself.<sup>13</sup>

### *Progressive Carlyle*

Williams succeeded in merging the antimarket position of feudalism—again using Marx's terms—with the antimarket position of socialism. This tour de force has been given an elegant name: "left-Leavism" (Eagleton 1976, 22). Thus, Leavis's conservative criticism of markets becomes merged with the socialist criticism of markets. This is how Williams proposes we read Carlyle as a critic of market relationships:

He sees, with a terrible clarity, the spiritual emptiness of the characteristic social relationships of his day, "with Cash Payments as the sole nexus" between man and man ". . . and there are so many things which cash will not pay." The perception disqualifies him, wholly, from acquiescence in this construction of relationships; and he is therefore, without argument a radical and a reformer. (1958, 76)

Williams was a serious scholar, so he warns the reader about troubling aspects in Carlyle's work that must be distinguished from the valuable. The valuable part is the critical:

The decisive emphasis is on the need to transform the social and human relationships hitherto dictated by the "laws" of political economy. This emphasis, humane and general, was in fact more influential than Carlyle's alternative construction of heroic leadership and reverent obedience. (76)

And here is the troubling part: those institutions that Carlyle proposed to replace markets:

After *Chartism*, the balance, or comparative balance, of Carlyle's first position is lost. *Past and Present* is eloquent. . . . But, while it was possible to expose the deficiencies of Industrialism by contrast with selected aspects of a feudal civilization, the exercise was no help to Carlyle, or to his readers,

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13. "Finally, spake the oracle, Thomas Carlyle. . . . In a short parable, he reduces the one great event of contemporary history, the American Civil War, to this level, that the Peter of the North wants to break the head of the Paul of the South with all his might, because the Peter of the North hires his labour by the day, and the Paul of the South hires his by the life. . . . The bubble of Tory sympathy for the urban workers—but no means for the rural—has burst at last. The sum of all is—slavery!" (Marx 1887, 255–56).

in the matter of perceiving the contemporary sources of community. . . . In the *Latter-Day Pamphlets* the decisive shift has taken place; it is to the existing holders of power—the Aristocracy, the “Captains of Industry”—that Carlyle looks for leadership in the reorganization of society; the call is only for them to fit themselves for such leadership, and to assume it. By the time of *Shooting Niagara* this call has become a contemptuous absolutism. (82–83).

First, let me state the major area of agreement: Carlyle’s major argument is with the political economy of the time. Thus, my overall approach of comparing Carlyle and friends with the economists is in accord with William’s interpretation. Second, I am not here directly interested in the issue of how government is structured, so I do not in fact deal with such topics as whether Carlyle was a democrat. He obviously was not. Williams is right. Finally, I find a good deal of coherence in Carlyle’s work, so I will not to worry about really distinguishing Carlyle at time *i* from Carlyle at time *j* except when it comes to the racial matters, which Williams does not discuss. Here again I am in agreement with Williams when he says that “the unity of Carlyle’s work is such that almost everything he wrote has a bearing on his main questions” (Williams 1958, 77).

Having agreed to *this*, what do I propose as an issue to debate? I propose that Carlyle’s work root and branch, early to late—pick your cliché—argues for the rule of the inferior by the superior. Carlyle attained great political influence when he turned “inferior” to “nonwhite” and “superior” to “white.” Oblique this is in *Past and Present*; crude past belief this is in the “Occasional Discourse on the Negro Question.” And it was in this venue that he attacked classical economics for standing in opposition to the claim that the white race ought to command. The natural order of the social world is a system of racial slavery.

Where I come into most direct conflict with Williams’s interpretation is that I read Carlyle as claiming the “cash nexus” appropriate for a world of moral equals. Among equals, there is no command; among equals there is exchange. That is why the katalactic enterprise bears Carlyle’s fury: there is nothing but exchange; there are only moral equals. And so, against Williams, the laws of market relationship, instead of being stigmatized are in fact offered as a template of human status.<sup>14</sup> If you obey the laws of political economy, that is to say, if you are willing to work for money wages, fine, you are fully human. If you will not work for money wages, you are subhuman. Slavery is your natural state. The enslavement of an inferior race by the superior may bring moral elevation. What if that slavery does not make you an economic man suitable to

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14. Wendy Motooka wrote this sentence for me when she explained to me the consequences of my research.

exchange with your equals? What if it is not the case that “emancipation itself follows” from such slavery? We glanced at Carlyle’s answer in chapter 1.

For evidence of Williams’s importance, I appeal to a controversy that occurred almost simultaneously with the publication of *Culture and Society*; that is, the attack by C. P. Snow on the antimaterialist vision of the literary culture.<sup>15</sup> The failure to pass the test of World War II is a charge he reports:

I remember being cross-examined by a scientist of distinction. “Why do most writers take on social opinions which would have been distinctly uncivilised and démodé at the time of Plantagenets? Wasn’t that true of most of the famous twentieth-century writers? Yeats, Pound, Wyndham Lewis, nine of out of ten of those who have dominated literary sensibility in our time—weren’t they not only politically silly, but politically wicked? Didn’t the influence of all they represent bring Auschwitz that much nearer?” (1959, 7)

Speaking for himself, Snow points to the reaction of nineteenth-century writers to the Industrial Revolution and in the process launches a moral attack on those who attack materialism when the material in question allows children to live (24–25).<sup>16</sup>

One of Leavis’s responses made what seems to me to be the correct point: if one is concerned about the actual historical debate, *Hard Times* is an appropriate text with which to discuss the substantive issues.<sup>17</sup> And since I propose to discuss *Hard Times* in detail below I see no need to get that out of place. Snow’s defenders against Leavis conceded an important point. Here is the judgment of Martin Green:

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15. Rereading Snow one must remember the illusion propagated that the Soviet Union was less hierarchical than market economies. Snow was criticized for his inability to distinguish counterfactually between his quality of life in Britain and life in the Soviet Union (Wain 1962, 16–19). Stefan Collini, in Snow 1993, xxii–xxiii, locates the genesis of Snow’s ideas in the progressive scientific commonplace of 1930s Cambridge.

16. Snow, in common with Macaulay’s argument against the poet Robert Southey, uses a life expectancy norm. This would allow one to avoid the need to worry about how to value the contribution of government-provided goods, for example, cholera-free water, when the good is provided without user cost. Although I have worried about the econometric issues of estimating the impact of government-financed research and development (Levy 1990b), the problem is obviously more general than this.

17. “And to come back to *Hard Times*: the undergraduate—or the senior—who has taken the significance of the book, and recognized the finality with which it leaves the Benthamite calculus, the statistical or Blue Book approach, and the utilitarian ethos placed, can say why either a ‘rising standard of living,’ nor equality, nor both together, will do when accepted as defining the sufficient preoccupations and aims of thought and effort, and why to be able to posit *two* cultures is a dangerous form of unintelligence” (Leavis 1969, 177).

When Snow says that the traditional literary culture did not notice the Industrial Revolution, or, when it did notice, didn't like what it saw, then he does expose himself to the sort of scornful reprimand which Leavis is administering. The tradition of culture-criticism, explored by Raymond Williams in *Culture and Society*, is one of the two or three great achievements of modern English thought, and it is predominately the work of the literary culture. (1964, 34)<sup>18</sup>

In his recent edition of Snow's lecture and his 1963 "A Second Look," Stefan Collini adds the following information:

Snow had read Raymond Williams's *Culture and Society*, published in 1958 (the quotation from Coleridge on p. 62 below is surely taken from Williams, p. 77), but its complex discussions of the literary responses to industrialism does not seem to have modified that the champions of "culture" were all tainted with "Luddism." (quoted in Snow 1993, xxxv).

The only conclusion I wish to draw from this is a certification of the overwhelming importance of Williams's *Culture and Society* as a mediator of the cultural critics of capitalism. The attack by Snow on the literary culture is judged wrong to the extent that it conflicts with Williams's account.

In the wonderful index in *Culture and Society*, neither *slavery* nor *emancipation* appears. Nor do we find any of the usual and customary terms used to distinguish members of one "race" of humans from another. What do we make of this? In the detailed studies below, I shall call attention to some very recent work that has seen in the Eyre controversy the oddity that the critics of economics whom Williams revives—Carlyle, Ruskin, Dickens, and Kingsley—lined up with the side claiming that killing blacks did not count for much. And the Carlyle-Mill exchange is also being talked about by specialists again. The silence is ending.<sup>19</sup>

From an orthodox Marxist position, what Williams did was very strange. One can read the puzzlement in the challenge to Williams's interpretation pressed by Terry Eagleton in 1976 when he first called Williams's approach "left-Leavism":

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18. In response to Lionel Trilling's essay, Snow himself says this: "Martin Green has taken up the argument, more adequately, eloquently and dispassionately than I could have done" (1993, 107).

19. Carlyle's views on race were well cited in the British discussions during World War II. Carlyle as a forerunner of Hitler was a fairly standard theme. H. Trevor-Roper (1947, 97) discusses which of Carlyle's books Hitler had read to him as Marshall Zhukov's army neared.

For all its eloquence and engagement, then, *Culture and Society* . . . could sustain its thesis only by systematic inattention to the reactionary character of the tradition with which it dealt—an inattention evident in the drastically partial and distorted readings of particular writers (Carlyle, Arnold, and Lawrence in particular) who were wrestled from their true *foci* and manipulated by selected quotation and sentimental misconception into the cause of a “socialist humanism.” (1976, 25–26)

Eagleton did not, however, provide texts.<sup>20</sup> Aside from quoting a few Carlylean phrases, for example, the “Gospel of Labor”—which one can hardly understand without discussing the “Negro Question” and Mill’s response—there is no substantial textual material provided in Eagleton’s dissent. Just why is Carlyle a “reactionary”? Moreover, Williams talked about so many writers that, even if he got a few wrong, then whatever the personal failures of Carlyle, Carlyle as a critic of market exchange or Carlyle as filtered through the novels of Kingsley and Dickens remains. Since Kingsley, about whom Eagleton does not write, was a founder of Christian socialism, he is obviously above reproach.<sup>21</sup> Finally, since the economists were the opponents of “reactionaries” like Carlyle, then are they not “progressive”?<sup>22</sup> Left-Leavism is an easier organizing principle than Marx’s own doctrine. In left-Leavism, one knows without actually having to read them that economists are always wrong, always horrid. Such left-Leavism simply has to be more pleasant to believe than Marx’s hard old doctrine that to understand economists you must sit in the British Library, decade following decade, and read them all.

### *Why the Silence about Race?*

Is there any real excuse for failing to talk about such episodes as the Carlyle-Mill exchange? Of course. One may believe that this—and other race-linked statements—are so bizarre, so unrepresentative of Carlyle’s true intention, that

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20. And he regarded himself very much as working inside Williams’s framework. “It is enough to say that any Marxist criticism in England which has shirked the pressure of Williams’s work will find itself seriously crippled and truncated. Williams has been the pioneer, and like every pioneer must now submit to criticism from those he has enabled to speak” (Eagleton 1976, 24).

21. “Nothing is easier than to give Christian asceticism a socialist tinge. Has not Christianity declaimed against private property, against marriage, against the state? Has it not preached, in the place of these, charity and poverty, celibacy and mortification of the flesh, monastic life and Mother Church? Christian socialism is but the holy water with which the priest consecrates the heartburnings of the aristocrat” (Marx and Engels 1959, 31).

22. “The *progressive* elements of the bourgeois ideological tradition (a concept which Williams has consistently opposed from a ‘humanistic’ standpoint) were consequently passed over, with one or two lonely exceptions” (Eagleton 1976, 26).

there is no way to make sense of them. But if you talk about these texts nothing else will matter for the modern reader.

In statistics, there are observations that are called “influential.” By this is meant fragments of the data set that, regardless of the other observations, can force the result. If the modern reader reflects overly much on the Carlyle-Mill exchange, a willingness to think kindly about any aspect of Carlyle’s life’s work burns away. Perhaps Williams neglects these texts because talking about them would destroy any hope of making sense of what he views as the valuable aspects of Carlyle’s writings. And, as someone who has put forward a proposal to make economic utilitarianism more robust precisely because I think doubling the wealth of a politically connected elite really ought not to count for very much in social evaluation, I am under an obligation to take such a robust, public-spirited account of silence with all due seriousness.

What I think is the most generous construction that can be put upon the silence is that the left-Leavists suppose that Carlyle as a *critic* of market relationships is independent of Carlyle as a *defender* of racial slavery. Carlyle’s criticisms of market relationships do not stand or fall on his own view of the ideal society. This is precisely how I read the statements from Williams quoted above.

While I take this possibility seriously, I think it is deeply false. The idea that one can read Carlylean criticism of markets independently of their advocacy of hierarchical alternatives falls apart upon examination. Suppose one claims, as the Carlyleans were wont to do, that the black slaves of America were happier than the “white slaves” of Britain. Should it matter to the reader whether the one who makes such a claim is committed to a slave system? Here I believe we need to think carefully about the basis on which the observer made such an inference. It is easy enough to imagine a line of argument in which the judgment “better off” can be separated from the observer’s own ideal state and another line of argument in which it cannot. Economists like Richard Whately employed the choices of slaves themselves to ask: if slavery is such a happy state, why was it necessary to offer rewards for the recapture of runaways?<sup>23</sup>

But suppose, with the racists, that this logic of revealed preference will not work for black slaves; they are supposedly too “dull” to understand their own happiness. Then consider “white slaves.” Suppose a large number of British workers had sailed westward to New Orleans to sell themselves into slavery. Perhaps they learned from Carlyle that the unemployment rate was lower

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23. “[W]e are told on every side that slaves are the happiest people in the world. . . . Slaves, we are told, *like* slavery. And if this be meant to apply only to individual instances, we are ready to admit it to be true. But if it be meant to assert that such is the case universally, or even generally, we feel bound, before we can give our assent to the proposition, to make a few inquiries. What is the meaning of the countless advertisements, offering rewards for the apprehension of runaway slaves, to be recognised by marks sufficient to prove the ‘happy’ state they left, and which they were too dull or too ungrateful to appreciate?” (Hill, Whately, and Hinds 1852, 248–49).

under slavery and the retirement benefits considerable. The judgment “happier” or “better off” supported by such facts would then be made only in reference to the revealed preference of the workers themselves. Perhaps the workers were ill informed; nonetheless, this type of evidence would not seem to depend upon the critic’s ideology.

It is easy to believe that a proslavery writer might find such evidence more readily than a promarket writer. It is even easier to believe that the proslavery writer would report it with far more glee than an opponent would. Nonetheless, if such evidence were found and checked, it would be independent of the views of its discoverer. But such unproblematic evidence seems sparse. Movement eastward across the Atlantic by escaping black slaves was frequent enough for Dickens to joke about it in *Hard Times*.

What about the claim that black slaves were well fed by European standards and that they seemed “happy” while “white slaves” grumbled a lot?<sup>24</sup> The value of this “evidence” depends upon what one wants to see. Food was surely cheaper on American plantations than in Europe, so caloric benevolence did not cost very much and just possibly the cost of grumbling was higher for a black slave than a “white slave.” In this context, the truth-seeking scholar owes the reader information about the observer’s ideology. What the rationally choosing scholar tells the reader is perhaps another matter.

This is why I think that we cannot, in fact, assert that the criticism of markets is independent of the defense of slavery. Nonetheless, many serious scholars seem to believe it possible. And this raises the following question: how does one distinguish between rational choice scholarship—selective reporting as a way to effect private ends—and “robustly seeking the truth”—keeping the modern reader from simply dismissing Carlyle’s *criticisms* of markets out of hand? Both hypotheses give a coherent explanation of the silence about the “Negro Question.” Perhaps we can develop an additional prediction from these two hypotheses that will allow us to decide between them.

The rational choice modeling procedure employed to explain how the Governor Eyre unpleasantness dropped out of the Ruskin literature depended upon changes in common knowledge. Scholars will discuss only such unpleasantness about their hero as is necessary. What about an aspect of the Carlylean enterprise that received little contemporary notice: the Carlylean problem with Jews?<sup>25</sup>

Consider this hypothetical question: what if the Carlylean *criticism* of market exchange claimed that competitive markets allowed those without the

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24. Hill, Whately and Hinds (ibid.) confront the stupifying argument that the “dancing” on the Middle Passage is evidence of “happiness.”

25. “In *Past and Present* the outsiders were Jews. . . . Distanced by both history and a closed narrative, Carlyle’s treatment of Benedict the Jew in *Past and Present* has never stirred quite the controversy roused by his depiction of Quashee in the ‘Occasional Discourse on the Nigger question,’ though Carlyle implies it has present applications” (Speare 1984, 108).



appropriate religious beliefs the ability to exploit others.<sup>26</sup> If one's hierarchical obligations depend upon religious beliefs, then could not a religion that neglects to impose such obligations allow its adherents to act as social parasites? What if the problem the Carlyleans saw in market exchange was in part a Jewish problem? How would the scholar react?

The rationally choosing scholar would of course not mention such an unpleasant aspect of a cultural hero. The scholar who wished to separate the valuable criticism of markets from the abhorrent policies Carlyle avowed would, of course, mention this. I'm sure that an appropriately energetic scholar could denigrate its importance by asserting that *since* it is ghastly *it therefore* could not be important. Whatever one would make of it, as it is part of the *criticism* of market exchange it would be discussed by the robustly truth-seeking scholar.

To make the issue as sharp as can be, I propose, in table 1, alternative explanations of scholarship: rational choice scholarship, which I propose; and a robust, truth-seeking explanation, which I regard as the most plausible alternative. The hypothesis of rational choice scholarship I support explains the silence on the "Negro Question" by supposing that modern opponents of markets are uncomfortable pointing out that racial slavery was the existing alternative to markets in the 1850s. The implication I draw from the rational choice scholarly hypothesis is that anti-Semitism in the criticism of markets would also be treated with silence. Against this rational choice view, I propose as the alternative that truth-seeking scholars are concerned that the numbing grossness of the "Negro Question" or the statements made by major literary figures in the Eyre controversy would deflect attention from the bulk of the unproblematic literary culture. By contrast with a rational choice view, the implication

TABLE 1. Why the Silence about the "Negro Question"?

	Alternative Hypotheses	
	Rational Choice Scholarship	Pursue the Truth Robustly?
Hypothesized goal of scholars	Promote hierarchical alternatives to markets	Seek the truth
Explanation for silence about the "Negro Question"	Racial slavery is the existing alternative to markets in the 1850s. Why give aid and comfort to the advocates of markets?	Carlyle's ideals are irrelevant to his criticism of markets
Predicted reaction to the Jewish Problem of markets	So? Carlyle's idealized slavery requires common belief. One no more reports this than the "Negro Question."	This would question the value of the criticism of markets and would be fully discussed

26. "As a people behaves, so it thrives; as it believes, so it behaves" (Kingsley 1864, xlviij).

of this truth-seeking view of textual interpretation is that any anti-Semitism in the criticism of markets would be called to the attention of the reader.

H. S. Chamberlain, who is cited in *Mein Kampf*, plays no role in English literature, but let us take another enthusiastic follower of Carlyle, Charles Kingsley, the author of *Alton Locke*, that classic industrial novel discussed favorably by Leavis, Williams, and other students of Victorian literature who hold that culture ought to trump markets. In *Alton Locke*, economics and a market without compassion take turns as the primary villain. But there are other villains in the piece, those horrid sorts who actually *implement* the economic doctrine of justice without compassion. These are the “sweaters,” who are compared to and contrasted with honorable employers. The econometrician in me asks: how is the reader supposed to distinguish the honorable employer from the sweater?

One might think that I would have figured this out by now: the sweaters are Jews.<sup>27</sup> And the role of the Jew as economic vampire was clearly explained in one of the major contemporary reviews, which parsed the book for the not so well informed.<sup>28</sup> A generation of extremely well informed critics has passed over this in silence, presenting *Alton Locke* as a creditable criticism of market-based economic activity.<sup>29</sup>

These facts (first, there is anti-Semitism at the center of the cultural criticism of markets of a completely unsubtle nature in one of the Carlylean industrial novelists, which, second, is passed over in silence by modern literary opponents of markets) provide what I contend is compelling evidence for the practice of rational choice, humanistic scholarship. One only reports what is most pleasing to believe. As always, behind Kingsley there is Carlyle. Possibly,

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27. Everyone at the time said such things? No. “Eusebia once went into a Jewish synagogue. She was grieved when she saw the inattention of the worshippers, and felt inclined to despise the solemn pomp of the service, when she was restrained by the following reflection. ‘This,’ she said to herself, ‘was the ancient Church of GOD, and I now behold some imperfect traces of the worship ordained from Mount Sinai. The glory is, indeed, departed from it; but let me at least honour its antiquity, and reverence its divine original’” (Thornton 1846, 140–41).

28. Kingsley’s novel was presented as an autobiography of a working man, not as a novel by a cleric of the established church. W. E. Aytoun (1850) patiently explained why the reader ought not to be taken in by the claim of autobiography. Having performed this service, he lays out for the reader *exactly* why the wicked people in the stories are Jews.

29. “Carlyle had pointed this out by declaring in *Past and Present* that in the *laissez-faire* state there was one sole link between high and low: typhus fever. Kingsley two years earlier [than Dickens’s *Bleak House*] had found a novelistic form for Carlyle’s ideas by showing in his terrible account of the tailors’ sweat-shops how typhus and other diseases due to the disgusting conditions in which the tailors worked and lived were transmitted to the well-to-do via the clothes made for them there” (Leavis and Leavis 1970, 166). The Leavises seem uninterested in the aspect of the story that explains that the sweaters are Jews. F. R. Leavis’s obliviousness to T. S. Eliot’s anti-Semitism is noted in Julius 1995, 8.

the “Gospel of Labor” ought to suggest who will be unwelcome when the world comes to be remade.

To what, then, do I attribute the fact that Dickens’s episodic anti-Semitism, if it is that, is widely discussed?<sup>30</sup> Too many people know Dickens *novels* well, while *Alton Locke* is a book known only by specialists.<sup>31</sup> The constraints facing scholars discussing Dickens differ from the constraints facing scholars discussing Kingsley. When we deal with unfamiliar aspects of the Dickens opus, then perhaps we shall find surprising things there, too.

### *Appendix. Toward Reflexive Closure, a Denial of Systematic Error Guarantees It*

I can comfortably predict that some of my fellow economists, who have no firsthand knowledge of the actual textual issues, will be remarkably uncomfortable with my claim that gross systematic error pervades an entire literature. I shall demonstrate how a principled opposition to the possibility of systematic error can serve to guarantee it. The denial of the possibility of systematic error seems to be a paradigm of “best case” thinking. Perhaps not surprisingly, then, there is a fundamental nonrobustness in the system.

The argument is akin to the way a Ponzi scheme might work: the “investors” believe that because the scheme enriched those who came before it will enrich them as well. Only the investors here are scholars who are buying propositions from the believers. In the technical jargon of modern economics, this process has an elegant name: it is called an information cascade.

Consider some proposition  $\tau$ . I suppose that we can talk sensibly about the expected utility of  $\tau$ ; that is to say, the concepts of the probability and utility of  $\tau$  can be defined. The probability of the truth of  $\tau$  is  $p_\sigma$ , and the probability of the falsity of  $\tau$  is  $1 - p_\sigma$ . The utility of  $\tau$  given that it is true is  $U(\tau|\text{true})$ , and the utility of  $\tau$  given that it is false is  $U(\tau|\text{false})$ . Then we can predict acceptance of  $\tau$  in the following way:

30. Is Fagin offset by Riah? Anthony Julius (1995, 181–82) reaches no conclusion. Julius discusses neither Carlyle nor Kingsley and thus gives no context for Dickens. For what little it is worth, I think whatever anti-Semitism there is in Dickens is independent of his attack on market exchange. Unlike the characters in *Alton Locke*, the horrid capitalists in *Hard Times* are not Jews. In *Alton Locke*, Jews are condemned for following Judaism. Since in *Oliver Twist* Fagin is a thief and shares complicity for murder, he stands condemned by the Decalogue, to which he adheres. The distinction seems worth making.

31. Possibly, too, Alec Guinness’s performance as Fagin in the David Lean film version (1948) has made it impossible for a generation of students of literature to think of *Oliver Twist* in any other way.

$$A(\tau) \text{ if } p_\tau U(\tau|\text{true}) + (1 - p_\tau)U(\tau|\text{false}) > 0.$$

Denial of  $\tau$  is likewise predicted:

$$D(\tau) \text{ if } p_\tau U(\tau|\text{true}) + (1 - p_\tau)U(\tau|\text{false}) < 0.$$

Obviously, we could replace denial of  $\tau$  with acceptance of the negation,  $\sim\tau$ , and  $D(\tau)$  with  $A(\sim\tau)$  if we wish to economize on notation. It will be easier if we buy the extra consonant.

All that I have asked for is that the symbols can be defined. Now let us give some content to the form. I suppose that  $U(\tau|\text{true}) > 0$  and that  $U(\tau|\text{false}) \leq 0$ . That is to say that the truth is always useful and what is false can never be useful. The weak inequality, as the reader might suspect, will be important.

Consider a literature composed of  $N$  articles, which take a position on  $\tau$ :  $A$  of the  $N$  accept and  $D = N - A$  deny. The belief that the literature cannot be in systematic error motivates an easy way to obtain a probability:  $p_\tau = A/(A + D)$ . To find out what is reasonable to believe, one reads the literature and makes a judgment on the relative frequency of conclusions. It is of course important that we are not able to separate those who accept  $\tau$  because they have looked into the matter and those who accept it because it is accepted.

Literatures begin somewhere. Two related cases are sufficient to make the point. First, suppose that the first scholar to think of  $\tau$  has the following utility:  $U(\tau|\text{false}) = 0$ . Second, suppose that the first scholar to think of  $\tau$  has the belief  $p_\tau = 1$ . Either case might suffice to describe what William James long ago described as “the will to believe.”

Case 1:  $U(\tau|\text{false}) = 0$ . Without any information on probability other than  $p_\tau > 0$ , we know immediately that the expected utility is positive and that the scholar will accept  $\tau$ . Thus:  $A = 1$ ,  $D = 0$ .

Case 2:  $p_\tau = 1$ . This is equally obvious since, regardless of the value of  $U(\tau|\text{false})$ , since  $p_\tau U(\tau|\text{true}) > 0$  and  $(1 - p_\tau)U(\tau|\text{false}) = 0$ , here, too,  $A = 1$ ,  $D = 0$ .

Consider the second scholar, who reads the literature and makes a judgment on the basis of relative frequency. This scholar is not a true believer, as Eric Hoffer described the situation, merely someone who supposes that an entire literature cannot be wrong and computes as follows:  $p_\delta = A/(A + D) = 1/(1 + 0) = 1$ . Thus, he, too, accepts since  $U(\tau|\text{true}) > 0$  and  $(1 - p_\tau)U(\tau|\text{false}) = 0$ . Now  $A = 2$ ,  $D = 0$ , and so on. Everyone accepts  $\tau$  because it was accepted.

Possibly the probability assumption is a little suspect for small values of  $N$ ? Let us weaken it. Suppose that to get the Ponzi scheme going we shall need some number,  $K$ , of “independent” reports in the literature. But unless we have reason to believe that the conclusions are not just  $K$  individuals who will their

belief— $U(\tau|\text{false}) = 0$  or  $p_\tau = 1$ —the argument above goes through after we have attained the first  $K$  believers. The believers need not collude; their action is generated by the fact that in either case it cannot cost anything to accept  $\tau$ .<sup>32</sup>

Once the Ponzi scheme has been running for a while, one suspects that an occasional  $D$ —even when the scholar publishes the evidence for the denial—will not matter. However, this will depend upon the values of  $U(\tau|\text{true})$  and  $U(\tau|\text{false})$ , and about this we cannot speculate except in the case in which we have some reason to believe that  $U(\tau|\text{false})$  is small.

Thus, we have no reason to rule out the possibility of systematic error once we encounter a literature that denies its possibility as a matter of principle. Since we can document gross systematic error among neoclassical economists, and since I wish to remain a neoclassical economist, it is pleasing to know that this fact is not theoretically impossible on neoclassical economic grounds (Caplan 2000). Indeed, all that we require is the simplest of rational choice considerations.

The commonly accepted beliefs about our history by modern economists, who are not themselves historians of economics, might be a lovely area in which to explore gross systematic error. We know perfectly well (first) that there is a small cost to this sort of error—one does not risk tenure by misstating David Ricardo's claims—and (second) there is a presupposition within modern economics that gross systematic error cannot exist. Those two facts should guarantee gross systematic error whenever it is in the interest of some  $K$  that the error exists.

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32. Robert Newton (1977, 161) announced the wonderfully appropriate “principle that we may call the immortality of error.” This is explained with tongue only slightly in cheek: “Suppose that an error made by a writer A has somehow been published, and suppose further that a later writer B quotes and cites the error, accepting it as correct. The error then becomes immortal and cannot be eradicated from the scholarly literature.”