

ments may use against the people. Could it be that private property and the social order based on it are deeply rooted in the very nature of man?

It is difficult to find an unhampered capitalistic order anywhere in the world. Governments, which are the political apparatus of coercion and compulsion, interfere with nearly every manifestation of economic life. They levy confiscatory taxes on production and distribution; and yet, entrepreneurs and capitalists manage to produce goods and render services with the leftovers. Governments regulate and restrict output; and yet, the property order, although shackled and mutilated, perseveres in producing goods and services. Governments set wage rates and interfere with the structure of prices; and yet, the market order lives on in black markets and underground activity. Governments indulge in inflation and credit expansion and resort to legal tender legislation; and yet, capitalistic production goes on in the darkness of monetary destruction. Governments bestow economic privileges and legal immunities on labor unions and permit them to disrupt production; and yet, in the end, economic production resumes although labor ceases to function efficiently. Governments engage in war and destruction; and when the killing ceases, and nothing is left for government to plan, ration and distrib-

ute by force, there is capitalism. It produces miracles of reconstruction and marvels of recovery.

In most parts of the world, capitalism is the system of last resort. When the communal order has brought poverty and hunger, when every measure of political coercion has failed repeatedly and the political mind is incapable of concocting another economic folly, when the police are exhausted from regulating economic production and the courts are paralyzed by immense case loads of economic crimes, the time has come for the private property order. It needs no political plan, no economic legislation, no economic police, only freedom. Ⓢ

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Liberalism and Individualism

Anne Wortham

INDIVIDUALISM has many meanings and represents a complex of ideas, values, and doctrines that are associated with classical liberalism. These ideas are addressed in Mises' *Liberalism*. They are the cornerstones of his conception and defense

of liberalism. Moreover, the method of his defense is itself an exercise in the application of methodological individualism's theory of society.

Mises' brand of individualism is known as utilitarian individualism. Although he makes no explicit reference to utilitarianism or individualism in *Liberalism*, this doctrine is implicit in every aspect of Mises' argument. Elsewhere he has defined the essence of utilitarianism to be "the cognition that action pursues definite chosen ends and that consequently there can be no other standard for appraising conduct but the desirability or undesirability of its effects . . . By its recognition that social cooperation is for the immense majority a means for attaining all their ends, it dispels the notion that society, the state, the nation, or any other social entity is an ultimate end and that individual men are the slaves of the entity. It rejects the philosophies of universalism, collectivism, and totalitarianism. In this sense it is meaningful to call utilitarianism a philosophy of individualism." (*Theory and History*, pp. 57-58)

One finds Mises' utilitarian individualism at work throughout his discussion of the connection between liberalism's advocacy of private ownership of the means of production and its demand for limited functions of government, and in his analysis of the relation of the state to the

individual. But his perspective is most evident in his refutation of the charge by antiliberals that capitalism is a threat to social cooperation.

Mises was aware of the claim that individualism pits the individual against society; he was also aware of the antiliberal progression from an attack on autonomy and privacy to an attack on private property. Thus, he begins the section on "Property" with an assertion that is the underlying theme of his entire enterprise: "Human society is an association of persons for cooperative action. As against the isolated action of individuals, cooperative action on the basis of the principle of division of labor has the advantage of greater productivity. If a number of men work in cooperation in accordance with the principle of the division of labor, they will produce (other things being equal) not only as much as the sum of what they would have produced by working as self-sufficient individuals, but considerably more. All human civilization is founded on this fact." (p. 18)

He boldly argues that "private property creates for the individual a sphere in which he is free of the state. It sets limits to the operation of the authoritarian will." As an intermediary between the individual and the state, "it allows other forces to arise side by side with and in opposition to political power. It thus becomes the basis for all those activi-

ties that are free from violent interference on the part of the state. It is the soil in which the seeds of freedom are nurtured and in which the autonomy of the individual and ultimately all intellectual and material progress are rooted." (pp. 67-68)

Certain doctrinaire individualists take the view that any social cooperation entails the compromise of individual autonomy and the sacrifice of self-interest to the interests of social groups and institutions, and is therefore altruistic, hence immoral.

Actually, what Mises describes is not a sacrifice at all. Sacrifice involves the renunciation of a greater value for a lesser one. While individualism does not pit self-interest against social cooperation, as antiliberals claim, it does assign a greater value to self-interest than to social cooperation. But it recognizes that in certain social contexts cooperation may be in the individual's interest, while in others it would not be. If it is in the interest of the individual's well-being and prosperity, then no sacrifice is involved. The antiliberal interventionist state certainly does require sacrifices of the individual which it justifies in the name of social cooperation. But as Mises demonstrates in his discussion of price controls and minimum wage legislation, this kind of government interference in the market not only requires the sacrifice of the

interests of merchants, manufacturers, employers and employees; it also creates social disorganization and is therefore self-defeating.

Many defenders of liberalism try to make their case either by obscuring individualism's value of autonomy or by bypassing it altogether. When they do address it, they too often concede to antiliberals their typical contrast of individualism with the ideal of cooperative social order. The significance of *Liberalism* for advocates of individualism is that it is an exemplification of how one can make the case for individualism without making this concession. As Mises' argument demonstrates, antiliberal ideologies have no monopoly on the goals of association, social cooperation and harmony.

In fact, in Mises' view, antiliberal ideologies often mask profoundly antisocial assumptions. There is no need at all to defend liberalism's value of autonomy by placing the self-sufficient individual in opposition to man as a social being. Thus, in Mises' approach to autonomy and privacy, he makes a valuable contribution to the conceptualization of individualism by presenting an exposition of the proposition that *individualism is the best basis for a cooperative social order.* (8)

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Liberalism and Religion

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CLASSICAL liberalism created a revolutionary new view of the political State, its nature and proper functions. We may better understand this sea change in political thought if we contrast the secular state of liberalism with its polar opposite found in the ancient world. The great authority on the ancient city, Fustel De Coulange, tells us that "the state was a religious community, the king a pontiff, the magistrate a priest, and the law a sacred formula." The Greek *polis* was Church and State in one, Julius Caesar was Pontifex Maximus; the citizen was bound to the State body and soul. When civic and religious obligations are combined and owed to the same institution we have that absolute power dreaded by Lord Acton.

It was the great achievement of classical liberalism, with its roots in the post-Reformation era and mood, to desacralize the political order, thus stripping the State of its religious and moral pretensions. Holy empires and sacred monarchies claiming transcendent sanction have prevailed throughout history, and the State was venerated as an order of salvation. From now on, however,

the sanctions of the State were to be much more modest, its objectives limited to constabulary functions; "the night watchman State," as a critic dubbed it.

No longer would the State assume responsibilities beyond its competence for the moral and spiritual regeneration of men and women. "It is not for a disdain of spiritual goods that liberalism concerns itself exclusively with man's material well-being," writes Mises in *Liberalism*, "but from a conviction that what is highest and deepest in man cannot be touched by any outward regulation." (p. 4) The tutoring and renewal of the human mind and spirit would, from now on, be the task of Church and School—in the broadest sense—so these institutions were pried out from under the State's umbrella and assumed the autonomy they must have if they are to achieve their purposes.

"Separation of Church and State" is repeated endlessly and mindlessly among us, so that the idea of a secular State is now commonplace. But it was a novel idea in the 17th century, and it has not taken root anywhere in the world except in regions responsive to the influence of classical liberalism. What was the seed idea which eventually germinated as the concept of a secular State? And what was the milieu in which the seed took root? It was a milieu in which an aura of sanctity might be