

BETWEEN COLBERT AND ADAM SMITH

Anthony de Jasay

Some writers tell us that they do not really write their novels. Instead, they create characters, *dramatis personae*, and then sit back and watch. They let the characters meet, interact, like and dislike, love and hate each other, and pretty well write their own story by behaving as such characters would. The novelist, or so he claims, is really just reading the story his characters have written.

There may well be occasions when the political theorist can employ much the same technique without being more misleading than usual. Those occasions typically involve somewhat unstable, changing states of affairs, where the task of the theorist appears to be the writing of a piece of future history. Instead of writing it, however, he might try to leave the task to his characters, see how such actors are likely to act when facing each other, and read the story they play out. Instead of constructing a plausible scenario (and calling it a reasoned forecast), the theorist might confine himself to identifying the characters and trying to understand them. He is no more likely to be right, but at least he might be a little more entertaining.

In the present essay, I propose to let loose five principal *dramatis personae* and try to read the effect of their interactions on Europe's political history over the next decade or two. Two of the actors are nationalisms, one predominantly found in Britain, the other in France, viscerally opposed to each other; the third character is democracy, made aggressively imperious by an overdose of political correctness. The last two are states of mind, one echoing Adam Smith, the other Jean-Baptiste Colbert, one liberal, the other statist, and of course also viscerally antagonistic. What are they really like, and what drives them on?

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Two Nationalisms

It is perhaps a truism, that the nationalist considers things foreign as inferior, untrustworthy, inept, and sometimes even wicked. The London gutter press does, indeed, live up to this description. The solid mass of British nationalism is, of course, rather different in both motivation and style. Nationalism of the British type is opposed to almost any transfer of powers to make collective decisions from national to supranational institutions. Hence, it is stubbornly dragging its feet over every step on the road from a free trade area to a European political union. But it is doing so not, or not primarily, because it rates supranational jurisdiction necessarily illegitimate, inferior, or unlikely to serve the best interests of Britain.

In fact, the majority of Britain's most enlightened and educated classes—the experts, technocrats, and intellectuals—keep arguing in favor of going along with the movement for greater European integration, including adoption of the common currency with the almost inevitable political consequences of monetary union. The striking feature of British nationalism is that it does not really try to refute these arguments. Deep down, it is indifferent to them, it shrugs them off. The balance of reasons may convince the bulk of the political class that it is in the national interest to go along with a supranational Europe. But the political class knows that the electorate does not decide on the balance of reasons. In great national questions, it is gut feelings that count, not intellectual arguments. And the gut feeling is that not for nothing is Britain an island.

There is perhaps a sense in which this gut feeling is irrational. Rationality is a very slippery and ambiguous idea; perhaps it means that we must never be indifferent to reasoned argument. Perhaps it also means that nationalism is itself irrational. All in all, it is a fair bet that if anything will change British opposition to European political union, it will not be persuasion.

Oddly enough, while we should normally expect any nationalism to fight against the supranational, there is a complex and virulent strain of French nationalism that is fiercely militating for it. This nationalism has robust historical roots in frustrated ambition and hurt pride. Ever since becoming a nation state, France has been relentlessly expanding its frontiers to the northeast and east, and after the fatal weakening of the Germano-Roman Empire in the Thirty Years War, it was clearly aiming at European supremacy. That ambition resulted in a series of wars started by Louis XIV in the latter part of the 17th century and ending with Napoleon's final defeat in 1815. To French eyes, during this Second Hundred Years' War, their country was repeatedly on the

brink of total victory, and the great prize was repeatedly snatched from her by English resistance, English money, and diplomacy. Rivalry with England of course continued after Waterloo, especially in the colonies, but all realistic hope of outclassing, or even of catching up with, English power and prestige was lost. French national pride was further hurt by being rescued from defeat in both World War I and II by Anglo-American military and economic power, a humiliation the French seem unable to forgive, and which seems to be the main source of their resentment and jealousy of all things “Anglo-Saxon” and especially American.

What France has no more hope of accomplishing by her own strength, she sees a realistic chance of achieving through the construction of a supranational Europe under French leadership and conforming largely to French conceptions. For the past 40 years or more, France has never ceased to insist that Europe can be “European” only by confronting the United States in foreign policy and adopting the French view of a regulated economy and “a just social model.”

There have so far been two outward signs that the ambition of building a European Union in France’s image may be a realistic one. One is the French success in securing a greater influence within the Brussels governing apparatus than her national weight would warrant. The other is the Common Agricultural Policy, a caricature of what an economically illiterate technocracy is capable of doing if it is let loose. This policy generates a grotesque waste of resources and a grotesque distortion of harmony between agriculture and the environment, in order to achieve two modest goals: a limited transfer of income from food consumers to food producers, and an equally limited transfer of income from industrial countries, notably Germany, to agricultural ones, notably France. Both those goals could have been achieved at a fraction of the cost by calling a spade a spade and arranging transfers directly and openly, but doing so was supposed to be humiliating to the beneficiaries, and politically impossible.

It is of course well recognized that such success and satisfaction as French nationalism has had so far in imposing its “model” on the evolving European Union was due not only to the greater keenness, negotiating skill, and sometimes overt bullying of French politicians and bureaucrats, but in at least equal measure to the low profile and willing subordination of a long succession of German governments from Konrad Adenauer to Helmut Kohl. Indeed, it is worth noting the more general point that unlike the strong nationalisms of Britain and France, the other major European peoples have weak nationalisms and strong regionalisms. That is one of the reasons why German,

Italian, and Spanish nationalism displays only moderate resistance to supranational institutions and to the French sway over them.

If it is true that German willingness to play obedient horse under the French rider is getting exhausted, it need not be true that henceforth France can rely only on her own inadequate strength in playing for European supremacy. If she can no longer harness Germany, she can harness ideas springing from democracy and socialism, that may lend themselves to the service of French purposes.

Democracy and Some of Its By-Products

In its original meaning, democracy is one of many possible rules for making collective decisions, characterized by the counting of anonymous votes and a wide franchise. Other possible rules—theocracy, monarchy, oligarchy, not to speak of such complicated hybrid rule systems as those of Venice or the Dutch Republic in their glory days—have different characteristics, different advantages and drawbacks, and there is no evident a priori reason for regarding one rule as morally or instrumentally superior. They all share the moral flaw of collective decision systems, namely that they all require some people to submit to choices that are systematically biased to favor others at their expense. Nevertheless, over the past few decades this relativist view has come to be replaced by a sort of democratic absolutism, a view that has now broadened into a dominating, universalist “political correctness.”

Currently, the prevailing view the world over is that democracy is the only really legitimate decision rule, all others being to some degree immoral, and that evolution and progress inexorably go in a democratic direction. In addition, democracy is supposed to be indispensable for economic efficiency, prosperity, and clean politics—a claim that is not firmly supported by evidence.

The decision rule of the European Union is based on a very narrow franchise: individuals do not express their will, only member governments do. Decisions are reached by a complex system of weighted majority and supermajority votes and vetoes, varying according to the subject to be decided. This system is widely condemned as undemocratic, and is blamed for the distance that separates the EU and its institutions from “ordinary people.” There is tremendous pressure to make it democratic, by transforming the Strasbourg parliament into a real democratic assembly with real powers, and by putting an elected government and an elected president in place of the present system of nominated officials in Brussels. That pressure, powered by a dom-

inant political ideology, meets some resistance from natural inertia and from member governments jealous of their prerogatives.

However, in addition to the democratic ideology that claims unique validity for itself, there is another, more mundane force pushing the EU toward the goal of an elected super-government with strong powers over the member governments. Currently, the ability of a member state to raise taxes, or even to maintain them at a high enough level to finance social welfare programs, is seriously threatened by tax competition: low-tax states that attract human talent and capital, two factors that have developed a measure of cross-frontier mobility in recent years. France, Germany, and the OECD have been rather angrily campaigning for years in favor of “fiscal harmonization,” supported until recently by the Brussels commission. (The present commissioner responsible for these matters, to his great credit, is courageously speaking out against such “harmonization.”) The object of course, is to persuade all member states to give up “unfair” tax competition and form a tax cartel. Low-tax states evidently do not want to enter any tax cartel. The democratic solution, leading automatically to a super-government drawing fiscal powers away from the member states, would solve this dilemma. Just as in federal Germany and the United States most important tax rates are uniformly fixed in Berlin or Washington, so they would be uniform in the EU if fixed in Brussels. The EU as a high-tax bloc would still be exposed to some tax competition from the United States, but transatlantic factor mobility would pose a lesser risk for it than the intra-European variety.

It is, therefore, no wild exaggeration to say that realization of the “European social model,” a “social Europe” to complete if not to supersede the “market Europe” of profit-seeking so bitterly denounced by French socialists, is strictly dependent on the democratic transformation of EU decisionmaking. The converse is probably also true: a democratically chosen European government would in due course create a high-tax welfare state, with “social” spending as a proportion of national income rising to a uniformly high level across the whole European Union. Such an evolution toward the French-inspired ideal of a socialist order seems a direct consequence of the belief of each voter group that the cost of any new social benefit it votes for itself is mostly borne by other, socially or geographically distant groups.

However, in addition to the socio-economic one, there is another by-product of democracy as it is understood today. It is a cultural one, and has to do with the astonishing strength and durability of “political correctness,” which started a generation ago as a silly student fad, destined to fade away without trace, and instead has become the

permanent attitude of all the world's intelligentsia. If democracy is an absolute moral norm, so are some of its supposed corollaries concerning race, gender, age, health and wealth, the rejection of "elitism," the banning of insecurity, the cult of paternalism, illegal immigration, sexual deviation, and "victimology." Though some of these attitudes pass for liberal and nonconformist, the elevation of democracy and political correctness to the rank of absolute moral norms means that conforming to those norms becomes an imperative few have the courage and common sense to resist. Conformism is now so massive that the irony of "Europe" at the initiative of President Chirac boycotting Austria, and menacing to boycott Italy, for their voters casting politically incorrect votes, quite escapes public derision.

"Everything Not Authorized Is Prohibited"

We do not know, though we can try to guess, how free or unfree the society is going to be that will emerge as the states of Europe move toward their agreed goal, the "ever closer union." At the outset of this article, I decided to avoid guessing at outcomes, and look instead at the actors whose actions will eventually produce the outcomes. In doing so, it is perhaps natural to try to read the minds of legislators and bureaucrats, and the intellectuals and teachers who formed and influenced them when their minds were still open to influence. We could proceed in the belief that it is the economic and social doctrines those leaders absorbed when they were young that mostly determine whether the policies they adopt are conducive to freedom or, on the contrary, to unfreedom. The role of the ordinary citizen is limited to electing the legislators, but that role is not very significant, for the nature of modern democracy is such that there is very little difference between the programs of rival politicians. The upshot is that civil society passively accepts the degree of freedom the government is prepared to allow it.

This view is only half right. It is half wrong because, as the saying goes, "freedom is not given; it is taken." There are vast areas of economic and social, as well as personal, life where the legislator and the bureaucrats have neither given freedom, nor explicitly denied it. Probably the immense majority of all possible acts belongs to this undefined zone. It is here that freedom can be "taken" by those with a modicum of courage and confidence, or else forfeited by the servile, the officious, and the safety-firsters. Obviously, one rule system and institutional framework can be more liberal than another. But within any given framework, society can be more free if the former mentality predominates and "takes" freedom, or less so if the latter attitude is

more typical, and potential freedom is sacrificed. If, with a perhaps unduly bold simplification, we call the first type Smithian and liberal, and the second Colbertist and statist, we can say that a great deal about Europe's future will be decided, as it were, between Adam Smith and Colbert.

The case can be stated a little more precisely with the help of simple epistemological tools, and it is perhaps worth making it precise.

Epistemology recognizes a statement that has empirical content as being either verifiable or falsifiable or both. Now suppose that Adam Smith is on the point of performing an act, say *x*. A challenger, perhaps the government, the police, or just some person seeking to protect the public interest or his own, stops him by claiming that *x* is or could be harmful to someone or the public in general. Many reasons can be found for claiming that an act could be harmful; strictly speaking, their number is unlimited. Obviously, only a limited number of them are good reasons, sufficient to justify a prohibition, and perhaps none of them is good enough for that. The matter has to be decided. To falsify the claim against his proposed act, Adam Smith would have to submit to examination every one of the numberless reasons, many of them fanciful, that could be advanced to show why *x* could be harmful. Only after every one of those reasons was proved too weak would the falsification be accomplished. The task would be either too costly or logically impossible. (It is logically impossible if the statements to be disproved are literally numberless.) On the other hand, the challenger can verify his charge of serious harm by pointing to a single good reason, which he has in mind or which figures in some article of law or convention. Between falsification and verification, the burden of proof is clearly on verification: the challenger must justify his challenge, and unless he does, Adam Smith can go ahead and perform his act. He enjoys the presumption of liberty.

This presumption has nothing to do with whether liberty is valuable or not. It depends on no such value judgment. It is simply the logical consequence of the epistemological asymmetry between falsification and verification. If we start from the position that all feasible acts are free unless there is a good reason against them, the burden of proof falls on those who affirm such a reason.

The exact opposite is the case if we start from the position, as so many of our fellow citizens do, that an act needs justification by a permission or a "right." Suppose that Colbert is about to perform some act. To stop him, a challenger would have to prove that he has no "right" to do it—that is, a challenger would have to falsify Colbert's claim that he has such a right. Such falsification is either too costly or

impossible. On the other hand, Colbert can simply produce his permission, or point to the relevant clause in some “bill of rights,” to verify that he is entitled to do x . The burden of proof is on him; and there is a presumption of unfreedom for reasons that are the exact mirror image of those that produce the presumption of freedom.

The half-joking, half-serious jibe “everything not authorized is prohibited” need not literally mean a general prohibition by some authority capable of actually enforcing such an extraordinary rule. It may mean no more than a sufficiently widespread attitude on the part of the citizenry, a need to feel assured about their own and their fellow citizens’ doings being “legal,” “properly regulated,” “approved,” and perhaps also—why not?—“politically correct” under the ruling ideology. However, such an attitude goes a long way and pervades most aspects of human coexistence.

Each of the two alternative attitudes is finally reflected in one of two fundamental organizing principles of society, so fundamental that they are barely visible to a surface view. Each principle is summarily expressed in the form of a “baseline.” The baseline is both descriptive and normative, telling us how things are and how they ought to be. Things on the baseline, or actions along it, need neither explanation nor justification; departures from the baseline need one or both, depending on whether we seek to understand or to judge the legitimacy of a state of affairs.

Two Baselines: Smithian versus Colbertist

One baseline, the Smithian, could be labelled “The Feasible Is Free.” Since there is a presumption of liberty, you are free to do anything that it is feasible for you to do, and also to hold on to the benefits from such actions, unless there is a sufficient reason against them. The burden of proof that there is some such reason rests on whoever seeks to hinder the action.

The other baseline, the Colbertist, could be labelled “Permissions Authorize Acts.” Permissions are granted “from above,” by society’s agent, the state, and more specifically by central and local government acting under existing laws and making new ones. They may also be entailed by the “political correctness” of the day. “Permissions,” most importantly, also include “rights” under the view that the latter are effective only if they are conferred or recognized by “society”—that is, by the state, which carries out society’s wishes. Thus, “I have a right to do x amounts to saying “I am authorized to do x , I have the permission to do x .”

Acts authorized in this way are, so to speak, on the Colbertist

baseline. Acts that do not have explicit permissions, or that are doubtful, require explanation or justification, and as the burden of proof can be discharged only by verification (i.e., by confirmation of the claim that the act is, or ought to be, permitted), it is up to the actor to provide it. He must satisfy society that nothing harmful or wrong is about to be committed.

Perhaps the most eloquent symptom that the prevailing attitude is a Colbertist one is the rising, almost obsessive preoccupation with “rights.” (I am using quotation marks to suggest that the word is misused, but in the present article we need not worry about which is the proper usage and why.) To secure recognition of a “right” is to ensure that an act or a state of affairs is publicly acknowledged to be on the baseline, and needs no special justification; being on the baseline also means that it must not be challenged or attacked, and that it deserves protection. However, to seek such recognition for certain acts is to admit, at least implicitly, that all other acts not covered by “rights” are not on the baseline, do not deserve the same status and the same protection, and may have to be justified on a case-by-case basis. The insistence on “rights” marks the rejection of the Smithian baseline, and the opposition between it and the Colbertist one.

Conclusion

Let us conclude by warning against the belief, contradicted by historical evidence as often as it is supported by it, that some states of mind and some organizing principles of society ultimately prevail over others because they are more efficient, more in harmony with man’s natural aspirations. Trying to predict the victor in the contest between Adam Smith and Colbert, or the future course of the European Union, or indeed of any human community, on the ground of such beliefs has no more chance of hitting the mark than any other exercise in wishful thinking.