IDEAS ON LIBERTY

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Cover adaptation of Fleeming Jenkin diagram by John P. Wattai.

PERSPECTIVE

No Responsibility, No Freedom

Andrea Yates was not the only person whose free will was on trial last winter. Thus the Yates murder case underscores the affront represented by the psychiatric (and any other reductionist-positivist) worldview. She drowned her five young children in a bathtub last year and pleaded not guilty by reason of insanity. (The jury nevertheless convicted her of murder.) The claim behind that plea is that mental illness prevented her from knowing right from wrong. (It's not clear if that also means she couldn't help it. Theoretically, one could be confused about right and wrong and still have control over one's actions. Conversely, in theory, one could know right from wrong but believe one had no choice but to commit an evil act. The issues are separable, and both came up at the trial.)

Why is this an affront? Living well requires effort—thinking about and planning one's future, getting out of bed on time every day, discharging one's responsibilities with care, managing interpersonal conflict, being decent to one's fellow human beings (even when they don't deserve it), and making sure there's sustenance for self and family. (If the effort at times seems minimal, that's because the activities have become habits, which are the products of earlier effort.)

But occasionally people rebel against life's demands. Some forms of rebellion (against particular, oppressive circumstances) are unobjectionable, even admirable. But some people simply resign from adult life and try to get others to care for them. If they fail at that, they may look for a way out by killing themselves or others.

The psychiatrists say that only a brain "disorder" can account for such behavior. This implies that those who live well—and let live—deserve no moral credit.

Then again, if Andrea Yates isn't responsible for killing her children, perhaps you and I aren't responsible for *not* killing ours. Philosopher John R. Searle writes, "It is an amazing fact that *everything* in our conscious life . . . is *caused* by brain processes." (Emphasis added; quoted in Thomas Szasz, *The Meaning of Mind,* p. 82.)

The brave new world is here. Mind is brain. Neurochemistry is destiny. No freedom, no responsibility. No responsibility, no freedom.

That's where this all leads.

* * *

Beginning in the late nineteenth century the states and then the federal government launched an all-out attack on . . . margarine. What was the threat from the butter substitute? Adam Young relates the tale.

It was a sad day when Jerry Lewis went hat-in-hand to Congress seeking taxpayer money for his hitherto private charity. P. Gardner Goldsmith still remembers the day.

The movement to foster a "living wage" gains momentum. Pressure mounts on cities to require their private contractors to pay wages higher than those set by the market. Charles Baird says the intended beneficiaries will suffer.

To catch perpetrators of victimless crimes the government must run sting operations. But such operations run afoul of a pillar of Anglo-American jurisprudence. Joseph Fulda explains.

The push for so-called economic human rights is garbed in humanitarianism. But at bottom, Thomas Woods writes, it's an effort to establish legal plunder on behalf of people who refuse to take responsibility for themselves.

There's a new kind of revolutionary at work in Peru. He runs a railroad and reads *Atlas Shrugged.* Bill Steigerwald spent time with him and filed a report.

The X-Files is going off the air. Was it a boon for devotees of the freedom philosophy? See what Ray Keating has to say.

A businessman predicts that the next Marx is out there somewhere. Norman Barry has an idea what he'll be like.

Should the state be able to deprive someone of the right to own a gun because he talks crazy? Scott McPherson looks at a case out of Alaska.

Opponents of capitalism have a nasty habit of picking out a group of human beings and branding them "parasites." David Levy and Sandra Peart bring the old story up to date.

Free-market advocates can demonstrate theoretically that tariffs, at best, do no good and, at worst, do much harm. Now, Larry Schweikart writes, in the case of two celebrated tariffs the data is available to illustrate the theory.

John Rawls renovated political philosophy in the 1970s with his book *A Theory of Justice.* It supposedly gave new life to the welfare state. But did it really? Robert Lawson takes another look.

China's separation of city dwellers and rural inhabitants has all the features of apartheid. Christopher Lingle explains how that holds back the country's progress.

Changes are brewing in our columns department. In this issue Dwight Lee wraps up his more than four-year run of "Economic Notions." We thank Dwight for his excellent primer in economic principles. Next month begins a new and exciting feature.

This month: Mark Skousen sees worth in the "behavioral economists." Lawrence Reed reports on free-market activity in Rwanda. Doug Bandow laments the war on charity. Donald Boudreaux wonders what the fuss is over "absorbing" immigrants. Russell Roberts asks if the invisible hand failed in Enron's case. And Aeon Skoble, hearing George Will's claim that capitalism is a government project, exclaims, "It Just Ain't So!"

Our reviewers render verdicts on volumes about campaign-finance reform's threat to free speech, the war on drugs, the importance of free capital markets, Cuba, public works, and the capital structure.

—SHELDON RICHMAN

From The President's Desk

by Mark Skousen

IDEAS ON LIBERTY
JUNE 2002

A Painless Way to Triple Your Savings

"The human mind is charming in its unreasonableness, its inveterate prejudices, and its waywardness and unpredictability."

—LIN YUTANG[1]

"Behavioral" finance is the hot new field in the rapidly growing "imperial" science of economics. Consider the titles of recent books on the subject: *Irrational Exuberance* by Robert Shiller of Yale University, who correctly warned investors that the bull market on Wall Street in 2000 was not sustainable, and *Why Smart People Make Big Money Mistakes* by Gary Belsky and Thomas Gilovich.

Essentially, these writers take issue with a fundamental principle of economics—the concept of "rational" predictable behavior. They argue that investors, consumers, and business people don't always act according to the "rational economic man" standard, but instead suffer from overconfidence, overreaction, fear, greed, herding instincts, and other "animal spirits," to use John Maynard Keynes's term.[2]

Their basic thesis is that people make mistakes all the time. Too many individuals overspend and get into trouble with credit; they don't save enough for retirement; they buy stocks at the top and sell at the bottom; they fail to prepare a will. Economic failure, stupidity, and incompetence are common to human nature. As Ludwig von Mises notes, "To make mistakes in pursuing one's ends is a widespread human weakness."[3]

Fortunately, the market has a built-in mechanism to minimize mistakes and entrepreneurial error. The market penalizes mistakes and rewards correct behavior (witness how well business responded to the Y2K threat in the late 1990s). As Israel Kirzner states, "Pure profit opportunities exist whenever error occurs."[4]

But the new behavioral economists go beyond the standard market approach. They argue that new institutional measures can be introduced to minimize error and misjudgments, without involving the government.

At the American Economic Association meetings in Atlanta in January 2002, Richard Thaler of the University of Chicago presented a paper on his "SMART" savings plan, which is being tested by five corporations in the Chicago area. Thaler, author of *The Winner's Curse* and a pioneer in behavioral economics, has developed a new institutional method to increase workers' savings rates. Thaler noted that the average workers' savings rates are painfully low. I blame the low rate on high withholding taxes, but Thaler suggested that part of the problem is the way retirement programs are

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