

## Imagine There's No...

By Stephen G. Barone

I was both unlucky and lucky to have procured my higher education during the late '60s and early '70s.

Unlucky, because I never took a course in economics—not micro, not macro; neither domestic nor international. To have registered for such a thing would have been considered just *too unchic*.

Thus there is a cavernous and empty place somewhere in the midst of my personal western hemisphere where are supposed to reside such things as my understanding of the rediscount rate, what is Say's Law, why bonds go down when everything else goes up, and why a market *downturn* and a market *recession* are somehow different.

Pity. Invite me to a party and leave me all alone with a stack of cocktail napkins, and at the end of the evening you'll have nothing but a pile of neatly wrapped olive pits.

Still, all is not woe. I am also lucky. By avoiding those very same classrooms and their professorial denizens, I emerged from the '60s relatively innocent of Keynesian non sequiturs. Investors and savers have never appeared any different to me.

My best friends will tell you: My unidimensional grasp of economics usually comes to the fore after little more than a single glass of diet chablis and a few Ritz crackers with cheap brie. So I know little enough to feel no embarrassment about forwarding for your consideration the following person, who is my nominee for the world's greatest economist, living or dead. He is Jean Piaget.

Jean *who?* I'm glad you asked.

The late Jean Piaget was a Swiss psychologist who never wrote a single word on the subject of economics. And I'm glad. If he had, he might have decided he was a communist or socialist or one of those terrible other *ists* to which Europeans seem to have affinity just prior to the collapse of one of their economies. But he didn't. So I am free to imagine whatever I wish about



his ideas on economics.

Piaget was somewhat precocious as a child, doing things like publishing scientific papers on ornithology barely a year after his chronological age made it into the double digits. By the age of 15, his interests had moved away from birds and toward clams. He studied mollusks. He was awarded a doctorate in the natural sciences by age 22, that point in life when most of us are still trying to decide between graduate school and getting into a rich uncle's linoleum business.

Piaget found employment with one Alfred Binet of France. Binet is the fellow who invented intelligence testing as we know it today. And Piaget found himself administering to the school-age population of France the tests that Binet had constructed. He wasn't wholly impressed.

He *was* wholly impressed, however, with the following: that the children with whom he worked differed from one another not so much in the *quantity* of their intellectual prowess as in the *quality* of that prowess. So he constructed a theory about developmental epistemology that is now the benchmark by which competing theories are judged. It is perhaps no less an achievement than one might expect from a fellow whose pen pal was Albert Einstein.

Piaget was the first to purport that adults are not simply *more* smart than children, children *more* smart than toddlers, and

toddlers *more* smart than infants. He insisted that the stages of infant, toddler, child, and adult intelligences are epistemological states that differ from one another in much more than just pure quantity.

To the reader not conditioned to the usual musings of psychologists about intelligence, this might not sound very profound. But Piaget was one of the first to give children their reprieve from the gloomy sentence of behaviorism. Too, he believed that cognition and intelligence are uniquely *human* traits, affected by the environment but intrinsic to the organism.

**B**ut I can feel you shuffling in your seats. Go ahead—ask. *What has all this to do with economics?* Well, I'll let you decide.

Piagetians postulate many points about human cognition and intelligence. Only three are important here. Together, I would submit, they provide the underpinnings of a better-than-average explanation for the sorry state of the world and its economic policies.

First, Piagetians contend that children have their views of the world bound up in concretes. Indeed, Piaget called this the concrete operational stage, when children are generally incapable of imagining a situation with any of its variables somehow different. So kids at this stage have a lot of difficulty with "what if" questions, such as, What if the sun actually rotated around the earth rather than the other way around? or, What would happen if the average temperature of the United States dropped 10 degrees?

Yes, children love to play around with such questions and try answers to them. But the answers are most often what Piagetians would call translogical, meaning they follow the rules neither of deduction nor of induction, as would an adult's speculations given the same set of hypothetical premises.

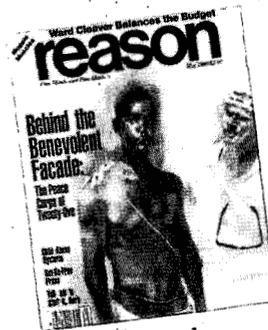
Second, Piagetians conjecture that only sometime during adolescence do children become able to deal adequately with such abstractions. This is called the formal operational stage.

It's during the formal operational stage that young adults become able:

- to deal successfully with propositions

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that are contrary to fact (What if there were no Federal Reserve Bank? What if there were no minimum-wage laws?),

- to imagine several alternative explanations for the same phenomenon (What really caused the Great Depression? Are there circumstances where higher taxes might actually decrease municipal revenue?),
- to deal with metaphor (What is meant by the market's "invisible hand"?), and
- to understand that classes are not only groups of concrete objects but may also be conceived as abstract entities (What are those elements that make up democracy? What are those elements that make up justice? How can democracy and justice become elements that make up something called freedom?).

Okay. I can sense you're again getting restless. This can all seem very benign and more within the realm of pedagogy than economics. But then, consider this third point: *Piagetians contend that nearly 50 percent of the adult population never adequately develops the capacity for formal operational thought!*

Half the population is often bound to the reality of the moment. They are relatively impotent to imagine how things might be under different circumstances. They usually view their world only in terms of how it appears to them at some particular moment.

Just imagine yourself at a routine cocktail party. Ask the party mate you've been randomly thrown up against, "What if there were no local zoning laws?" and you'll likely get a blank stare. Press him with "What if there were no minimum-wage laws?" and you'll be getting unadvisedly close to his threshold of irritability.

The ways of the economic world are pretty uncomplicated for this guy. If he thinks gasoline prices are too high, he wants someone to *make* them lower. If he thinks Americans are buying too many Japanese cars, he wants someone to *stop* so many Hondas and Toyotas from coming into the country. If he thinks his salary is too low, he wants someone to *make* it higher.

And mind you, Piagetians assert that half the adult population think at this level, even though many of them might have what traditional intelligence-measurers want to call average intelligence. If this is true, then it's a discovery worth the Nobel Prize for economics. It's at least as important as whatever it was Milton Friedman discovered about how we save money under the happy circumstance of being allowed to keep it.

What then is the task before us, if we intend to explain such notions as "the

invisible hand" to all the people out there who go into the voting booth and pull the lever for politicians who want to meddle in everything from the price of milk to the content of TV programming? Piagetians are saying that there exist many, many people whom we regard as reasonably bright and well informed, whose powers of abstraction are not developed such that they can imagine how a truly free society could work.

You know some of these people. They express an initial affinity with individualist ideas, but then balk at the mention of an "unregulated" economy. "Gosh," they say, "I can't imagine no regulation at all!" And they're right. They can't. So they proceed to outline for you their own little tyrannies about how *they* would go about imposing controls on things they cannot fathom operating unfettered by government. And there are quite a few such things.

I am not the only one who notices this. I have allies in strange quarters.

Consider the sorry story of Hyatt Clark Industries Inc. in 1985. One would think that in one way or another, people would realize that their livelihoods depend rather directly on the economic well-being of the company for which they work. But history has not borne out this assumption, in general or in the case of Hyatt Clark.

According to a *Business Week* report last year, the company's "hopes of survival" had "suffered a sharp setback." It seems there were three United Auto Workers (UAW) union members among the 12 members of the company board. That very same board voted to reinvest the company's \$600,000 profit in new machinery rather than distribute it among the employees via a profit-sharing plan. As a protest, the union staged an old-fashioned slowdown, bringing on 10 straight months of operating losses for the already troubled company.

The result? Their own layoffs. Why? I would conjecture that, not having thought through the future consequences of here-and-now behavior, they had no idea that they would wind up firing themselves.

But don't take my word for it. One of the independent directors of Hyatt Clark was retired UAW president Douglas Fraser. He voted for the new machinery. He told *Business Week*: "I said to the local guys, 'It's not that the money is going into the corporate cash register. You have got to view this as your money that goes into another pocket.' But it's hard to get that *concept* (emphasis added) across."

And *that's* the problem.

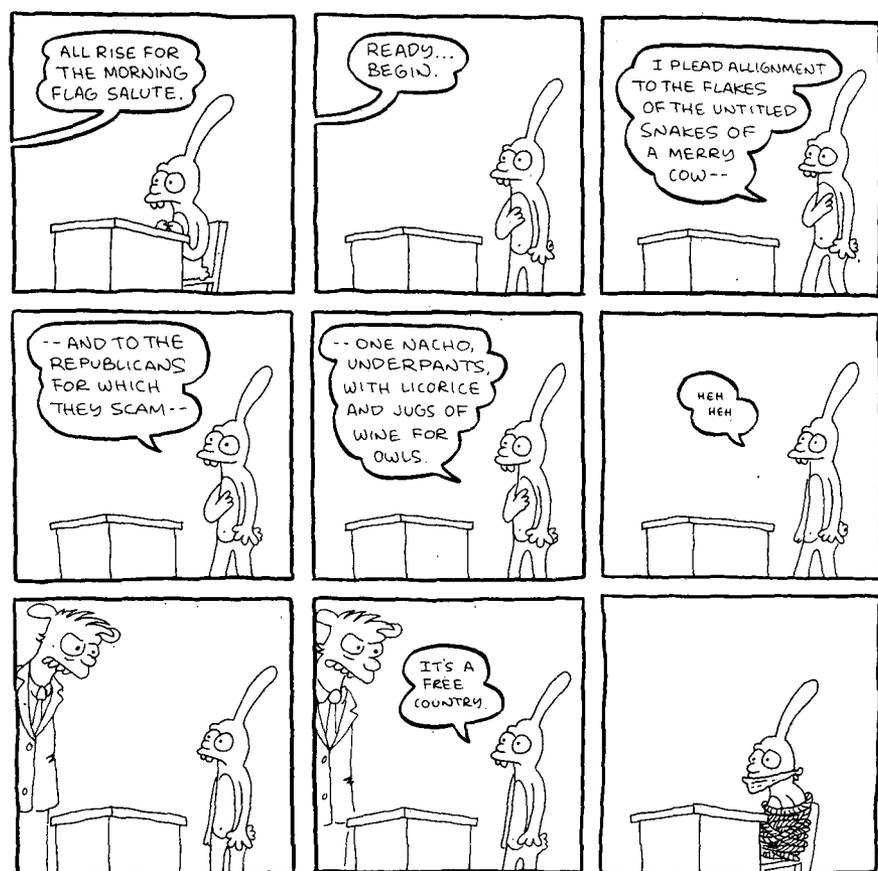
*Stephen Barone is a children's psychologist and free-lance writer.*

# the book case

## What Do Kids Think About Government?

By Karl Hess

*The Political Life of Children*, by Robert Coles  
Boston: Atlantic Monthly Press, 341 pages, \$19.95



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Once, while living the bohemian life in Greenwich Village, I knew a fellow named Joe Gould who attracted some weighty attention (including a long profile in *The New Yorker*) because he was writing what he called "the oral history of the 20th century." His method was to take detailed notes of every word he heard uttered during the day. Whether this would ever have provided raw gold for other, more-selective historians is not known to me, since I lost track of Joe many years ago and so, appar-

ently, did everyone else. What old Joe's technique did accomplish with notable efficiency was to keep Joe awash in beers bought him by young admirers such as myself who felt, in those odd years, that anything weird was also bound to be wonderful.

I thought of Joe Gould often while reading Robert Coles's latest book, which is a continuation of what could be called an oral history of children with exactly as much precision as Joe Gould's boxes and boxes of notes could be called an oral history of

the century. Presumably, Coles is doing as well as old Joe at collecting beers and such for his effort. Just offhand, I'd say that old Joe might have more to offer in return for all those oceanic tides of suds.

The dilemma in reviewing a Robert Coles book involves figuring out ways in which to restrain yourself from dithyrambic excursions of ridicule of what must be the most pompously naive, self-consciously self-effacing, and extraordinarily self-serving literary style on the planet earth. (The entire enterprise might be written off as an academic justification for the most permissive work and travel schedule that could be imagined. Imagine being paid for decades of world travel, recording the lispig lore of little folk! Even Charles Kuralt never had it so good.)

As an example, there is Coles's psychiatrically informed reaction to a young Cambodian boy (now living in America) who had survived the bloodbaths in his own country and was adjusting nicely to the bourgeois life of his new country. The lad had brought Coles a drawing of geese flying. (Coles, incidentally, puts a good deal of stock in the drawings of children. He derives from them just about every imaginable conclusion except the one that young children often are limited in what they can portray by an as yet undeveloped array of motor skills. He never considers the possibility that some of their drawings are purely accidental in nature rather than being crystal-clear windows to the darkest recesses of their minds.)

"Khek [the Cambodian lad] said this to me: 'Do you think they [the geese] watch us, like we watch them? Do you think they wonder where we're going?' I could only say 'maybe'—and stop and think. How much this boy had taught me about the manner in which children leave a nation, go to another nation, become exiles, learn to feel at home in a new place, dream still of a return, feel increasingly comfortable where they are, hold on to old social and cultural values, gain new ones, and finally feel less and less part of one country, more and more a part of another one—and in their minds wonder, and like geese, wander, as they try to figure out the why, the where, the whither of this world." Imagine, children adjust to new surroundings!