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## Democracy and the Economic Challenge, by Robert M. MacIver

William C. Bradbury  
*University of Chicago*

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# BOOK REVIEWS

DEMOCRACY AND THE ECONOMIC CHALLENGE. By Robert M. MacIver. New York: Alfred A. Knopf, 1952. Pp. ii, 86. \$2.50.

Dramatic evidence of widespread dissatisfaction and even alienation within the Soviet orbit should not blind us to what is really going on there. Major changes in culture and personality may be effected over the years despite the unrest engendered by continuous pressure from above. And the deliberate reshaping of human culture and personality attempted by the communist elites is something new under the sun; their apparent ability to manufacture assent to continuous rape is more monstrous by far than the hydrogen bomb. Yet every industrial society contains a totalitarian potential, and even preindustrial societies sense the sword of Damocles that modern technology, the vagaries of world politics, and the communist genius for organization have suspended over their heads.

As Western men have tried to understand these dangers and meet them, we have perceived anew the political importance of economic institutions. On the one hand, it is evident that literal *laissez faire* cannot meet the challenge. Even if it did not open the way to injustices and instabilities that feed the spirit of alienation and fundamental dissent, its inability to nurture a faith to match that of communism would doom it. Highly centralized economic planning, on the other hand, is almost automatically authoritarian. If the danger were only one of wrong domestic choices, we should have a fairly wide margin for error. But the growing external threat gravely narrows that margin.

So far as material resources will affect the outcome, Americans have an unparalleled chance to transcend these dilemmas. For it is at least conceivable that we can simultaneously build the weapons of war and strengthen the fences of freedom, not only on this continent but for the free world. Doubts assail us only when we perceive the need for a uniting faith, without which material strength and institutional forms would fall without a fight. Can we match, either at home or abroad, the inspirational and organizing power of communist doctrine? Do we, indeed, understand clearly enough what it is we must defend to provide the leadership that events demand of us?

These questions are the central problems of Professor MacIver's worthy addition to the William W. Cook Foundation lecture series at the University of Michigan—a series that has already given us Carl Becker's *Freedom and Responsibility in the American Way of Life*,

John Maurice Clark's *Alternative to Serfdom*, and Arthur T. Vanderbilt's *Men and Measures in the Law*. Much of MacIver's slender volume looks like a rehash—shrewd and eloquent to be sure—of the debate about the compatibility of democracy and centralistic socialism. But his thought is subtle and his emphasis deceptive; these lectures are illumined by wisdom and a sure sense for what is important, qualities that have distinguished his long career as a teacher and maker of political and social theory.

What is “the economic challenge to democracy?” For MacIver, democracy is a political phenomenon, a way of distributing power and making social decisions which fosters “the creative thrust of free social energies.” And the critical question about economic institutions is, therefore: What is their impact on the distribution of social power? Do they add to or reduce the number of independent centers of action and thought in society? Indeed, long before modern totalitarianism showed its fangs, MacIver was insisting that democracy can thrive only in a multi-group society, that the formal governing processes can be free only if many autonomous centers of social power exist outside the central government itself. Consequently, the “economic challenge” turns out to be the siren appeal of centralistic socialism. And MacIver's main prescription is that we must protect something he calls “private economic power.” Initially defined as control of resources which does not *ipso facto* entail political authority, this concept is progressively defined (or enlarged) as MacIver examines the rise of modern Western (European) democracy and the inherently authoritarian and totalitarian tendency of centralized, total, economic planning. The existence of private economic power “means that a substantial portion of the economic decisions of a community is not made by government, either directly or indirectly.”<sup>1</sup> It presupposes the presence of free markets, which in turn guarantee the existence of “an area in which men can make a living and carry on their business without becoming agents or employees of the state.”<sup>2</sup> Healthy, private, economic power involves an open class system.<sup>3</sup> Equally important, the sort of private economic power that serves democracy “is by nature and of necessity decentralized. While it may be very unevenly distributed, it can exist only where competition is alive and where every economic interest faces a counterinterest. Where economic power holds any kind of monopoly position, it loses its private character and assumes a political aspect.”<sup>4</sup> Finally, we are told that private economic power

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1. P. 18.

2. *Ibid.*

3. P. 23.

4. P. 52.

includes not only private ownership of resources in the traditional sense, but also "the power of organization,"<sup>5</sup> labor unions and professional associations may, in MacIver's view, be bulwarks of democracy at least as important as competitive business enterprises.

Simultaneously, MacIver develops the argument against simple *laissez faire*. "Governmental regulation of economic affairs, operating in accordance with the movements of public opinion, is an utterly different thing from the fusion of economic and political power" that characterize both the preindustrial oligarchies and contemporary dictatorships.<sup>6</sup> Indeed, private economic power should always remain "subject to political controls;" government must have "some public economic power, together with the comprehensive authority to regulate economic affairs."<sup>7</sup> Consequently, the author celebrates the coming of the welfare state, which "regulates" the private economy, guarantees basic economic security and a decent minimum level of livelihood for all, and so shores up democracy by assuring the citizen a place to stand while exercising his right to be different, to disagree, and to contribute to the evolving policy consensus.

MacIver's argument on these points is often perceptive, always eloquent; he flays the dead horses of planned economy and rigid *laissez faire* with a master's skill. But if one looks for a map not merely of these well-advertised ditches which line the road of economic policy, but of the ruts and bumps in the road which could pitch us toward the ditches, MacIver's argument is not obviously helpful. He tells us, for example, that government should directly operate certain kinds of economic activities: those natural monopolies which are "not amenable to effective price regulation" ("a rather rare situation"),<sup>8</sup> and areas in which the "economic returns . . . mature slowly over a long period, or where the full cost of such a service itself has such wide implications for the national well-being that the latter would be impaired if the immediate beneficiaries were required to pay their proportion of the cost."<sup>9</sup> This latter set of conditions opens the way for enormous and patently dangerous expansion of central government. The whole apparatus of medical service and much of housing, for example, could be nationalized under these terms, whereas in fact government can accomplish the bulk of what needs to be done under them by judicious use of its taxing and subsidy powers.

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5. Pp. 29, 52, 59.

6. P. 17.

7. *Ibid.*

8. P. 68.

9. Pp. 68-69.

MacIver does not even identify the major *sources* of danger to a liberal-democratic distribution of economic power as they appear today. Thus, we Americans are trying, presumably with MacIver's approval, to use our government to stabilize the level of economic activity and prices. But the very multi-group character of our society may produce such a parallelogram of conflicting special interests that our only real choice may be between too-rapid inflation on the one hand and widespread governmental administration of prices and wages on the other. Again, what happens to the necessary dispersion of economic power when a society substantially less bounteous than ours (even Great Britain?), seeking to effect the minimum guarantees for all, channels one-third or more of its income through the national government? Finally, MacIver deliberately ignores the military threat of the Soviet Union, on the grounds that "if we meet the challenge [of Marxism] we need not fear the threat."<sup>10</sup> But, as has already been suggested, the military threat renders the challenge more difficult to surmount: In a long-continued war or defense economy, industry need not be formally nationalized or labor formally drafted in order to be deprived of the freedoms that contribute to keeping government free.

We are not likely to remain oblivious of these dangers, and it is perhaps more important to point out that MacIver, in accepting the conventional European definition of the political problem, ignores the resource of democratic federalism. In America at least, local governments are not mere creatures of the national government. And (to put the point as sharply as possible) if the federal government guaranteed freedom of movement to people and goods and ideas, it is difficult to see how even wholesale socialization of economic activity *at the municipal level* could create the sort of concentration of economic power that endangers national democracy. It is not, then, *private* economic power but *non-central-government* economic power, with multiple foci all subject to the discipline of competition, that democracy needs. The point holds whether we consider the traditional municipal unit or the unit which seems to be replacing it. MacIver refers to the way in which industrialism has undermined traditional local ties and to the governmental character of many so-called "free private enterprises." Yet we are given no hint that, in the largely self-governing plant community, America may be producing an industrial substitute for the local, residential community. How "private," anyway, is the Inland Steel Company, governed by a shifting complex of market exigencies, stockholder "sov-

ereignty," directorial "policy-making," salaried-manager "administration," continuous collective bargaining, and regulative limitations by various public governments? How dangerous is the plant community to democracy, despite its size and the fact that within it are determined men's standards of living in sickness, health, and old age, the extent of the authority of a long hierarchy of bosses, and innumerable other important questions including (in part) the size and price of the nation's supply of steel?

Interesting and important as these technical problems may be, they do not meet MacIver's central concern. For he is not so much trying to lay down the precise conditions that enable democracy to tick along and do its liberating work as he is insisting that we Americans must (a) realize that we have in democracy something infinitely more precious than a mere "workable adjustment of interests," and (b) study what its nonpolitical conditions are and devote ourselves to their maintenance and strengthening. In short, he is pleading for a uniting faith based on full participation and full understanding.

All over the country, today, Americans in our various ways and with our various resources are trying to locate "the essential difference," the sources of our hostility to the Soviet imperium and to Marxism. It is a peculiarly difficult task for us; we have had little reason to reflect deeply on the nature, let alone the conditions, of our blessedness. MacIver rightly lashes out at those who locate America's excellence in our wealth, in the "efficiency" of private enterprise, in this or that ethnic group, or even in our relatively wide distribution of freedom to rise in the world. Anyone who has seen the farce of American efforts to "educate for democracy" abroad might add to this list our peculiar political institutions. (Is it any wonder foreigners conclude that our arrogance knows no bounds?) Indeed, some conservatives would have us believe our American experience has been so unique that we have no exportable ideas of any consequence. In a polarized world, the Soviet imperium could wish for no more congenial doctrine. And it is true that most of our efforts to "export democracy" would be ludicrous if they were not tragic.

"We" may be winning the war of ideas and ideals in Europe—not because of American salesmanship but because our European cousins have had a long tradition of free culture *and* have seen the face of Stalinism. But the Orient is more likely to be the area in which the future of freedom will be determined, and there we are even more helpless. Yet, the effort MacIver makes and demands is all the more necessary. We cannot export the details of a highly imperfect and historically unique civi-

lization, but only the ideals embodied in a general community method. If we are to make those ideals vital and that method available to others, we must first practice the ideals more fully (for example, by banishing religious and racial discrimination), achieve such understanding as we can of the *social conditions* of the operation of the method, and then translate this understanding into the terms appropriate to widely differing communities. MacIver's insistence that most forms of power be dispersed, and especially that the pyramids of governmental authority, property, and social status be largely independent of one another, is a long step toward the definition of "the essential difference" and so to the needed understanding and translation.

William C. Bradbury†

A CIVIL ACTION—FROM PLEADING TO OPENING OF TRIAL. By Hubert Hickam.\* Philadelphia: Committee on Continuing Legal Education of the American Law Institute Collaborating with the American Bar Association, 1953. Pp. xi, 196. \$2.50.

This small volume is the second, at least in logical order, of the third series of publications sponsored by the Committee on Continuing Legal Education of the American Law Institute collaborating with the American Bar Association.<sup>1</sup> It is a concise and almost uniformly lucid coverage of pleading tactics and pre-trial strategy. It is not another book of legal anecdotes. In fact, the author's restraint from reminiscences may have been too uncompromising in a few instances where illustrations would have been helpful.

Nevertheless, I am a little puzzled whether the book is intended as a reference book on practice or as a one-reading continuance of legal education. Judging by the foreword and the detailed table of contents, the former is suspected. If this is true, it accounts for and justifies

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† Associate Professor of Sociology, University of Chicago.

\* Member of the Indianapolis, Indiana Bar.

1. Actually, series three comprises publications numbered 13 through 18. Mr. Hickam's work is number 14. Number 13, EUSTACE CULLINAN AND HERBERT W. CLARK, A CIVIL ACTION—PREPARATION FOR TRIAL OF CIVIL ACTIONS; REINFORCEMENTS FOR PREPARATION (1951); Number 17, HERBERT F. GOODRICH, RALPH M. CARSON, AND JOHN W. DAVIS, A CIVIL ACTION—A CASE ON APPEAL—A JUDGE'S VIEW AND LAWYER'S VIEW (1952); and Number 18, LOYAL E. KEIR, A CIVIL ACTION—THE PREPARATION AND TRIAL OF CASES IN THE TAX COURT OF THE UNITED STATES (1952) have preceded it. Two others, to round out series three, Number 16, JOHN F. X. FINN, A CIVIL ACTION—THE TRIAL, and Number 17, A CIVIL ACTION—BASIC PROBLEMS OF EVIDENCE, will appear soon.