

Dual Interest Theory in Metaeconomics Frames the Historical Idea of a Free Market

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Soll (2022) concludes the 327 page book with a call for seeing the key role of the virtues --- virtue ethics --- in ensuring the Free Market can be made workable. Metaeconomics makes analytical sense of the call, in that said ethics are brought to center stage in Metaeconomics through introducing a set of shared other-interest curves around the selfless path 0M (Figure 1). Said path 0M is driven mainly by being in empathy-with the other, seeing the need for an essential sacrifice in the path 0G domain of selfishness based self-interest in order to achieve an ethical efficiency in the Market. Mainstream economics, and especially the Libertarian version of a Free Market, sees only path 0G, and, in the extreme, only the vertical axis of extreme self-interest. Said path results in excessive sacrifice in the domain of shared other-interest on path 0M. Said Free Market also works only in terms of price P, everything being commodified and turned into monetary price P. And, to the extent that the Government is running on self-interest only (as in the current self-interest only of each US political party), it causes Government failure, coming out of a failed 2-party system in the US. Government focusing only on price P (as in the continual unproductive battle over tax T, as though everything has a price P) must be tempered. Politicians and supporters within each Party are only consumers --- just like in the extreme form of the no-holds barred “Free Market” framing focused only on price P --- and no longer citizens.

Insert Figure 1 here (figure is currently at the end of the paper)

The community of shared other-interest represented on path 0M, and concerned with value V and not just price P, is what good representative Government --- representing citizens not just consumers, including the politicians being true citizens --- is all about. In striking contrast, Government is framed in mainstream (Micro)economics (as it is framed as about utility maximizing, self-interest driven consumers and politicians) as something that intervenes and distorts the Free Market (consumers, with no bounds, drive the economy) choice favored on path 0G. Metaeconomics clarifies that when the community of citizens (not consumers) is represented in Government, it brings value V (Figure 2) --- incommensurable in measurement and in what represents value V which cannot always be represented in monetary terms --- into tempering the price P. Said frame of the Free Market is too often left out. In particular, in a truly Humane Free Market, and Humane Government, the value V path of Figure 2 influences and otherwise locates the price P path of Figure 1. The value V (reflecting the virtues, ethics, the virtue ethics, the culture) arising in the Other Forums of the Community (and the Government representing same) is essential to achieving economic efficiency, stability in the political

economy (peace), and happiness. The value V is also reflected in the regulations and law, both essential to a viable Market.

Insert Figure 2 here (figure is currently at the end of the paper)

As Metaeconomics clarifies, and the historical evidence provided in Soll (2022) supports, a truly Free --- and thus Humane --- Market & Government can only arise on some path 0Z (Figures 1 and 2). Path 0Z is where the excesses of the generally more primal self(ish)-interest are tempered by the other (shared with others, and, thus, ethical, and more selfless) - interest. We now turn to each Chapter in Soll (2022), using Figures 1 and 2 to make Metaeconomic sense of each.

1 The Dream of Cicero

Soll (2022, p. 19) claims the original source of the idea of a Free Market goes at least back to 44 BC (albeit Rome had an active Market at least 500-700 years before that time) in the writings of Cicero, who saw the role of Stoic values (on some path 0M) as essential to giving context to a Free Market, working to drive how it operated. As Soll (2022, p. 20) says it, “Cicero was the first to claim that morals and feelings sparked the market to work autonomously to create an economic equilibrium.” It seems it was about morals and feelings in an invisible hand. So, Cicero even claimed the Stoic values in some path 0M were the main cause of economic equilibrium, which Metaeconomics suggests arises on the values (largely in the background, not always conscious, so, in effect “invisible” in OM which) influenced path 0Z.

Cicero believed it was up to the elite, the ruling class of the day to operate with said morals and values, tempering the pursuit of wealth, which also meant making substantive time to being good citizens: Such citizen time requires sacrifice in path 0G choices. Citizenry represented on some path 0M was essential to a good Government, which was also seen as essential to a good Free Market on some path 0Z. Said Market had a clear ethical frame in the background of same, and Government played a role in that frame, leading to a better path 0Z.

Cicero also saw trade (with other countries, requiring empathy-with trading partners, in a shared interest on 0M) as a key aspect of the Market. Duty, represented in empathy-with the other, was essential. In general (Soll 2022, p. 24) it was all about “High morals—‘courtesy, justice, and generosity’ in the act of exchange—were the principles that led to a harmonious and rich society.” Cicero claimed the need to temper the greed for money and goods, as well as temper the excesses of too much pleasure, so, there was to be sacrifice in both domains of interest, which is demonstrated on path 0Z. Cicero “... arrived at love (in Metaeconomic terms, the starting point being empathy-with the other), not greed, as the most fundamental market principle. Virtuous exchange (empathy-based) was part of these divine mechanisms and, allowed to play out, would produce reliable wealth (Soll 2022, p. 28).

So, Cicero also was of a mind to loathe greed on path 0G and especially money for money's sake on the vertical axis. He was suspicious of all merchants and traders, who he saw operating with low morals at best on path 0G, while holding-up landowners as operating in the moral dimension (ethical) closer to path 0M. And, to some extent, there may have been some experiential, empirical basis for the claim, in one example of the regular practice for landowners to distribute wheat to make bread for the poorer people. The wheat was often sent out on ships, which also became trading vessels for all manner of goods. So, sharing the wheat in a frame of other-interest on path 0M had a tendency to jointly serve self-interest, finding a path 0Z that worked better for both rich and poor.

All such claims did not go well for Cicero. He was beheaded, his hand cut off, and both nailed to a platform from which he had often delivered his rhetorical claims about the ethical dimension framing a truly free market. It seems not much has changed, as mainstream economics is still opposed to ethical reflection (personally speaking, all attempts to bring empathy-based ethics into the analytical system of Microeconomics, through bringing Dual Interest Theory into the mix, has been rebuffed by the editors and reviewers of the mainstream Microeconomics journals going back 4-decades, a symbolic cutting off of the head and hand of someone who --- me --- would write such things). But, it is to be expected, as even Adam Smith, who fully understood the key role of ethics (the moral sentiments, as Smith framed same) has been misrepresented, and, in effect Smith's head and hand --- the moral dimension, the key role of ethics, the sentiments --- have also been cut off. Also, Christianity which is based fundamentally in the frame of being in empathy-with the other, it too has been set aside in the strict focus on ego-based self-interest without bounds. In Christian framing (actually Jewish, the story of the needle coming from the old Testament), it seems mainstream economics has no concern for getting through the head of the needle --- any question of the concentration of wealth, distribution is off-limits to Microeconomic analysis --- which requires tempering the excesses.

2 The Divine Economy

Ironically, early practice in Christianity shifted the focus away from being in empathy-with the other here on the Spaceship Earth and toward being in empathy-with the Divine. It was all about getting to Heaven, not building Heaven on Earth (which would come later, with the Protestant Reformation: See Nelson 1991, 2001), the latter needing each person to be in empathy-with all other Spaceship travelers, not just with some God. As Soll (2022, p. 32) makes clear, "... the most influential theologian of Western Christianity, Saint Augustine, wrestled with the thought of (Pagan) Cicero, looking to supplant it with a new Christian version of morality. Ultimately their approach to wealth was more individualistic and democratic than that envisioned by Cicero." Individualistic framing focuses attention on the self-interest, and, as long as it is squared with the Divinity, every individual person can operate as though independent of every other person, yet influenced by empathy. Pagans did not see such extreme independence, as everyone --- all Travelers on the Spaceship --- was jointly intertwined, all interdependent, and together.

Intriguingly, and ironically, some philosophers behind the extreme Right of Isle politicians see it similarly, rejecting Christianity in favor of Pagan framing, because Christianity overall welcomes everyone (e.g., all races, creeds, religions, so, all immigrants are welcomed) into the fold. A prime example is French philosopher Alain de Benoist (see Chapter 5 in Rose 2021). It is ironic in that the Free Market has often been supported by the political Right in the name of Christianity. Many on the political Right now reject openness to the other, which is a major frame in Christianity, and is facilitated by Free International Trade.

Individualist framing, however, also led to concerns over how to make it to Heaven, as a person operating only in self-interest led to the problem that the rich operating on path 0G (or even more likely, on the vertical axis) "...had a slimmer chance of going to heaven than a camel did of fitting through the eye of a needle (Soll 2022, p. 32)," and, therefore, the need to temper the excesses. Solution? Alms to the poor, at minimum, and even poverty on some path 0M close to the horizontal axis was even better. A 10-percent tithe was the minimal acceptable amount, on some path 0Z close to path 0G, but something much closer to path 0M (perhaps a 70-90 percent marginal tax rate on income, like the US had in the 1950s) would be better.

Early Fathers of the (Catholic) Church ostensibly claimed to be operating on some path 0M close to the horizontal axis, with great sacrifice in self-interest, even denying all sexual (egoistic, hedonistic) contact with others. It is questionable, on average, to what extent said path 0M was achieved, however, as the Church became extremely wealthy, and, at least some Fathers were quite sexually active, albeit male chastity was deemed the best way. The Church became a haven for homosexuality, as a case in point, and often Fathers became real fathers, although usually hidden from view. Tempering excesses in all kinds of Forums, Market or Other (including Religious) Forums, is not inherently easy for Humans. Yet, the Christian frame of the time pointed to "Money, lust, pleasure, and even eating, talking, and smiling—these were all bad things, products of Original Sin, in the Christian view, and had to be forsaken in return for the reward of heaven (Soll 2022, pp. 36-37)." Human nature (and nature in general) was weak, as self-control often failed: So, sometimes tempering of same had to come from the outside --- the community, church, and/or Government).

Saint Ambrose even attacked private property which had been a cornerstone of the Cicero frame for a free market. Private property did not fit into the plan for eternal life. It seems an extreme on some path 0M, perhaps even on the horizontal axis of Figure 1, connecting with the Divine, was not possible with private property which served operating on path 0G. Also, in the extreme, private property could lead to operating on the vertical axis in the "do as I please with my private property" frame, without any concern for the harm to the other: Modern day pollution (like excessive release of carbon dioxide as related to the fossil/carbon fuel industry) and being anti-environmental regulation comes to mind.

Intriguingly, Saint Augustine brought private property into play through the notion of predestination --- some were predetermined by God to be wealthy, and, private property better assured same. So, "... rich Christians could be virtuous (in effect chosen by God) while making money ... (but) would have to mix this earthly wealth with an attitude of charity, goodwill, and the truly 'voluntary' quest for grace (Soll 2022, p. 44)." It seems the goal is some path 0Z, but

still a path very close to path 0G, as people “could not be self-denying ascetics (on some path 0M) all the time.” Yet, any giving of money had to be to the Church, with the Fathers being the only people capable of deciding who would be helped by it. Seems a bit self-interest driven, on the part of a path 0G of the Fathers, albeit claimed to be guided by the invisible hand of God, who now was charged with guiding the making, taking, and keeping of wealth. It seems that Augustine in effect claimed “...that God might stretch the eye of the needle for a chosen few to pass through (Soll 2022, p. 47),” as long as they gave enough money to the Church. It seems buying one’s way to Heaven, well, that worked for said form of Free Market. It was about favoring the rich who were favored by God, and the Church that the rich supported, and not much about everyone else (little empathy-with the other, spread widely, other than promising a good life after death, not now). It was about a natural, spontaneous order --- a Market would just naturally, as though guided by an invisible hand (in said case, of a God), come into play.

3 God in the Medieval Market Mechanism

Such framing collapsed with the Roman Empire in the 400s. By the 1100s, and certainly by the 1200s to 1400s, the key role of a structure giving context to the Market, which for a few hundred years became an intricate interplay in state & business & church, evermore intertwined as time went along, often degenerating into the deadly triad of Authoritarianism & Oligarchism & Religionism. And, while a structure was needed to give context in forming and facilitating the Free Market, it perhaps became too controlling. Monasteries were pressed into service, to help build the free market economy, and dispense the wealth produced on Monastery lands. Guilds were also eventually formed in the private sector, especially in the cities, and composed of merchants and traders, forming the fundamentals for what would be capitalism. Monasteries and guilds were representing shared other-interest on many path 0M trajectories, all serving to influence the best path 0Z. Churches (Monasteries as part of same) supposedly provided moral and ethical guidance to the guilds: “... exchange based on the ‘civil friendship’ of Christian relations (as Metaeconomics makes clear, being in empathy-with the other) was a virtue (Soll 2022, p. 55)” set out to influence the Markets, in effect putting same on path 0Z.

By the late-1100s, Saint Francis also was on the scene, claiming other living creatures on the Spaceship needed to be given more attention, being the first true ecologist (Soll 2022, p. 55). Seemingly Francis was also perhaps the first Ecological Economist, a frame very much focused on path 0Z outcomes with the shared other-interest with all other creatures represented on some sustainable path 0M. Making wealth which had been insensitive to the other creatures had been justified by many Christians was now renounced in favor of a better path 0M (sounds very much like no growth Ecological Economics of contemporary times). Francis (and the Franciscans who followed) took on a vow (and espoused) an economic life of total poverty: “The renunciation of riches brought with it a profound philosophical examination not only of what wealth was, but of how prices were created both morally and through market forces (Soll 2022, p. 56).” Markets had to function consistent with Christian morality. As Metaeconomics makes clear, said contention is clearly the best case, as value V --- reflecting the empathy-based moral and ethical

dimension --- interacts with, and influences, the ego-based price P, leading to some best path 0Z, on which a fair trade (everyone benefits because empathy-with goes in every direction) is accomplished. Nothing out of line here, but denied in modern mainstream Microeconomics which sees only price P on path 0G.

Saint Thomas Aquinas chimes in a bit later, agreeing that price P needed value V (Christian morality) content, but disagreeing about the need for poverty. It was desirable and possible to find good balance in price P & value V: Wealth could be made in an ethical way. In fact, good Christian morals (in effect, an ethical system the other could go along with, seemingly anticipating Adam Smith) were essential to good business in the Market. Now, all said framing was a bit self-serving, as the Church of the day was extremely wealthy, but, supposedly, it was a moral and ethical wealth. Yet, the claim was not without problems, as value V was only to be judged by the Church as to what it meant for price P, a value V which seemingly lacked in information content (missing information about what price P needed to be, as evolved in a secular Market).

Franciscan Monk and Scottish Philosopher Duns Scotus (pointed to by Soll 2022, p. 58) anticipated what modern economics recognizes as the information problem. People in the Markets evolve price P using thousands of bits of information, with only part of said information available to the central planners in the Church. So, it came down to, as Metaeconomics makes clear, the need for influence from the value V coming out of the Church, and religion in general on the Market, but not using Church sourced value V directly to set price P. Another Franciscan, Peter John Olivi, made said case, that "... fair prices could be based on moral precepts, but even more, they were subject to a self-regulating and constantly changing system of quantity, utility, accessibility, and durability (Soll 2022, p. 62)." It was about free will within the mind of each person, perhaps influenced by religion, working out the balance in price P & value V, as in the Human of Metaeconomics. It was not just the focus on price P by the Econ of Microeconomics nor the Christian monk or priest declaring the price P. For example, in cases of shortages and scarcity, Olivi believed that the rising price P "... needed to be tempered by morality, warning that scarcity was not a moral excuse to raise prices unjustly (Soll 2022, p. 63)." Metaeconomics, again, pointing to the need to temper the excesses with empathy-based ethics, not necessarily just Christian morality sourced, but nonetheless coming out of Other Forums than just the Market Forum.

Private property which historically was in effect a secular (and Pagan) institution in an earlier time, but now the Church had become a massive owner of property, so it was also coming to be recognized in Christianity as essential. With the Franciscan vow of poverty being counter to it, said vow needed to be modified. Franciscan and Scottish philosopher William of Ockham (Soll 2022, pp. 63-65) argued against modifying it, claiming that all property was common property in the Garden of Eden: Private property did not exist in the garden, nor does it exist in heaven. Churches needed to acknowledge the need for common property, some claiming it was the frame of Christ. Yet, Ockham made the case for private property in the secular world undergirding the Market, pointing toward what would eventually be more liberty and freedom for individuals a few centuries from that time. Ironically, Ockham was arguing for individual freedom to not do

what the Church wanted, in this case to stop Franciscans from denying a role of private property in the Church. The Human in Metaeconomics is free to choose (unless said choice becomes unethical, as in destroying Spaceship systems like the capacity to hold carbon dioxide) in all matters of both Market & Community (religion included), but said choice must be tempered by empathy-with the other, the latter very much a part of Christian (and many other Religions) framing.

4 Florentine Wealth and the Machiavellian Market

Freedom to choose to hold private property and make wealth (and hold it as wealth) was yet to come, and, it starts in the late-1300s with the Florentine merchants: "... wealthy Italian traders and Renaissance humanists saw individual self-interest and profit-seeking as essential to creating a virtuous commercial republic and a healthy market (Soll 2022, p. 68)." Seems said idea comes back, again, in the 20th century, with the Ayn Randian notion (not uncommon in mainstream Microeconomics) that only a Market can be virtuous and moral, a bit of a stretch, but in the same line of thinking. In contrast, Metaeconomics makes clear it is the interaction of people in many alternative forums that gives rise to the moral and ethical dimension of both the Market & Government, which seemingly the Florentine merchants also understood, with said activities growing to be considered virtuous, too, and not just virtue arising in working the land (in consort with nature). It also meant a key role for Government: "... good, elite republican government, supported by the rule of law, could create the conditions necessary for wealth-creating trade. Healthy markets, in turn, would support the republic (Soll 2022, p. 69)." It was about facts & ethics (perhaps heavily influenced by religion) in the foundation of Market & Government. The Law was to be built on said foundation, too, and, in effect hold the ethical system that worked for everyone: "... celebration of virtuous Stoic government and urban wealth soon became commonplace among the merchant writers of Florence (Soll 2022, p. 69)." Secular civic service (in the Government) was also to be deemed a virtue: "... the quest to accumulate personal riches (in the Market) independent of civic virtue, and independent of one's duty to the republic (in the Government), was suspect (Soll 2022, p. 70)... had to avoid petty greed and focus on channeling the desire for wealth toward 'the useful merchant arts,' which had 'great utility' for those who took part in 'public government (Soll 2022, p. 70).' "

Self-interest had been unleashed, and became a severe problem as it also spread to the Government, and was supported by the wealthy oligarchs of the day. Machiavelli saw the problem, and pointed to the solution: "... Albert Hirschman claims that Machiavelli was 'the source' of the modern concept of society as a battlefield of self-interest where 'passions' collide and drive market forces... especially interested in how to master passion to realize self-interest pursuit of individual wealth was important... (but with the tendency of) private wealth to tip into corruption and oligarchy ... the state had to be strong enough to manage and oversee these private passions and interests... Machiavelli believed in the rule of law, if one could get it he feared ... the concentration of money in the hands of an oligarchy, threatening the stability of the republic and its markets (Soll 2022, pp. 74-76)." Again, that Metaeconomic balance in Market & Government, to include Law, with the Law and Government playing a key role in tempering

the excesses of the Market. It is also about some optimal inequality in wealth and the power it buys.

Soll (2022, pp. 77-78) also points out that “Machiavelli believed that unchecked self-interest could destroy the market ... that a strong state had to oversee a balance between patrician and plebian classes to guarantee political and economic stability and to avoid oligarchy and tyranny.” It is a point made clear in Metaeconomics: The excesses must be tempered.

5 England's Free Trade by Means of the State

While Machiavelli was writing the discourses, Martin Luther nailed the 95 theses --- revolutionary ideas that would ultimately affect both economy and religion --- on the Church door in 1517. Said ideas framed the possibility for building Heaven on the Spaceship Earth (as Nelson 1991 makes clear), which is what in general happened (or, at least it could have happened, as Metaeconomics makes clear, if it would have been better tempered) in large part because of the Protestant Reformation. The new Protestants “... shared Machiavelli's deep pessimism about humanity's base nature and believed that humans were fallen and acted on bestial tendencies... (but also, like Machiavelli, believed) in the power of individual choice and self-interest. Through the proper exercise of personal choice, humans could shape their own destinies ... (yet, Government was essential) Sixteenth- and seventeenth-century economic thinkers consistently stressed that wealth production required a mix of state investment and individual (Market) enterprise (Soll 2022, p. 79).” Amazing as to how that frame changed, and, by the 1980s, the Government can do nothing good, while the Market can do (presumed self-regulating) nothing bad, which mainstream Microeconomics claims. Metaeconomics makes clear said claims have no scientific (or ethical) basis of support, as mainstream (Micro)economics has moved away from science and become an ideology based on idealized belief rather than empirical substance.

An especially intriguing innovation of the Protestant Reformation was based on the observation that interest was simply a way to earn a return on capital, and it was not a sin (usury) to earn said return. Commerce was lubricated by money lending and borrowing, and, it could be done with Christian moral values, ethical systems resting in Christian framing. Charging and paying interest was no longer a sin, coming out of the Calvinist branch of the reformation: “...lending (at interest was deemed) as economically beneficial if it is mutually agreed upon without ‘abusive’ interest rates (Soll 2022, p. 82).” Clearly empathy-with (Christian framing) both borrower and lender was to temper the rate, as Metaeconomics makes clear is essential for economic efficiency. Intriguingly, such framing did not play well with the Catholics, with such new framing (among other things) by the Protestants leading to religious wars.

Government was needed to stabilize the situation. Books by Jean Bodin, a French jurist, historian, and philosopher who drew on Machiavelli, who called for a strong central Government (Bodin favored a monarchy, who had to be moral and ethical), seen as essential for a stable and efficient Market (Soll 2022, p. 82). Metaeconomics, too, sees the key role of an

empathy-based Government in giving context to, and tempering, the Market, and, it was a two-way interaction: "... the state needed to work in partnership with merchants themselves to create the right conditions for maximizing production (Soll 2022, p. 86)." And, it was going on in many European countries, including Italy and England. It was especially demonstrated in the 1600s in England: "The people who built England's formidable seventeenth-century economy did so with state aid. It was not paradoxical to them that free trade meant limiting foreign competition to protect their young industries in the battle for competitive advantage and infinite treasure (Soll 2022, pp. 94-95). Such Government help and "intervention" is about seeing the jointness and nonseparability in Market & Government, as Metaeconomics also makes clear. Unfortunately, the ideology of mainstream (Micro)economics, with single interest theory ruling the analytical system, misses the point, a point which has been understood for hundreds of years --- with lots of empirical evidence that said jointness has to be recognized, and the power of it encouraged --- and especially since the start of the Enlightenment in the late-1600s. It has always been about finding the best path 0Z, which always involved good balance in the nonseparable Market & Government, seeing each as essential to the other.

6 Freedom and Wealth in the Dutch Republic

After separating from the rule of Spain, the new Dutch Republic built on Calvinist framing, building a Free Market economy. To make it all work in the best manner possible, as Metaeconomics would suggest, "free market ideals coexisted with the more complex reality of state intervention (Soll 2022, p. 97)." Substantive public good investments were made in canals, levees, dikes, and sluices in order to keep the sea at bay. People joined together to invest in the building of windmills to power the industrial economy. It was clearly about finding good balance in private & public good (a main feature of Metaeconomics), through the joint effort of Market & Government. Tolerance --- empathy-with the other --- across a broad array of religious frames (Calvinist, Catholic, Lutheran, Jewish) also played a key role. Financial literacy was also touted. Brought all together, as Soll (2022, pp. 98-99) says it, "By the middle of the seventeenth century, the Dutch economy had become the most sophisticated in the world ... (and) remained economically dominant for the entire seventeenth century." Seems solid empirical evidence for the power of Metaeconomics.

The Dutch were also the first to create a stock (trading) market, which eventually had to be regulated by the Government because of corruption among managers and traders. The Dutch were also one of the first to build a global company, with a joint private & public effort to make it work, including helping the private company to operate both an army and navy. The basic argument favoring natural law, such as in it not being natural for countries to try for ownership and control of something as widely shared (other-interest, here) as the ocean, while a country could claim ownership of a lake or river within said country. It was also natural to have private property, as long as using it in good purposes did no harm to others. Clearly dual interest theory in Metaeconomics is given credence here, as such property was all about good balance in private & public good, self & other-interest in said property, the latter determined by empathy-with the

other to ensure no harm. Yet, it did not always work, as private property in slaves was encouraged by the Dutch, so empathy-with only extended so far.

The Dutch also wrestled with balancing of Market & Government. A prominent economic thinker de la Court (with support from the prime minister de Witt) wrote a piece in 1662, which was “a virulent attack against monarchy and a detailed outline of how political and religious freedom, free trade and competition, and manufacturing and shipping were all part of a self-regulating economic system (Soll 2022, 107).” The relative role of the Market & Government needed reconsideration, but notice the Dutch saw how each was essential to the other. And, the concern was with the monarch (more or less an authoritarianism mixed with religionism in said times), with that form of Government not thought consistent with the idea of a Free Market. De la Court not only favored personal, religious, and economic liberty for each Dutch citizen, including freedom from the guilds and business monopolies, but also “welcomed and integrated foreigners with tolerance, granting them the freedom to create and join manufactures (Soll 2022, p. 108).”

It did not go well. Eventually, an even more authoritarian monarchy emerged. The Dutch economy collapsed, as said form of Government took control. England arose to prominence, while the Dutch economy foundered. Britain was working toward more of a constitutional monarchy, resulting in tempering the monarchy, with good results. It was a move toward making a Free Market that once again worked. France took a different approach, albeit with a quite authoritarian monarchy at play, although the play worked to build some more akin to a Free Market.

7 Jean-Baptist Colbert and the State-Made Market

Soll (2022) points to how the French economy had languished, due in part to insufficient development of free trade with other countries, but also due to a less than robust internal (to France) market. Jean-Baptist Colbert, a de facto prime minister appointed by the new King, worked to eliminate “... medieval internal tariffs; local systems of privileges, courts, and tolls; and closed provincial markets ... the overly litigious legal system and the shady municipal debt market of bond trading ... the mischief wrought by French merchants and guilds, which, Colbert believed, set low standards while tolerating piracy (Soll 2022, pp. 113-114).” Also, “Colbert sought to bypass local constraints and create national industrial standards as well as uniformity in sizes, names, and the quality of products, in particular cloth ... convinced that uniform standards created confidence and, supported by better infrastructure, freed trade between cities and regions (Soll 2022, p. 114).” Government mandates, regulations, and controls were seen as essential to facilitating a Free Market.

Colbert was also about enticing foreign workers (e.g., Dutch manufacturers to help build the cloth trade and Dutch engineers to build canals) with grants, as well as subsidizing French industry. Yet, “Innovation was not Colbert’s only focus. In the name of strengthening the state, he used spies, brutal internal police, and rough prison sentences for counterfeiters ... at once a visionary market-builder and a pioneer of early authoritarian government (Soll 2022, p. 115).”

The Free Market that evolved in France, ironically, had a great deal of Government control in the background. And, it perhaps explains why the English Free Market did better, as Government was still playing a substantive role, but it was not as authoritarian in the frame being applied.

And, while actual war among potentially trading nations with naval ships was not uncommon in the time, Colbert preferred to fight a war of diplomacy: It was about working to develop "... well-designed trade treaties that brought at least reciprocity between countries (Soll 2022, p. 117)." It was about, in Metaeconomic terms, being in empathy-with potential trading partners, searching for the common ground essential to mutual gain from the trade. Such mutual gain can only come with the shared other-interest tempering the terms of trade, tempering the self-interest, as dual interest theory in Metaeconomics makes clear.

And on freedom and liberty, it was limited to the nobles and traders, and free settlers awarded by the king, not the serfs, peasants, indentured servants and slaves (Soll 2022, p. 118). Yet, it was a step in the direction forward toward what was essential in a Free Market.

Also, to Colbert, building Free Market was about building "... trust and confidence... (it was about a variety of factors including) "... need, availability, pricing, desire, obsession, faith, and confidence (Soll 2022, p. 119)," all arising jointly (as Metaeconomics makes clear, as the list includes a mixture of joint self & other-interest considerations). Said trust and confidence was built with commercial laws and standards, again, a key role for Government in ensuring a Free Market can function, be efficient. And, there was a new respect for the role of the academy and science, seeing both as essential to the Free Market, with Colbert regularly drafting "...respected scholars to serve as the spokesmen for his projects to boost France's reputation as a center of knowledge, culture, and technological innovation (Soll 2022, p. 120)." In Metaeconomics terms, it was about building the Free Market on a foundation of both science & ethics.

Colbert also pushed for financial expertise, accounting in the matter of the public goods. Keeping accurate public accounts in Government was also essential to a Free Market: "... ministers had to run the state with financial competency, effectively collect taxes, and manage income, expenditures, assets, and liabilities. This good stewardship would create confidence, grease the wheels of trade, and, according to the formula he oft repeated, create 'liberty of commerce' (Soll 2022, p. 121)." In 1673, Colbert also drafted an early version of a commercial code (which ultimately affect US code), a framing of that which reasoned people could go along with (the shared other-interest) in how a business was to operate within the law. It was all about bringing confidence within and for business, again, that shared other-interest of Metaeconomics. It was about the joint, as well as efficient, Market & Government.

And on the academy and science in general: "Colbert saw that he could take scientific expertise and verification and commercialize it. In his 'Mémoires,' he stated that the "great men" of science, arts, and letters would bring 'reputation' to the kingdom and attract foreign consumers and trade (Soll 2022, p. 123)." It is rather amazing how said fact has been set aside by the Authoritarian Politicians now working to take power in France, but also in many of the other formerly great capitalism & democracy based systems, like the US, and, even in Sweden. Orban of Hungary has worked to effectively destroy the Universities, as a specific case in point, and it

is ongoing in the US (as at the University of Florida with the onslaught by the current Governor, who will likely run for US President, including installing political people to be in charge of the University, and in effect turning away the best scientists from staying and/or applying to be part of said University). Such framing works to destroy the Free Market.

But, it was not to last. The Authoritarianism and Religionism of the King undid much that Colbert had accomplished. Religion especially got in the way, as Protestants were forced to convert to Catholicism, with many tortured and killed. Many of the Protestants were the main reason for the Free Market success: Things deteriorated rapidly. The Sun King, as Louis XIV was referred to, along with support from other Authoritarian Nobles and the Catholic Church, in effect destroyed most what had become a wonder of Europe, in the form of the Free Market of France: “Louis ... effectively crippled Colbertism and any hopes of expanded market freedom (Soll 2022, p. 127).” Lessons of that time are still relevant to the current time, as Authoritarianism & Religionism (with a few in the Oligarchy always involved) is once again on the scene in many western democracies, as well as in places like Russia and China: The triad of Authoritarianism & Religionism & Oligarchism (and the US is on the edge of it Right now) will destroy the Free Market.

8 The Nightmares of the Sun King and the Dream of Free Markets

The Colbertian ideas, however, were not to be totally ignored, albeit the Sun King did so ignore and suppress same. The notion of self-interest for the masses was gaining ground, and, the notion that sentiments worked in consort with economics was being questioned:

“...philosophers looked for a more practical economic and political system that could harness the less noble passions of men to make them work for the general welfare. Rather than fighting for religious faith or aristocratic military glory, the energy of human desire could be invested into covenants of exchange: commercial agreements by which men realized their rational self-interest (Soll 2022, pp. 130-131).” Hobbs, the English political theorist, was proposing that self-interest had to be the basis of political economic life, albeit the person freed to seek self-interest also had to “... surrender their personal liberty to an absolute monarch who would carefully ‘procure the common interest’ (Soll 2022, p. 131).” Sounds like dual interest theory, once again, as in find good balance in self & other-interest, while freeing, yet tempering, the more primal self-interest to drive the economy forward. most important seventeenth-century philosophers of self-interest

Philosopher La Rochefoucauld “... promoted the belief that individual opportunism drove commercial societies and markets... (was skeptical of) Cicero’s claim that love and friendship drove exchange... followed Saint Augustine and Hobbes in their belief that humans did not act out of benevolence but rather out of concern for themselves ... looked to understand how desire, and what he called ‘self-love’ influenced all actions by each person ... (including especially the Sun King) an absolutist and morally bankrupt king... (so) such ethical freedom was impossible ... (as the Sun King’s world was one wherein) all actions and friendships were ‘based on self-interest alone’ (Soll 2022, pp. 131-132).”

Yet, La Rochefoucauld had hope, believing that the arrogance of self-love, the "... selfish feelings, channeled properly, could serve the common good... (said self-interest) 'keeps trade going, and we pay up, not because it is right to settle our account but so that people will be more willing to extend us credit'... (so greed and self-love, selfishness created) a powerful force of exchange (also) pushing humans to be honest, if only to protect their own concerns (Soll 2022, p. 132)." Again, empirical support for dual interest theory: The more primal, ego-based arrogance of self-love represented in the self-interest could result not only private but also public good, as it would be tempered by the need to be honest. Said honesty --- the ethic of trade --- would arise out of being in empathy-with the other, as dual interest theory clarifies.

The empathy-frame of Christianity was brought forward as a player by philosopher Domat. The hard work of making the land and industry productive (which was a way to avoid sin) would result in "... channeling energy away from negatives such as 'Infidelity, Double-dealing, Deceit, Knavery, and all other ways of doing Hurt and Wrong' (Soll 2022, p. 133).

Overall, the destruction of good context --- unethical approaches to people who were not favored by the Sun King (driven by self-interest based greed and narcissism) and cronies --- for a Free Market led some (a couple of philosophers especially, in La Rochefoucauld and Domat) to argue that the Free Market was the only way to assure an ethical system. The Free Market, it was claimed, brought forth the moral dimension, naturally finding something that worked for everyone: "The market was like a current that could sweep one toward virtue in a system of sins reliably canceling each other out through commercial exchanges (Soll 2022, pp. 133-134)." Commercial exchanges could also produce more wealth and as a result more taxes, which could be used to support the public good. The individual vice (self-interest only) of the Market would produce public virtue in the Community, and in the Government representing same.

Pierre Le Pesant, sieur de Boisguilbert, a tax collector, went even further, seeing the Free Market requiring heavier taxes on the rich and cutting the load of taxes on the peasants, both essential to paying for the public good and stirring consumer demand to serve the private good. It was the only way to achieve a self-sustaining Market, one that drove itself. Also, Boisguilbert saw the role of a Free Market, especially represented in international trade, as a way to eliminate the perpetual wars of the time, to achieve peace (a precursor to similar arguments by Adam Smith a few decades later), as well as reduce the tax load on the economy. Boisguilbert was all about laissez faire for the private good, but, also realizing the need to have tax T on the excessive wealth in order to pay for the public good which gave context to the Market. According to Soll (2022, p. 136) Boisguilbert worked to influence Ministry of Finance Desmaretz, who was a nephew of Colbert, open to carrying on and elaborating on the Free Market framing from Colbertism.

Most if not all of the arguments were set aside by the Sun King. War expanded. The Free Market was not to be. The French population suffered, with millions dying. Yet, a glimmer of hope remained within some circles, with the cradle of Enlightenment nourished within same (Soll 2022, p. 143).

9 The Movement of the Planets and the New World of English Free Trade

For the purposes of economic framing, which is the frame of this Blog, the claim by Soll (2022, p. 149) is especially important: "... political theorist John Locke's vision of human society as organizing itself according to rational principles reflected Newton's theory of the mechanics of motion and Petty's idea that individuals could, through free choice, create economic efficiency. Locke, who was vehemently opposed to political absolutism, became the most influential theorist of constitutional politics and individual rights of his time ... private property was the linchpin of both political liberty and a functioning market." Locke had a huge impact on what would become fundamental tenets of the emerging economic way of thinking.

Yet, as modern mainstream economics demonstrates, perhaps the most important tenet of Lockean framing was left out, in that Locke also "... believed that freedom meant doing what one wanted as long as it did not hurt others or encroach on their property. Individuals therefore had to think about the common good ... (each person had the) responsibility of maintaining good and productive stewardship. Property owners had a responsibility to produce and trade for the common good ... Locke's vision of the rule of law protected political, religious, and economic freedoms but also reserved a large place for the state to regulate ... (and while seeing) the possibilities for a self-regulating system in society ... thought that government would have to step in where humans would inevitably fail (Soll 2022, pp. 149-150)." It was about good balance in Market & Government. Yet, who was to be represented in that Government was not fully resolved, as Protestant locals were clearly favored over Catholics, and, both over indigenous peoples subjected to colonial dominance. It was selective freedom and liberty at home, and clearly so abroad.

Also, the key role of Government was set aside, as represented at the current time (although different balances have been explored ever since Locke) as contemporary single interest theory in mainstream Microeconomics ignores the common good, ignores said responsibility, and claims that Government can only "distort" efficiency. Microeconomics presumes full self-control and self-discipline to do good things, and ignores the inevitable failures, other than seeing an occasional externality. In contrast, dual interest theory in Metaeconomics puts it front and center, in the notion of finding balance in the joint private & common (public) – good, as represented in a joint Market & Government, the latter having to be a constitutional representative (widely inclusive) Government (not an Authoritarian & Religionism & Oligarchism based cronyism on the edge of a Fascism).

10 England Versus France: Trade War, Debt and the Dream of Paradise Found

Soll (2022) points to the massive levels of debt that had arisen mainly because of extended wars between England and France. It came to be believed a Free Market lubricated by printing paper money, moving away from coinage --- and the formation of National Banks to provide low interest loans of such money --- could solve the problem. Debt was sold through the vehicle of giving monopoly control by new trading companies, and then selling stock in said companies as

a way to cover the national debt. Paper money lubricated the transactions. Also, it was claimed that private vices (unfettered, even unethical self-interest) driving stock (and all other) markets could lead to public benefit: Mandeville had suggested, same in the popular *Fable of the Bees*, “Thus every Part was full of Vice, Yet the whole Mass a Paradise.” Also, said Market worked automatically, with free (arrogance, vice, being unethical was fine) trade in the Market the driver. Several experiments in trying it, both in France and England, instead demonstrated that while the claim had an element of truth “... free markets, spurred by the ‘private vices’ of greed and self-interest, worked automatically — true, they could lead to wealth, but they could also lead to crashes and economic catastrophe... (it also became clear that Free Markets were) often driven by passions and desires rather than by hard evidence (Soll 2022, p. 162).” So, greed was good, to a point, but it needed to be tempered by both facts (scientific-method sourced) & ethics.

Ironically, Isaac Newton lost a vast amount of money in one of the stock company experiments (Soll(2022, p. 63). It is ironic in that it was the Newtonian Law of gravity that undergirded thinking about Free Markets. Said Markets would automatically settle into equilibrium, as if pulled by gravity. Remnants of said belief in equilibrium framing and automatic return to stability still undergird modern single interest theory based Microeconomics. And, just like in 17th century England and France, it still does not work, and is just one of the many Zombie Mainstream (Micro)Economic ideas that keep coming back. And, the reason is made clear by dual interest theory in Metaeconomics: The shared other interest must be openly considered, handled through the visible hand of shared other-interest represented in custom, regulation and law, all of which works to not only undergird but to nudge the invisible hand of the Free Market.

11 The French Cult of Nature and the Invention of Enlightenment Economics

Failures in the early experiments in national banking and stock markets led to some retrenchment, especially in France, back to claims that wealth was sourced mainly in agriculture. Wealth came from the land, and, the landowners assured said wealth was tempered by the virtues, but the ethics. Traders in other realms just were inherently unethical, not enough concerned with the virtues essential to tempering wealth. It seems Metaeconomics was anticipated, which explains clearly the reason for seeing the virtues, the ethics, as key in tempering the excess, the primal driver. Metaeconomics would subject the question of who was bringing forward such ethic, however, as not a presumptive notion that virtue inherently arose in agriculture. Such framing led to claims that agriculture should be freed of all tax T, while other industry and consumers would pay all the tax T: Intriguing that the payoff for value V (ethics, virtue) was to be covered by not paying tax T. Remnants of said frame of merit --- and presumably no need to pay tax T --- are still around at the current time, now extended to the meritorious wealthy, landowners and everyone else that have managed to accumulate vast amounts of wealth. Keeping said wealth is now seen to be essential for merit.

It is about said time that the notion appears of free to choose markets, attributing the frame to a Frenchman by the name of de Gournay: “ ‘Laissez-faire, laissez-passer,’ or let commerce do as it pleases and happen as it pleases ... some Government was essential, but it was not the key driver. The phrase also suggested ‘Freedom and protection, but above all freedom’ (attributed to

a Robert-Jacques Turgot) ... coined the term *bureaucratie* (bureaucracy) ... criticized heavy state regulation and secrecy, and hoped public opinion and tastes would help drive the market, ... took a stance between Colbertist development (heavy Government involvement) and *laissez-faire* (Soll 2022, pp. 171-172).” De Gournay and a colleague Forbannais also saw the key role of the arts and sciences, and education more generally. Sounds very much like Metaeconomics, with the recognition that the primal driver of self-interest in the Market must not only be encouraged but tempered by shared other-interest (the ethic) represented in the Government. Said jointness in Market & Government must also be based in science, and a well-educated public, so the nonseparable partnership is built on a foundation of both facts & ethics.

Yet, the Free Market arguments of the day focused on supporting the nobility who owned most of the land, and, paid no taxes.

Quesnay who inspired what came to be called the Physiocrats saw the need for Free Market for agriculture, and, for no one else. Said arguments also claimed that only the wealthy landowners created wealth, so tax T must be zero. Sounds like good old trickle down and give the wealthy tax breaks, which especially arises on the political right to the current time: Zombie Economic ideas without empirical (including ethical) substance continue to abound. It became a religion, not an economic theory built on science & ethics, but rather built on a fantasy of agriculture being somehow more natural, and, inherently the best part of the economic system. Still, it does have some empirical content that needs to be reckoned with to the current time. The empirical content arises in the implicit recognition that the economic (especially agriculture) system is embedded in the natural system, the Spaceship Earth system, from which all wealth is sourced (and nature works, too) along with enough human ingenuity to bring it forward. It was also about bringing forth a constitutional, representative Government to give context to that human interaction with nature, which was evolving in Britain during the first industrial revolution, but not so in France.

Unfortunately, the Physiocrats also claimed the need for an Authoritarian Despot, the Sun King at the time, to be in charge of ensuring said “Free Market” would operate. It was not going to work, as a truly Free Market also needs freedom and liberty in a widely representative Government. It is intriguing how remnants of such thinking still arise in contemporary claims, as in the Trump Administration sending billions to the US agricultural sector, as well as cutting the tax load on wealthy people in said sector, after stopping free trade with China. Also, modern day economics actually looks a great deal like 18th century Physiocratic framing, especially as relating to support for the wealthy elite with no concern for concentration of wealth, and belief in such things as massive tax cuts for said elite as a driver of economic viability.

12 Free Markets Versus Nature

As Soll (2022, p. 184) makes clear, in spite of the growing appeal of the Free Market, Physiocracy was not a popular economic theory of the time. The big concern was the contention that the Free Market could be self-regulating, with lack of empirical evidence supporting same, the latter still claimed in modern mainstream (Micro)economics. The empirical evidence is still

lacking, which suggests it does not have much if any scientific (or ethical) foundation for the contention. Empirical (and ethical) reality, instead, just as it did then, still points to the need for seeing the jointness in Market & Government, the latter serving to temper the former (and, we might propose for empirical test, vice versus).

The result was efforts, especially in Italy, among the society-ists, or what would come to be framed as Socialism: It was about making the Spaceship on which we Travel together around the Sun (using Metaeconomic framing) "... 'happier' place through government reforms and legislation to improve safety, education, health, and religious life ... to build societies and markets through state institutions such as modernized law courts and codes, schools, and infrastructure (Soll 2022, p. 185). All such efforts by the society-ists would serve to temper and give good context to, and overall work to make better the operation of the Free Markets. One such political economist of the day, Antonio Genovesi, "... felt that governments had to build market conditions... believed that intangible societal and labor conditions drove prices (Soll 2022, p. 185). In Metaeconomic terms, it seems Genovesi saw value V (intangible value arising in Other Forums, mainly Government) not only influencing but driving price P in the Market Forum.

And, one of the most important developments of the era, in the mid-1700s: "Swiss-born philosopher Jean-Jacques Rousseau came up with some of the most powerful ideas about human feelings in relation to economics... drew clear battle lines between the laissez-faire philosophy of the elite and the call for radical, republican democracy, based on the political thought of Machiavelli and Hobbes, to check the market and tax the rich. Rousseau said it was evident that a majoritarian government would have to heavily regulate wealth, commerce, and the power of landed lords (in a 1755 book highlighted in Soll 2022, p. 192)." The sentiments reflecting feelings, the notion (in modern language) of the role of being in empathy-with the other, arrived once again, on the scene: "(it was about moving) to understand how these human sentiments could create a more just market society (Soll 2022, p. 192)." Notably, Adam Smith also understood the need for just market, in publishing the first edition of *The Theory of Moral Sentiments* just a few years later, in 1759. It was deemed essential for the sentiments to temper the arrogance (the self-interest) of the Market, especially the inherent inequality driven by same: "... inequality was the product of self-love and pride (Soll 2022, p. 193)," which is what Adam Smith also saw in the notion of the arrogance of self-love which had to be tempered by that which the other could go along with (the sentiments, reflecting empathy-based ethics, as Metaeconomics makes clear). And, it is not all spontaneous, as though the Free Market would naturally be tempered by participants in same: Self-control in representing the other virtues beyond mere prudence is presumed.

Being in empathy-with, preceding the Adam Smith notion of the moral sentiments, came from Rousseau, who: "... claimed that the most positive human value could be found in the sentiment of pity, which ran parallel to the 'noble maxim of rational justice.' Pity brought an instinct of empathy. When one saw suffering, one could identify with it and live the ideal of 'doing unto others as you would have them do unto you ... (and) saw property as a corrupting vice to be fought with sympathy, empathy, and a political push for economic equality ... (property) is

manifestly contrary to the law of nature... that a handful of people should gorge themselves with superfluities while the hungry multitude goes in want of necessities' (Soll 2022, pp. 193-194).” So, if there was to be private property, at minimum being in empathy-with the other was essential to tempering the matter of the property right, said tempering essential to a truly Free (Humane) Market. Metaeconomics makes clear why said tempering is essential, else extreme inequality in wealth just naturally arises (people gorging own-selves with superfluities while others go hungry), coming from a not tempered self-interest, and will cause all manner of political economic chaos.

Said framing was counter to much of the economic framing of that day , and, of mainstream (Micro)economic framing of the current time, in that “Rousseau roundly rejected the idea that exchange driven by private vice (or sin, in Domat’s Christian vocabulary) could ever result in public good. And, just like today, the wealthy and powerful of that time claimed it was for the public good, as represented in claims by the “monarchy, clergy, aristocracy, and businessmen and financiers, whose wealth was beginning to rival that of the old nobility (Soll 2022, p. 194).” The contemporary situation is exactly the same, and just as problematic as in the time of Rousseau, with extreme concentration of wealth and the power it buys in virtually all the economies on the Spaceship: The problem has not yet been resolved. It could be solved, with the notion of finding optimal inequality, reflecting a humane balance in self & other-interest, as Metaeconomics makes clear.

The last paragraph sums it up nicely (Soll 2022, p. 195), while pointing to the largely unresolved task of finding said best balance in self & other-interest, Market & Government:

Rousseau was not only a pioneer of egalitarian political radicalism. His analysis of human sentiments and economics would be a major inspiration for Adam Smith. Smith saw in Rousseau a way to think about, and ironically, ultimately justify, free markets. But Smith would flip Rousseau’s equation on its head: Where Rousseau saw the higher human sentiments of pity and empathy as antidotes to the market-driving passions of greed, pride, and self-love, Smith said that it was not simply greed that drove the market—the human virtues of empathy and moral duty were themselves market drivers. Where Rousseau believed that radical democracy fueled by empathy was the path to a peaceful and moral society, Smith believed that traditional agrarian British parliamentary society was naturally moral, and that, under the right circumstances, it could channel greed and hierarchy to create a benevolent free market that would work for the common good.

The play of empathy-based other (shared with the other, yet internalized)-interest highlighted by Rousseau and the ego-based self-interest highlighted by Adam Smith is apparent. As Metaeconomics makes clear, it is about both tendencies in the Human to both ego & empathy, with the brain evolved with the capacity for both, albeit ego-based self-interest (that of the Econ in mainstream Microeconomics) is more primal. It is about Smith & Rousseau. Both got it partly correct, as Metaeconomics makes clear.

13 Adam Smith and the Benevolent Free-Trade Society

The single interest theory of Microeconomics --- the mainstay of mainstream, modern economics --- owes much to both Hayak and Friedman, both of whom distorted the frame of Adam Smith. As Soll (2022, p. 197) correctly points out, "... both Hayek and Friedman cherry-picked ... passages, and in doing so, transformed Smith from a moral philosopher ... into a libertarian defender of modern corporations." The Libertarian Branch of the Chicago School of Economics reflects such cherry-picking. Unfortunately, it dominates the books and teaching of every Econ 101 class, so, unfortunately, by influencing budding new economists, perpetuates the libertarian (self-interest only) myth. Predictably, the myth has turned into an ideology, lacking in both scientific & ethical content. Dual interest theory in Metaeconomics rectifies the problem, returning economics to being a science. In the process, ethics (the moral dimension, reflecting the sentiments of moral philosopher Smith) are now brought back into play. Metaeconomics does a far better job in representing what Adam Smith had in mind, and, empirical economic science has confirmed that Smith got it all about right (or is that left).

Relating said argument back to the Figures, Hayak and Friedman (and modern economics) saw only path 0G, at best, and often seemed to even favor the vertical axis of absolute selfishness. Rousseau seemed to favor some path 0M, with selflessness arising out of empathy driven pity, not giving enough attention to the primal driver of human behavior on path 0G. Adam Smith clearly saw the need to temper the primal drives represented on path 0G with that which the other could go along with, the latter represented on path 0M. Adam Smith takes the system to some path 0Z, with self-interest on path 0G tempered by the moral dimension on path 0M. The path 0M came from empathy-based ethics which evolved to work for everyone as reflected in the shared other-interest of community, culture, and law. Smith was also not beyond bringing in heteronomous (outside control) of Government to help ensure path 0Z. Said control was justified on moral and ethical grounds if people did not have enough self-control (self-command, Smith called it) to operate on said path out of own accord with homonomy (i.e., freely chosen restraint on one's own favored autonomy). The triad of dual interest theory is hereby affirmed: It is all about jointly arising self-interest & other-interest, with self-control (outside regulation and control if necessary) to find the balance.

So, where does the ethic surrounding the moral dimension arise? Soll (2022, p. 203) points out that "Smith rejected Rousseau's idea that man's morality was inherent, based only on pity. As a Stoic, Smith believed that morality came from education, society, property, learned philosophical exchange, and personal discipline)." Perhaps unfortunately, Smith also believed the latter arose mainly and perhaps only among the few, the elite, and said "leading citizens had to be landowning, wealthy, law-abiding, educated, rational men of goodwill and 'compassion' (Soll 2022, p. 203)." It is intriguing that empathy-based (the starting point to) compassion is in the list. It was not only about ego-based self-interest of said "leading citizens." Also, contemporary neuroscience and evolutionary psychology, including neuro and behavioral economic science, also suggests that Rousseau also got part of it correct: Humans have evolved with a deep sense of

the essential role played by being in empathy with the other, which can lead pity, among other expressions of shared other-interest.

The Theory of Moral Sentiments (Smith 1759/1790), the first and last book on which Smith labored, made it clear that "... one could build a moral society ... that moral sentiments could be cultivated to create a good society ... (and for) society and markets to work well, moral individuals had to control passions such as anger and desire ... writings had a Christian tone (Note: the idea of being in empathy-with the other), they contain no references to the Bible. His language was decidedly deist (Soll 2022, pp. 203-204)." Perhaps it was the invisible hand of God operating in the background (albeit, again, as deist, God is not explicit): Smith referred to Newton, who had highlighted a system "... in which an 'invisible hand' set a rational clockwork equilibrium in motion (Soll 2022, p. 204)."

As deist, Smith was about humans making it all happen: "... human moral actions, love, and cooperation were the levers that kept the mechanism of society in balance and in perpetual motion. He believed that trade ... (albeit he focused mainly on agriculture, but it could work elsewhere) allowed men to work together to create wealth peacefully ... (commerce) 'ought to be, among nations, among individuals, a bond of union and friendship' ... Smith's great insight was that if men and nations could cooperate economically, it would create wealth for all (Soll 2022, pp. 204-204)." It was about empathy tempering ego, the latter driving the savage tendencies, the tendency to take it all, deep in the human.

Smith was not optimistic said tempering would arise on its own. Rather, it would take leaders and legislators (Government was key), with said ideal legislator being "... finely educated, polite, and benevolent, partial only to the law itself. Only such men could practice the necessary self-restraint and 'science' of the civil law (Soll 2022, p. 205). How modern economics got totally away from said frame, claiming that legislators --- all form of Government --- is instead about greed driven self-interest, and somehow that greed is good, as depicted in the Public Choice School of Economics, a close cousin to the Chicago School of (Libertarian) Economics, is another story. Metaeconomics brings the Smith frame back into play, albeit at odds with the Smith belief that an elite (ideal leaders) Government could make it all work. Metaeconomics points to the matter of forming an all-inclusive, representative Government (at least makes it an empirical question to ponder), not one run only by the elites.

A fascinating observation of Soll (2022), is that Smith actually lived quite well on the equivalent of a no strings attached payment of about \$100,000/year in today's money. As a result, Smith was able to follow "Hume to Europe in 1764, under the rich patronage of Townshend (Note: the source of the annual payment of \$100,000) ... (Smith used the opportunity) to begin 'to write a little book to pass away the time.' It is thought that this book was *The (Nature and the Causes of the) Wealth of Nations* (Soll 2022, 207)." It is at least an intriguing possibility that living with such an income at that time encouraged Smith to write a book that touts the merit of ego-based self-interest, which clearly had produced the wealth of the benefactor, Townshend. Also, it was the ego-based self-interest of the landowners, the agricultural people ---who were inherently moral, at least said people had the highest likelihood of being so --- who drove all creation of wealth.

So, Smith did not get it all correct, as innovation and technology in the other industries, and the role of the merchant trader, was downplayed. Perhaps the problem was that Smith believed strongly that the moral dimension --- the empathy-based, sentiments based ethical system essential to a truly free market --- was most likely to arise out of close connection to the land, to nature.

Which leads back to the notion of the invisible hand, a prominent myth underlying modern (Micro)economics. Soll (2022) points out that Smith only used the phrase three times, and, in general, in a rather ambiguous, critical, and perhaps even ironic way. Smith actually did not see some invisible hand, but rather saw a visible hand forming the moral dimension, the ethical system which provided the glue undergirding society. And, it was not the landowners that needed to be visibly guided, but rather the focus had to be put on pulling “merchants away from their instinctive greed ... led by a not-so-invisible landowning governing elite that, through a carefully designed tax system to support farming over industry, would free nature to create national wealth (Soll 2022, p. 210).” So, Smith got it partly correct, that it was a visible hand that needed to be engaged, albeit Smith got it not so correct, that it was only necessary to apply it only to the merchants and industries other than the ones associated with agriculture. It was, though, overall about tempering the wealth and the power it purchased by the industries and merchants.

The Smith vision of the moral sentiments in an agrarian system having a substantive influence on the making of wealth was not to be. Inventors and industrialists such as “ Matthew Boulton, James Watt, Josiah Wedgwood, and other inventors had ... become fabulously rich industrialists, proving that the future path of wealth lay through industry ... (and it was not always ethical, lacking in empathy-with the other as it) created terrible working and living conditions (for many in the factories) ... All ships and wages did not rise in equilibrium with the tide of commercial society and its market freedoms ... (so) Smith’s fears about industry came true. Even Watt and Wedgwood had begun to realize the deadly toll that pollution exacted on their workers, themselves, and their own families (Soll 2022, p. 216).”

The Free Market was not being tempered in the way Smith had envisioned: In fact, the Smith version of the Free Market tempered by ethics was distorted in support of what the industrialists wanted to do, which was to do as one pleased without regard for the other. It included little regard for sustaining Spaceship (Earth) systems within which all said industry is embedded, which also is not what Smith and the Physiocrats had in mind.

14 Free Market Empire

Soll (2022, p. 219) points to how 19th century heirs of Adam Smith framing, represented in Jeremy Bentham, Thomas Malthus, and David Ricardo, “... all sought to design their own versions of Smith’s ‘magnificent dynamics’ of morals and economics.” Metaeconomics makes clear said dynamic is between self-interest and other (shared, yet internalized)-interest with the equilibrium in self & other-interest evolved on some path 0Z in Figures 1 and 2. Bentham is especially intriguing (Soll 2022, p. 219):

In Bentham's ideal world, the richer one became, the less pleasure incremental wealth produced, giving more weight to the pleasures of higher intellectual achievement and social progress. According to his calculus, the diminishing pleasure of acquisition would act as a natural curb on greed, leading wealth creators to seek the moral rewards of investing back in the community... (and would lead to such things as) more "... women's rights, homosexual liberties, and sexual nonconformity."

All such things represent various kinds of shared other-interest, so Bentham's claim is easily understood with Metaeconomics. As a person moves up path OG, at some point the pleasure becomes less than the pain of the move, so a person starts to recognize the larger community of shared other-interest on path OM. The person just naturally moves to some path OZ, so, a Free Market, with lots of individual liberty and freedom to choose in the domain of price P, naturally moves a person to eventually operate more on ethical principles --- empathy-based other-interest --- in the domain of value V. Perhaps, and it may explain why the robber barons of the late-19th century like Rockefeller and Carnegie eventually established foundations to address value V in the larger community.

What is more often than not left out by said claims of a Moral (and Ethical) Market, with said Market even driving such frames, is that Bentham also saw the need for Government "intervention" when the Market failed to address the public good. To Bentham, the Government must often engage, in order to "... foster social well-being and happiness by reforming prisons, improving public schools, and prohibiting emigration. It should also sponsor the immigration of productive workers, expand cities as needed, and ensure the provision of health services (Soll 2022, p. 220)." In effect, the pain would have to be instituted with tax T to pay for value V outcomes, in order to move people away from exclusive focus on the excesses of path OG.

In fact, other economic writers of the day, notably Malthus, were not at all optimistic that the Free Market would ever adequately address the wider community, as in the matter of sustaining Spaceship systems in light of the excesses of having too many people. Humans would destroy own-self --- especially because of ego-based sexual drives and high procreation rates --- in the attempt to operate on the vertical axis of Figure 1. And, even though Malthus noted that the rich had fewer children, increasing the wealth of the poor (as with charity) was not considered a solution. Also, Malthus was unable to anticipate the role of innovation and new technology in increasing the wealth of the poor. And, while not seeing in early writing that Government could help, in later life Malthus "... came to believe that earthly regulations might play a useful role in checking human impulses, and that government-mandated population limits could increase economic and social stability (Soll 2022, p. 222)." So, it seems Government investment in research, education, innovation and technology, and something akin to an Environmental Protection Agency, as Metaeconomics makes clear, is actually essential, and, even Malthus eventually saw the possibilities.

And, then, there was Ricardo, with the "iron law of wages" which still rumbles around like a lot of other old Zombie Economic ideas. The notion was that paying decent wages would somehow

rob the capitalist owner from investing in the factory or business, which would simply drive the wages back down to a survival wage. Contemporary CEOs representing shareholders-only, to this day, operate on the same flawed presumption, when in fact reality points to the essential need to work toward optimal inequality (as Metaeconomics makes clear: See the Blog <https://www.metaeconomics.info/post/adam-smith-on-income-and-wealth-inequality>). The quickest, go to strategy for raising stock prices is to cut wage and labor costs, so it is done all the time, and, in fact is a major driver in the contemporary political economic chaos on the Spaceship (especially in the western democracies, where Authoritarians are stepping forward claiming to know how to fix the problem).

Ricardo also pushed for Free International Trade, which could work if labor also benefits. Ricardo also realized, however, that Free Trade insensitive to local labor contributed to “intractable problems of poverty and wealth inequality. As Malthus had warned, the market, left to its own devices, would not solve them. The economic and political philosopher John Stuart Mill saw that free trade was a double-edged sword, celebrating its liberalism while recognizing its failure to deliver higher living standards for the poor (Soll 2022, p. 225).”

Mill was framing the economic problem differently than that which had become the strong expression of classical liberalism --- Free Markets a major feature of same --- coming out of the Enlightenment, and seen in full color by the mid-1800s. Mill saw the internal contradictions of classical liberalism, at least as represented in the version of the Free Markets which really started on a roll in the mid-1800s, and held a “.. belief in the productive capacities of free markets balanced by acknowledgment of the state’s role in pursuing social reforms to create a more just economic system (Soll 2022, p. 225).” Mill would have been a Metaeconomist, not a mainstream Microeconomist.

Yet, Mill is remembered mainly as a laissez faire political economist: It was just that the Mill version of same did not deny a substantive role for Government. It was, however, about a best government, “...not to be found in oligarchy, but in common citizens, who, dutifully educated, would rise to be moral legislators. Mill accepted Malthus’s claim that while the economy could work mechanically, it would eventually reach natural limits, and not all would prosper by it (Soll 2022, p. 226).” It seems the excesses of the Oligarchy buying influence in a Crony Government was not the best Government. Also, Mill favored labor unions, seeing same as an essential offset to the power of capital, as is also made clear in Metaeconomics. Mill, overall, pointed to the frame of a social democracy, with good balance in Market & Government.

And, then there was Marx, the framer of Pure Communism Economics. It was all about conflict as between Capital and Labor, and Labor (the Proletariat) had to take over the ownership and control of the Capital (Soll 2022, pp. 227-228). And, just like attempts to move toward the pure capitalism (all private property) end of the spectrum favored by Pure Capitalism Economics (extreme Free Market rendition) has always failed, the Marx claim of the need to move toward the Pure Communism Economics (all public property, extreme Market Control rendition) end, it failed. The Berlin Wall came down in 1989 revealing the failures of the attempt to go to that extreme in the Soviet Union. Similar failures were revealed in China, and Cuba, to list a few. In Metaeconomic terms, working to operate on the horizontal axis, which Pure Communism

Economics touts, is just another of the Zombie Economic ideas that just keeps coming back. Yet, the extreme focus of Pure Capitalism Economics in an unfettered Free Market is just as flawed, in the opposite direction, putting the system on the vertical axis. It is another Zombie Economic idea.

As Metaeconomics clarifies, it is only path 0Z which works, with good balance in private property & public property, self & other-interest, and, writ large, Market & Government, something that neither Pure Communism Economics nor Pure Capitalism Economics can ever produce. In effect, it is about balancing Capitalism & Communism, private & public, person & community. It is even in the evolutionary biology of the human (and all other) species, that of the need for balance, as in the notion in Darwin of the joint and nonseparable Organism & Ecosystem, in good balance: Each is essential to the other. Also, it is becoming ever more clear from neuroscience, as well as from both behavioral and neuroeconomics, that the human has evolved with the need for balance in the joint ego & empathy, which manifests itself in self & other-interest, as dual interest theory in Metaeconomics makes clear. Said balance is essential to homeostasis in each person, and, writ large, stability and efficiency (homeostasis on a larger scale) in both Market & Government.

Yet, the problems with Pure Capitalism (as well as Pure Communism) were well understood before Marx and Engels wrote the *Communist Manifesto* in 1848. Alexander Hamilton, as a case in point, by the late-1700s already foresaw the key role of the Federal Government in dealing with predictable failures in a Free Market over 50 years before Marx. Hamilton resisted laissez faire framing, especially with regard to international trade, over which the US used protectionism to help fledgling factories and businesses, and, as a result, also helped the labor employed in said entities. Hamilton fully recognized the need for a strong Federal Government to also include "... centralized taxation, uniform weights and measures, and state-subsidized communication routes ... republics had to be built by strong governments ... the government would have to protect the country's markets and attract talent via immigration to build its infant industries (Soll 2022, pp. 228-229)." Sounds like a Metaeconomist.

Yet, themes in the Free Market frame, as related to Free International Trade, still played well, especially with respect to trade better ensuring peace among trading nations. War would be eliminated, and, Metaeconomics makes clear it could in principle work, if empathy-with trading partners was more prominent. And, then, religion also got mixed in with the Free Market frame: "British economic thinkers began to mix free market economic theory with religion, drawing on a spirit of religious revival to create a powerful and unique national movement. Smith's old beliefs in a deist nature god were replaced by evangelical Christianity. Rather than focusing on Stoic morals, British evangelicals were convinced that, along with faith and free trade, 'economy, frugality, professionalism, and financial rectitude' could unleash God's natural energy to improve society (Soll 2022, pp. 232-233). Perhaps so, as Metaeconomics makes clear, if said application of Christianity is truly Christian, which is all about bringing empathy-with the other into play.

Yet, Charles Dickens wrote *A Christmas Carol* in 1843 (intriguingly, about the same timing of the *Communist Manifesto*), dealing with the Free Market not paying adequate wages to labor.

Cratchit was barely getting by, which was true for most in the labor force during the growth of the Free Market in the mid to late-1800s. The British Labour Party formed in 1900 was one response. Yet, the Free Market frame of the time, and continuing to the current time, embraced "... economic liberalism's focus on low taxes, limited government, self-help, and individual freedoms (Soll 2022, p. 233)." It is perhaps why *A Christmas Carol* continues to play every year, and the Dickens' book continues to sell thousands of copies: The problem of the concentration of wealth in a system with said focus, which is unbalanced in favor of capital and not labor, has never been adequately addressed. Again, Metaeconomics can be used to fix it, in the notion of optimal inequality.

And, then, modern economics really moves forward with Jevons, with a book published in 1862. It was all about development of utility theory, and the notion that the economy was all about a consumer seeking to maximize said utility through finding the point at which marginal utility equaled marginal cost. Economics was never to be the same again, especially as it became an ever more mathematical economics, which gave it an aura of being scientific. Carl Menger and Leon Walrus joined in, along with Alfred Marshall. Also, as it became ever more mathematical, the matter of ethical reflection and ethics came more and more to be set aside: It was claimed to be difficult if not impossible to represent same in the mathematical equations.

In fact, as an aside, as pointed out in Lynne (2020), in the Metaeconomics book, Karl Menger (a son of Carl Menger) using said claim in the mid-1930s effectively stopped all efforts to so include ethics. And, it was deemed be outside of economics, anyway. The Moral Philosophers like Adam Smith were effectively set aside. Metaeconomics brings it back, including bringing it back into Mathematical Metaeconomics, through recognizing that ethics come out of an empathy-based other-interest, so it is easily represented in consumer theory as just another set of preferences, another set of indifference curves in consumer space. Problem solved, and, if it would have been done in the 1930s (or back in 1881 when Edgeworth first proposed the consumer indifference curve), rather than consciously removed, economics would look very different.

Intriguingly, even though Jevons shifted the focus of economics to an individualistic, utility maximizing consumer, Jevons apparently also recognized that such an economy presumably driven by only the self-interest of consumers may not pay adequate wages. Ironically, Jevons was very much into supporting labor bargaining --- labor unions --- for position, in offsets to the power of capital. It was all about cooperation as between capital & labor, each essential to the other, on the way to a wealthy & moral economy. Unfortunately, said side of Jevons did not make way into what is now modern, mainstream economics which abhors any kind of power offsets, and putting all the focus on consumers maximizing utility as the engine of the economy.

Marshall, the supposed first to think in terms of demand (consumers maximizing utility) driving supply, in a natural dynamic between supply and demand, also put huge trust in a Free Market. Said Market would need no help or tempering from the wider community, and certainly not the Government (even if well representing the community). Ironically, Marshall like Adam Smith, was a moral philosopher, who apparently believed the Market was all that was needed to bring the moral dimension into play. And while Marshall "... was perplexed by persistent poverty ...

believed that the market alone would solve economic problems, and that eventually, wages would rise and living standards improve (Soll 2022, p. 237).” Said belief was and still is without empirical merit, as the Free Market has never adequately addressed the problem of extreme inequality in income and wealth, and, never will. The belief, again, without empirical merit, is still here, another of said Zombie Economic ideas that keep coming back into play, as supported in mainstream Microeconomics. To Jevons, Marshall, Walras and most other 19th century economic thinkers, the Government was to play no role other than one of policing property rights, and ensuring the barbarians did not get through the gate. As Metaeconomics makes clear, that frame is fundamentally flawed, in the main because it does not see the true nature of human nature, which is about a joint self & other-interest, which forms the overall own-interest, and which can only be expressed and realized in a joint expression of Market & Government.

15 The End of Virtue: Liberalism and Libertarianism

Individualism as related to the consumer maximizing utility as the driver of all things economic became the main feature of mainstream economics, and what came to be a Free Market ideology (and theology, as Nelson 1991 makes clear): “... free-market economists believed that pure individual desire and agency were the catalyst for all societal and economic good. In their eyes, any system that deviated from this view became suspect. It was not so much an academic position as an article of faith (Soll 2022, p. 239).” The academic position would require empirical, science-sourced facts: Faith did not.

All attempts at pointing to the need to put an empirical foundation under the Free Market, one that recognized the reality that Humans (both self & other-interest) rather than Econs (only self-interest) were in the Markets were for naught (lot of own personal experience here, too, as mainstream economics journals have regularly rejected Metaeconomics). As early as 1905, a William Cunningham, a colleague of Alfred Marshall who was one of the main drivers of what would become self-interest only economics, proclaimed: “... that if economics wanted to be treated like a science, it would have to admit that much human economic activity does not work like a mechanism (Soll 2022, p. 239).” The mechanism framing of self-interest maximizers somehow achieving a sustainable equilibrium with good outcomes did not play with Cunningham, and, it still does not, as made clear in the empirical science known as Behavioral Economics. Humans are in the Markets, not just Econs, albeit some are more oriented to self-interest than others. To Cunningham, and to modern Behavioral Economists, Free Market with Free Trade was a doctrine, not something with empirical foundation: As Metaeconomics (which builds on Behavioral Economic based science) makes clear, it is a doctrine lacking in both Facts (Scientific-method sourced) & Ethics.

In commenting on the Free International Trade that Britain had come to dominate in the later-1800s to early-1900s: “Cunningham warned that while there had been ‘a time when the principle of laissez faire’ enabled ‘enterprising’ men to build in the interest of the nation, it had now ‘become a mere subterfuge’ under which greed and ‘indifference’ to the common good ‘cloaked themselves’ (Soll 2022, p. 241).” The same can be said for every nation since, the US included, who has worked to encourage Free International Trade without enough attention to the

shared other-interest represented in the common (public) good, or bad, of said trade. The excessive greed of ego-based self-interest only of private good, not tempered by the empathy-based other interest of the public good assures political chaos both domestically and internationally. Also, Adam Smith had been misrepresented, with Cunningham pointing out that “Smith... would never have been so brittle and uncritical in his thought. And his economic philosophy was far more open to the role of government than that of his ultra-orthodox heirs (Soll 2022, p. 241).” Metaeconomics makes it clear that Adam Smith would likely be very much in favor of the Metaeconomics which sees dual interest, and not so much the Microeconomics that sees only self-interest. The attempt to run only the self-interest within each trading nation can lead to only one thing: War. And, it did so erupt into World War I, and, likely also contributed to World War II, and, recent posturing on the contemporary Spaceship about the need for tariffs and other controls on Free International Trade has swords rattling once again among the powers of China, Russia, and the US (and the European partners).

Prominent economic thinkers like Keynes recognized the fact Free Markets often need the influence and help of the Community and the Government representing same. The 1929 Crash, and the Great Depression, was empirical evidence. Yet, it seems little was learned, as demonstrated again in the 2008 Crash. The problem is always about the shortfalls in aggregate demand --- caused by extreme inequality in income and wealth --- and financial mismanagement. Government is always needed to help bring aggregate demand back into place, and to regulate the financial industry.

Libertarian framed economics would hear nothing of it. It was sourced in the work of people like Carl Menger (and son Karl Menger, who eliminated ethics from the mathematical version of economics), who claimed, with little empirical support, that the driver was the consumer who was maximizing utility. It was all about the want of the consumer, nothing else. Ludwig von Mises, too, drove such framing, especially in arguing against any kind community level, “socialist planning.” Menger (both) and von Mises were part of the Austrian School of Economics, libertarian to the core. Ironically, said School warned of the dangers of authoritarianism, not recognizing how an unfettered Free Market would just naturally lead to the rise of authoritarianism as resentment arose because of the natural concentration of wealth and power it purchased. The authoritarian would always arise, cons all, to fix the problem. And, while socialist planning could lead to authoritarianism (the claim of the Austrian School, with empirical evidence in the failures of both Chinese and Soviet Union central planning and control), ironically it would also arise from too little involvement by the Community and Government. The latter is being demonstrated in many places on the Spaceship, right now, as in the western Democracies of Sweden, Hungary, France, Italy, and the US.

Frederich Hayek, one of the most prominent in the Austrian School, came to influence what would become the Libertarian Branch of the Chicago School of Economics. Said School dominates mainstream economics at the current time, starting especially back in the early-1970s. (Note: I personally was caught up in the notion, too, doing a PhD degree in agricultural economics, and learning my Microeconomics under the tutelage of a graduate of the University of Chicago who had learned the framework directly from taking classes taught by Milton

Friedman; it was not to last, however, as indicated by my being a full blown Behavioral and Institutional Economist by the time of retirement 4-decades later). Reagan and Thatcher, and the transformation of the Chinese economy, brought said Libertarian framing into the political economy in the 1980s (and, it all crashed in 2008: Just a reminder that it does not work).

The paranoia that ensued has done all manner of damage: “Hayek’s paranoid logic, any collective state goal led to fascism or communism—in wanting to ‘organize the whole of society and all its resources toward this unitary end,’ the state ended up denying individuals freedom. He believed that libertarian capitalism was the one competitive force that could counter authoritarianism. Democracy, he said, was simply a means to this economic end (Soll 2022, p. 250).” So, Government was minimized, and, again, not only did the US experience the 2008 crash, but political economic chaos emerged, especially demonstrated in the 2016 election for US President. Other Democracies have also experienced similar problems, as represented in Britan leaving the European Union and a Thatcher framed Prime Minister lasting only 2-weeks. Libertarian capitalism in the form of unfettered Free Markets, and turning Government into something supported only by self-interest driven consumers (with politicians framed the same way, self-interested) maximizing utility rather than people (and politicians) tempering self-interest as citizens, well, it does not work. Democracy does not come from the Market; rather the Market is conditioned and given context by the Democracy, the latter being an inclusive, widely representative form of Government. Hayek (and all Libertarians) have it upside down, as Metaeconomics makes clear.

Like Soll (2022, p. 251) characterizes it, mainstream economics as framed by Libertarianism is “an odd mixture of economic empiricism and a near-religious faith in libertarian free markets...” Absolutely. Mainstream economics is at best an ideology, with twists of theology based faith mixed into the single interest theory that undergirds same. It was all about being free to choose to do as one wished, in maximizing consumer utility. Such framing ignores, and, in some sense, is opposed to all ethical reflection. It has led to all manner of mischief, claiming the need for “a very limited role for government in education (like in advocating free market based school choice with vouchers paid out of tax T), health care, and economic and social life ... a purely negative vision of taxation, insisting that any government tax on business was a form of coercion, and therefore tantamount to government ownership ... taxation amounted to forcibly taking part of a private business (Soll 2022, p. 252). Yet, as Metaeconomics makes clear, true economic efficiency, peace (minimal political economic chaos), and happiness depends on tax T paying for the public good, as well as price P for the private good, such as to find the best balance in private & public good.

In terms of further mischief, it has also led to a “... partnership between large US firms and corporate free-market ideology; conservative, evangelical Christians; and anti-civil-rights politicians from the American South and Southwest one of the more unusual and reactionary chapters in the history of free market thought (Soll 2022, p. 258).” It seems the moral dimension, the underlying ethic, is only to reflect the favored few.

So, with all the criticism of Free Market ideology, which form of Market works best? Gerstle (2022) in effect asks the same question, in the notion of What Comes Next? Gerstle (2022)

moves to the question, while not answering it, after reviewing the rise and fall of The New Deal Order which guided the US from 1930-1980: In said Order, the Government played a larger role in tempering the Market. Gerstle (2022) also reviews the rise and fall of The Neoliberal Order (Free Market Order) operating from 1970-2020, which operant in the US, and served to take-down The New Deal Order. The Neoliberal Order (Free Market Order) was also spread across the entire Spaceship, with Government influence greatly reduced, and, in the US, even converted the political system from citizens working on the shared other interest into one of consumers serving only the self-interest. See the Blog on Gerstle (2022) at <https://www.metaeconomics.info/post/what-comes-next> .

China started exploring the notion of introducing Free Market frames in the late-1970s. It starts with earnest in the US (Reagan) and Britain (Thatcher) in the early-1980s, which was spread to all the western Democracies. It even came to Russia, after the Berlin Wall came down in 1989, and the Soviet Union was dismantled. Yet, by 2020-2022, it was in big trouble: China had reverted to more central control, starting with in 2012 with Xi coming into power, and moving to ever more single-man Authoritarian rule, especially revealed in 2022. Russia came under the central control of Putin, again single-man rule, even working to take down a legitimate capitalism & democracy in the 2022 attack on Ukraine. Trump, also with an Authoritarian frame, came into power in 2016, and proceeded to dismantle many of The Neoliberal Frames, especially that of Free International Trade while also working to take-down representative Government, except for the favored: Authoritarian US politicians have made huge strides in the continuing effort to take-over the Government. It seems, at best, an Authoritarian Capitalism with a very limited role for Democracy based Government is at play, with both lacking in ethics.

Other reviewers of Soll (2022), however, do not appreciate pointing to Hayek and Friedman as not being concerned with ethics, with the moral dimension. Swain (2022) claims it is not fair to title the chapter on Hayek and Friedman, framing 20th century economics as “The End of Virtue,” even though the Libertarian branch encouraged by same is generally opposed to ethical reflection. Swain (2022) rebuffs the idea that the “free-market economists of the 20th century differed categorically from those of the 18th century in Scotland and England, especially Adam Smith and David Ricardo, who expressed their philosophical defenses of free markets in explicitly moral terms.”

Swain (2022) points to an essay by Hayek as evidence that the moral dimension was being considered, which claimed (quoting Hayek) it is “meaningless to describe the manner in which the market distributes the good things of this world among particular people as just or unjust. . . . No test or criteria have been found or can be found by which such rules of ‘social justice’ can be assessed” because such rules “would have to be determined by the arbitrary will of the holders of power” (Swain continues) “claims about the ‘just’ and ‘unjust’ distribution of wealth and income are often little more than power grabs by an amoral elite.” Well, that is not what Smith (and perhaps Ricardo) were about at, all. Rather the moral dimension, the ethics coming out of the act of being in empathy-with the other (the sentiments) would lead the individual economic agent to act with ethics in mind: Said agent was not to be opposed to ethical reflection, as in Libertarian economics. It is a quite unfair and inaccurate critique of Soll (2022) regarding the frame of Hayek and Friedman.

Fox (2022) is also quite critical of Soll (2022), claiming that supposed quotes of Milton Friedman, like “all bad things come from governments” were more paraphrases of Friedman frames rather than specific quotes. Well, that is unfortunate, if the case, but I found nothing that Soll (2022) said about Friedman, and other 20th century economists of Libertarian frame, and, eventually the economists given supposed academic credibility to Neoliberalism --- the extreme faith in the Market to do all good while the Government can do none --- completely a distortion.

Also, Fox (2022) claims that Soll misrepresents Adam Smith regarding the content of the invisible hand, questioning the supposed Soll claim that “what Smith meant by an ‘invisible hand’ that leads self-interested merchants to serve the public good was ‘society’ ... (albeit Soll is correct that) Smith’s work is leavened with more skepticism of capitalists and respect for government than the ‘cherry-picked’ caricatures of it that gained currency in the 19th and 20th centuries... (and that) Milton Friedman was among the cherry-pickers, and his work certainly invites scrutiny and critique.” Fox (2022) sums it all up on a positive note, with endorsing the Soll conclusion that “faith in the market alone will not save us.”

Another review, by Martin (2022), is much more supportive of the frame in Soll (2022), pointing to the recent debacle of another attempt at Thatcher (and Reagan) styled Free Market Neoliberalism being rejected, in that it does not work (as Gerstle 2022, another historian like Soll, also makes clear). As Martin (2022) correctly points out: “Conventional histories of economic thought often start with the Anglo-Dutch theorist Bernard Mandeville’s 1714 poem *The Fable of the Bees*, which pioneered the then counterintuitive argument that, in a market economy, purely self-interested individual behaviour leads to a benign social outcome. ‘Private vices, public benefits’, as Mandeville’s pithy subtitle put it. ... Soll sets out how a much older liberalising tradition of economic thought holds almost the opposite view: that markets only produce good results when built atop a robust ethical framework.” Metaeconomics could not agree more: Ethics are key.

A review by Kirkus (2022) is also quite supportive of Soll (2022): “A clear-eyed exposition of an important tenet of economic thought, with all its shades of meaning.” Kirkus (2022) also points to the fact that Adam Smith as the greatest moral economist of all “saw the free market as the product of a peaceful and even gentlemanly process of social and economic progress.” The context for the Market --- the moral sentiments as pointed to by the “greatest moral economist” matters. And, while influenced by the interactions in the Market, the Market is not the only source of that context: Community and Government influence matters, which is largely ignored if not denied by the Libertarian Branch (like Hayek and Friedman of times past, and most if not all of contemporary mainstream economists). Again, ethics matter, as well as the facts of what really works best in the best economic system. So, it is about building an economic system on an empirical foundation of facts & ethics, as Metaeconomics makes clear.

CONCLUSION: Authoritarian Capitalism, Democracy, and Free Market Thought

As Soll (2022) concludes, as also made clear in Metaeconomics, it is not about minimizing either the Market or the Government, but seeing the essential role that each plays. It is far more analytically tractable to think in terms of a joint and nonseparable Market & Government, as dual interest theory in Metaeconomics demonstrates. The economic analysis can then focus on

finding sufficient reason to choose one balance over another, focusing on finding the balance that works best. It also takes attention away from the extremes at both the pure communism and the pure capitalism ends of the spectrum, neither one of which has ever worked, and never will work. Reason? Well, it is evolved human nature to have both tendencies, with it far more productive to think in terms balance in ego & empathy, self & other-interest, and, yes, even in using the terms, the need for balance in Capitalism & Communism, and, surely between Capitalism & Socialism. The latter has been at play in the Scandinavian countries for decades, and, was also operant in the golden era in the US reaching a peak in the mid-1950s (see Putnam and Garrett, 2022).

Also, such balance must be cognizant of the best form Government, too, not just the Market. China is a case in point, where Soll (2022) points to the grand experiment started in China in 1978, which was stirred in part by Milton Friedman telling the Chinese leaders “ (that there) ‘is no really satisfactory substitute for full-scale use of a free market’ ... ‘like principles of physics, the principles of economics applied equally to all nations’ ... ‘ (and that the path to wealth required the expansion of) private property’ and state deregulation of industry... (and without) political freedom ... Chinese markets could not work ... if China did not move to a free political system, it could never be rich (Soll 2022, p. 264).”

Chinese leadership did go part way, with giving some political economic freedoms to entrepreneurs in building markets. A kind of Chinese version of “socialism” emerged. Authoritarian “guidance” stayed in place, while especially entering into more Free International Trade was encouraged, with “a mixture of government intervention and private property with individual profit incentives (Soll 2022, p. 264).” It was an attempt through a balance in Market & Authoritarian Government, with little in the way of representative Democracy at play. It seemed to work, for awhile, with wealth growing rapidly, at least until new leadership was installed, as represented by extreme Authoritarian Xi, in 2012.

Following on similar signals about the power of the Free Market, after the Soviet Union was dismantled, Authoritarian Putin in Russia also oversaw a rapid move to more privatization, but it served mainly to enrich the oligarchs (e.g., 3-4 families now control the bulk of the farmland in Russia). Many of said oligarchs in turn served to support Putin, in the old style of Authoritarianism & Oligarchism (with a bit of Religionism thrown in, as in the Eastern Orthodox Church supporting the attack on Ukraine). It has not worked well, with Russia having an economy about the size of small countries like Italy.

Neither China nor Russia have found workable systems in a good balance that can be sustained. Importantly, however, neither have the US and other western Democracies, with the only exception perhaps being the Viking/Scandinavian economies.

Soll (2022, p. 267) sums it up: “If we are to reclaim free market thought and make it truly relevant again, we must redesign it, not only as a democratically oriented philosophy, but as one which accepts that the state is embedded in the market and vice versa ... (going back to Cicero) Wealth was only good ... insofar as it could be used to support constitutional government, civil peace, and decorum ... (more important than) than riches were the principles of living in

harmony with nature, cultivating learning and friendship, and doing the hard work of ethical stewardship. Faith in the market alone will not save us, but hewing to these old virtues just might.” Metaeconomics agrees.

Metaeconomic Postscript

The notion of being in harmony with nature reflects thermodynamic reality, which is in the foundation of Metaeconomics. A reliance on learning to find the facts through applying the scientific-method, and applying said facts within an ethical frame (that which the other can reasonably go along with) is essential. Also, an inclusive, constitutional Government framed Democracy is the only hope for dealing with both thermodynamic and political reality, facts & ethics: Like Winston Churchill said, “democracy is the worst form of government – except for all the others that have been tried.” The historical account in Soll (2022) also suggests that a free market gives rise to the worst form of economy – except for all the others that have been tried. And, the bottom line: It is ultimately about the virtues that give context to the Market. Ethics reflecting same are key. Dual interest theory puts said ethics front and center, and returns economics to that which Adam Smith had in mind: It is about basing the economic & political system on the solid ground of both facts (scientific-method sourced) & ethics. It is about good balance in a joint Free Market & Free Government, with everyone having a piece of each one. Metaeconomics can help it all happen.

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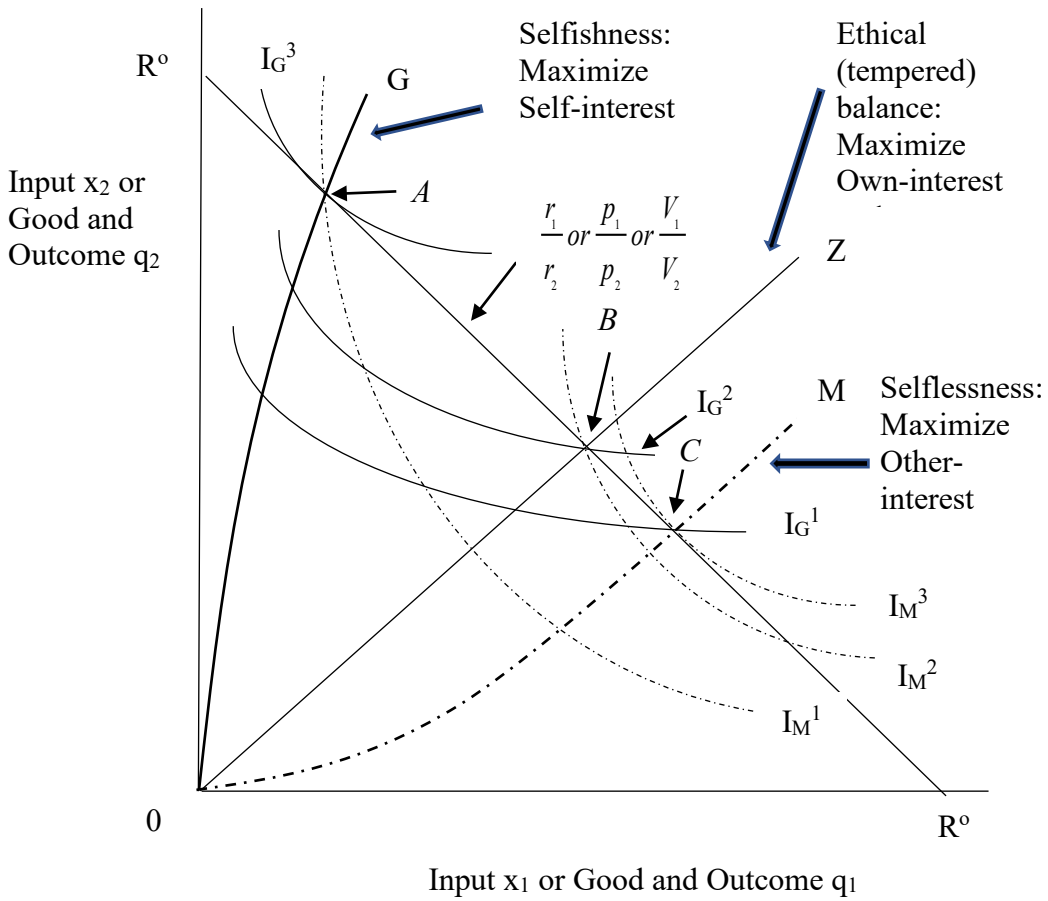


Figure 1. Isoquants for nonallocable inputs x_1, x_2 or Indifference curves for nonallocable goods, products, and outcomes q_1, q_2 reflecting ego based self-interest (I_G) and empathy based other(shared while internalized within the own-self)-interest (I_M)

Notes: Self-interest is maximized at point A with little payoff in shared other-interest. Shared other-interest is maximized at point C with little payoff in self-interest. Own-interest is maximized at point B with good balance in joint self & other-interest, characterized by a bit of sacrifice in both domains of interest.

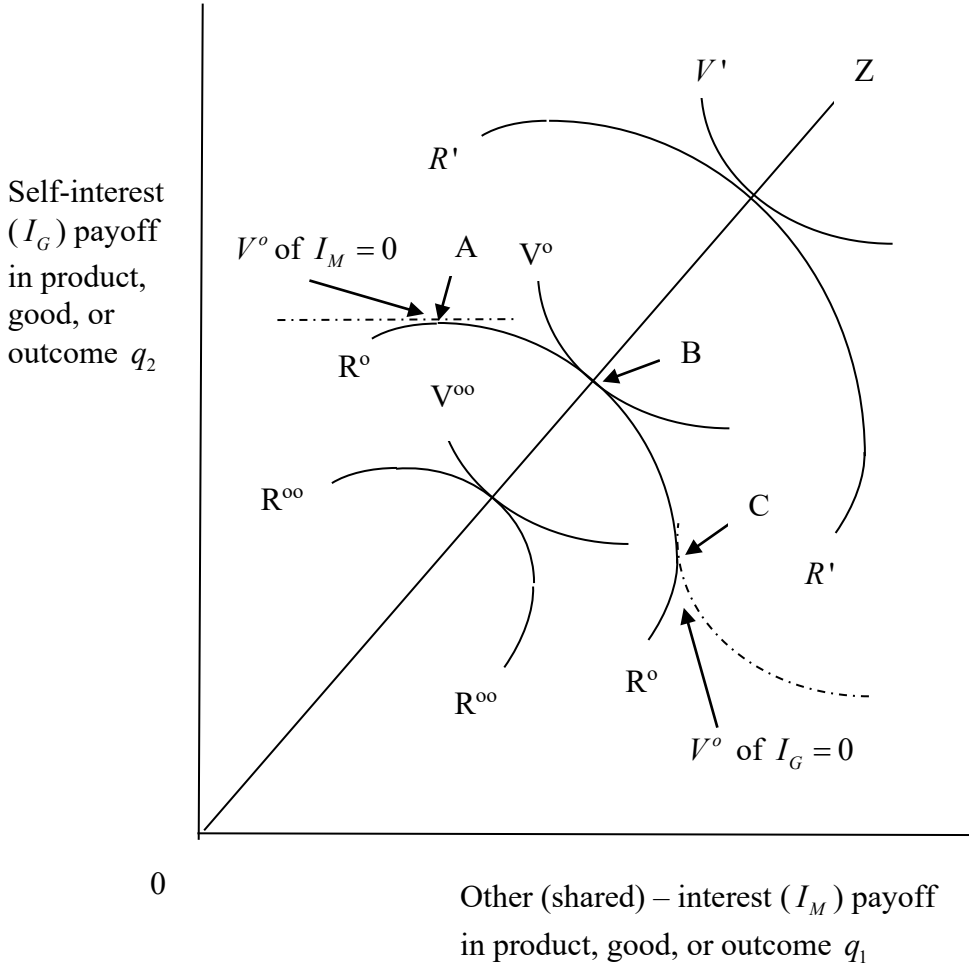


Figure 2 Possibility RR and value V curves for products, goods, and/or outcomes q_1q_2 reflecting balance in self-interest (I_G) and other (shared while internalized within the own-self)-interest (I_M)

Notes: Self-interest is maximized at point A with little payoff in the shared other-interest. Shared other-interest is maximized at point C with little payoff in the self-interest. Own-interest is maximized at point B, with balance in the dual interest, represented in a joint product, good, or other outcome. The point B choice in the possibilities space of Figure 2 influences the choice in the isocurve space of Figure 1 and vice versus.