

## Exit, Voice, Loyalty?

### Max Weber:

„The most powerful force in modern life.“

### Adam Smith 1723-1790

Classic free market economic theory

Concept of the division of labor and how competition and rational self interest lead to economic prosperity

“As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it.”

“It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages.”

“Nobody ever saw a dog make a fair and deliberate exchange of one bone for another with another dog. Nobody ever saw one animal by its gestures and natural cries signify to another, this is mine, that yours; I am willing to give this for that....But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and show them that it is for their own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of.”

“The statesman who should attempt to direct private people in what manner they ought to employ their capitals would not only load himself with most unnecessary attention but assume an authority which could safely be trusted to no council and senate whatever, and which would nowhere be so dangerous as in the hands of man who have folly and presumption enough to fancy himself fit to exercise it. ”

Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism but peace, easy taxes, and a tolerable administration of justice: all the rest being brought about by the natural course of things.

chief worry: seems to be when business is given special protections or privileges from government; by contrast, in the absence of such special political favours, he believed that business activities were generally beneficial to the whole society

Milton Friedman (1912-2006):

Capitalism and freedom.

“There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud”

“Well first of all, tell me: Is there some society you know that doesn't run on greed? You think Russia doesn't run on greed? You think China doesn't run on greed? What is greed? Of course, none of us are greedy, it's only the other fellow who's greedy. The world runs on individuals pursuing their separate interests. The great achievements of civilization have not come from government bureaus. Einstein didn't construct his theory under order from a bureaucrat. Henry Ford didn't revolutionize the automobile industry that way. In the only cases in which the masses have escaped from the kind of grinding poverty you're talking about, the only cases in recorded history, are where they have had capitalism and largely free trade. If you want to know where the masses are worse off, worst off, it's exactly in the kinds of societies that depart from that. So that the record of history is absolutely crystal clear, that there is no alternative way so far discovered of improving the

lot of the ordinary people that can hold a candle to the productive activities that are unleashed by the free-enterprise system.”

“A society that puts equality before freedom will get neither. A society that puts freedom before equality will get a high degree of both.”

“In a much quoted passage in his inaugural address, President Kennedy said, "Ask not what your country can do for you -- ask what you can do for your country." It is a striking sign of the temper of our times that the controversy about this passage centered on its origin and not on its content. Neither half of the statement expresses a relation between the citizen and his government that is worthy of the ideals of free men in a free society. The paternalistic "what your country can do for you" implies that government is the patron, the citizen the ward, a view that is at odds with the free man's belief in his own responsibility for his own destiny. The organismic, "what you can do for your country" implies that government is the master or the deity, the citizen, the servant or the votary. **To the free man, the country is the collection of individuals who compose it, not something over and above them.** He is proud of a common heritage and loyal to common traditions. But he regards government as a means, an instrumentality, neither a grantor of favors and gifts, nor a master or god to be blindly worshiped and served. He recognizes no national goal except as it is the consensus of the goals that the citizens severally serve. He recognizes no national purpose except as it is the consensus of the purposes for which the citizens severally strive.”

“Government has three primary functions. It should provide for military defense of the nation. It should enforce contracts between individuals. It should protect citizens from crimes against

themselves or their property. When government -- in pursuit of good intentions tries to rearrange the economy, legislate morality, or help special interests, the cost come in inefficiency, lack of motivation, and loss of freedom. Government should be a referee, not an active player.”

Ian Krakauer: Into the wild.

The main character: Chris Mccandless

“So many people live within unhappy circumstances and yet will not take the initiative to change their situation because they are conditioned to a life of security, conformity, and conservatism, all of which may appear to give one peace of mind, but in reality nothing is more dangerous to the adventurous spirit within a man than a secure future.”

“Ultimate freedom. An extremist. An aesthetic voyager whose home is the road. Escaped from Atlanta. Thou shalt not return, 'cause “the West is the best.” And now after two rambling years comes the final and greatest adventure, the climactic battle to kill the false being within and victoriously conclude the spiritual revolution. Ten days and nights of freight trains and hitchhiking bring him to the great white North. No longer to be poisoned by civilization he flees, and walks alone upon the land to become lost in the wild.”

“You think that I am stubborn, but you are even more stubborn than me. You had a wonderful chance on your drive back to see one

of the greatest sights on earth, the Grand Canyon, something every American should see at least once in his life. But for some reason incomprehensible to me you wanted nothing but to bolt for home as quickly as possible, right back to the same situation which you see day after day after day. I fear you will follow this same inclination in the future and thus fail to discover all the wonderful things that God has placed around us to discover. Don't settle down and sit in one place. Move around, be nomadic, make each day a new horizon.”

### Thoreau: Walden

When I wrote the following pages, or rather the bulk of them, I lived alone, in the woods, a mile from any neighbor, in a house which I had built myself, on the shore of Walden Pond, in Concord, Massachusetts, and earned my living by the labor of my hands only. I lived there two years and two months. At present I am a sojourner in civilized life again. I should not obtrude my affairs so much on the notice of my readers if very particular inquiries had not been made by my townsmen concerning my mode of life, which some would call impertinent, though they do not appear to me at all impertinent, but, considering the circumstances, very natural and pertinent. Some have asked what I got to eat; if I did not feel lonesome; if I was not afraid; and the like.

...

I see young men, my townsmen, whose misfortune it is to have inherited farms, houses, barns, cattle, and farming tools; for these are more easily acquired than got rid of. Better if they had been born in the open pasture and suckled by a wolf, that they might have seen with clearer eyes what field they were called to labor in. Who made them serfs of the soil? Why should they eat their sixty acres, when man is condemned to eat only his peck of dirt? Why should they begin digging their graves as soon as they are born? They have got to live a man's life, pushing all these things before them, and get on as well as they can. How many a poor immortal soul have I met well-nigh crushed and smothered under its load, creeping down the road of life, pushing before it a barn seventy-five feet by forty, its Augean stables never cleansed, and one hundred acres of land, tillage, mowing, pasture, and woodlot! The portionless, who struggle with no such unnecessary inherited encumbrances, find it labor enough to subdue and cultivate a few cubic feet of flesh. But men labor under a mistake. The better part of the man is soon plowed into the soil for compost. By a seeming fate, commonly called necessity, they are employed, as it says in an old book, laying up treasures which moth and rust will corrupt and thieves break through and steal. It is a fool's life, as they will find when they get to the end of it, if not before.

....

The mass of men lead lives of quiet desperation. What is called resignation is confirmed desperation. From the desperate city you go into the desperate country, and have to console yourself with the bravery of minks and muskrats. A stereotyped but unconscious despair is concealed even under what are called the games and amusements of mankind. There is no play in them, for this comes after work. But it is a characteristic of wisdom not to do desperate things. When we consider what, to use the words of the catechism, is the chief end of man, and what are the true necessities and means of life, it appears as if men had deliberately chosen the common mode of living because they preferred it to any other. Yet they honestly think there is no choice left. But alert and healthy natures remember that the sun rose clear. It is never too late to give up our prejudices. No way of thinking or doing, however ancient, can be trusted without proof. What everybody echoes or in silence passes by as true to-day may turn out to be falsehood to-morrow, mere smoke of opinion, which some had trusted for a cloud that would sprinkle fertilizing rain on their fields. What old people say you cannot do, you try and find that you can. Old deeds for old people, and new deeds for new.

Albert Hirschmann 1915-2012:

*Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States.* Cambridge, Massachusetts: Harvard University Press.