

“OLD TESTAMENT” MORALITY AND THE “TRADITIONAL” FAMILY¹

Konstantin Yanovskiy²
Head of Institutional Development Department
Gaidar Institute for Economic Policy, Moscow, Russia

Sergey Shulgin
Senior Research Fellow
Russian Presidential Academy of National Economy and Public Administration

English by Elen Rochlin

Abstract *In this paper we consider questions of morality as a factor impacting trust in society, as an important element of the “soft” infrastructure. Morality is the institution which, if it is maintained in an appropriate condition, is capable of significantly raising the efficacy level of the basal institutions, including the institution of private property. Morality is often gestured toward in political and research discussions, for instance, for purposes of eliminating or establishing artificial borders and constraints upon freedom of discussion.*

Morality raises the level of trust among market agents, both among those directly acquainted with each other and among those who have never met each other before but hold the same moral views in common. Besides, morality lowers the costs of constructing and implementation of formal institutions which protect private property, as well as institutions friendly to the market.

The Government’s pushing out the institution of the family and societal morality is largely bound up with the common mechanism for transferring individual responsibility to society, and the responsibility of society to the Government. The Government is interested in maximum resource use and maximal control. Bringing Government controls to a maximum possible level runs counter to the existence of any limitations, among which morality is the most powerful and most stable one. The foundation of the “liberation” of the individual from responsibility and from morality hails from the stimuli spawned by the institution of universal suffrage.

JEL codes: B41, B52, J12, K36, H56, Z12

Key words: soft infrastructure, universal moral values, to support private property, to deter redistribution; moral arguments vs. economic efficiency

¹ The present paper forms Chapter 12 of [How the Import of Modern Western Institutions Suppresses Economic Growth: The 1990s East-West and West-East Transition](#) (the book titled *Institucionalnye ogranichenia sovremenogo ekonomicheskogo rosta* [Institutional Restrictions of Modern Economic Growth] in the original Russian and published in Moscow: “Delo” Publishing House, 2011). Work on the English translation of the book is at present in progress. See the book’s structure and short synopsis of content chapter by chapter.

² Dr Yehoshua Socol provided us with valuable cases and corrections, which improved the paper. All errors are our own.

The most trifling actions that affect a man's credit are to be regarded. The sound of your hammer at five in the morning, or nine at night, heard by a creditor, makes him easy six months longer; but, if he sees you at a billiard table, or hears your voice at a tavern, when you should be at work, he sends for his money the next day, demands it, before he can receive it, in a lump. It shows, besides, that you are mindful of what you owe; it makes you appear a careful as well as an honest man, and that still increases your credit.

Benjamin Franklin «Advice to a young tradesman, Written by an Old One » (1748)

In the present chapter, we will consider questions of morality as a factor impacting trust within society and on markets, and as an important component of infrastructure of the “soft” kind (which is in actuality much more stable than formal law), as well as of the environment in which formal legal systems function. That is, morality concerns us here primarily as an informal constitution of sorts and as an institution which, when preserved in an appropriate condition, is capable of raising significantly the effectiveness of basic institutions, including the institution of private property. References to morality are often used in political and academic discourse, including for purposes of putting an end to the discussion, or else in order to establish artificial boundaries and limitations for free discourse. This is why issues of morality will be considered both as part of considering the grounding of such limitations in the academic context and in connection with the problem of public choice.

The economic meaning of morality is bound up first of all with the concepts of “trust” and “soft infrastructure” (Niskanen 1998).

“Soft Infrastructure.” In economics, “soft infrastructure,” introduced as a term by W.Niskanen, has come to signify standards not recorded and not enforced by the Government. The label is not beyond dispute: apparently, change in moral standards involves higher costs and takes place over more extended periods of time than formal requirements specified by law. In a certain sense, basic moral standards are altogether unchangeable, constituting an external framework which is rather “rigid” (as per the criterion of ease with which changes are introduced and adaptations to altered circumstances accomplished) – albeit informal – for formal legislation.

At the same time, the fact that there is no need to appeal to the Government to enforce obedience and the spectrum of measures which can be taken against violators really do mitigate these standards.

In a highly moral society, we can intuitively expect considerable savings on transactional costs as compared to a society where morals are a low ebb. Besides, as a rule, where law is generally considered meaningful and affects significantly the conduct of market agents (that is, in Rule of Law countries), law obedience is usually also positively correlated with morality in its very basic manifestations (the readiness to live oneself and to let others live, as well). The effectiveness of law enforcement depends largely on the good faith of partners who can either constantly test each other's and the legal system's durability and wariness, or else behave "morally" by honestly fulfilling their obligations as specified in the agreement. Clearly, in a society where the lion's share of the transactions is concluded between bona fide agents, considerable economizing is the result.

In suburbs and rural settlements in developed countries, which are densely populated by religiously observant **monotheists**, someone finding him or herself in the area need not be concerned about the safety of moving about outdoors in the dark, need not lock house doors, and may expect to go "unpunished" for forgetting the key in the car ignition.

Reputation as a projection onto public opinion (even though this last yields a significant shift) of the way a person relates to moral values is a signal to potential counter agents at least about how safe it is to be in touch with him or her. Given a certain level of the signal, it also becomes a source of information as to how safe it is to conclude contracts with the person in question.

Relatively recently, during the modern period, Benjamin Franklin attempted to rationalize the connection between material prosperity and honesty, correlating with each other the reputation that a person may have of being an honest partner and how easily he may obtain credit.

The sacred writ of the Abrahamic religions, such as the Pentateuch, often cites factual evidence of cases when failure to meet obligations vis-à-vis the Almighty and His laws pertaining to the nation or the individual (especially when the guilty person is of high rank, such as a king) was punished by severe measures. Considering the role of religion in ancient times, we can say that this greatly strengthened the measures enacted by the public vis-à-vis the perpetrator, thus complementing the law. And even now, a series of societies with a high level of religious observance (for instance, Pakistan or Israel), the presence or absence of religious authorities' support has a noticeable effect on any business in retail trade.

Introduction

Government and Morals

The ability of the Government to impact morals seems quite self-evident. First of all, negatively: this has to do with the ability to undermine moral limitations, prohibitions, and restraints.

Thus, high inflation due to blown up monetary volumes (against the backdrop of the inability of the state or states³ to restrain lobbyists' appetites) affects economic persons as an unpredictable tax and a destroyer of the predictability of practically all transactions concluded on any market. This spells out dishonest conduct, exaggerated prices, manipulation of deadlines for fulfillment of obligations, and so on.

³ In point of fact, we can refer to that the conduct of certain monetary powers – the US and the EU – has a significant impact primarily on third countries.

War without due moral legitimation (defense of life, dignity, or property of one's citizens from external aggression) objectively contributes to the devaluation of human life. This last leads to distortion or even complete undermining of guarantees for private property rights (for further detail on the impact of threats of violence on economic growth, see Chapter 4 above).

Various kinds of regulatory and redistributive practices lead to "investing" in new regulations and demands for intensified redistribution; that is, to over-the-board parasitism, from the poorest individuals to powerful transnational companies.⁴ It is not only the national budget that is in question here. The issue concerns international trade, as well, when complex and non-transparent procedures for establishing "objective prices" and "objective costs" yield an enormous chain of mutual protectionism and mutual claims made against each other by different countries.

At the same time, governmental interference, regulating, and redistribution yield dependency and social parasitism. See G. Spencer on the Law "Concerning the Poor" (Spencer 1884).

History also knows rare instances of the opposite kind of influence by the Government.

Alexander Hamilton, Secretary of the Treasury in George Washington's Cabinet (1789-1795), managed to convince the taxpayers' representatives that the enormous debt incurred by the Federal government during the War of Independence should be repaid. The temptation to refuse to repay the debts (by defaulting) while making references to unique extraordinary circumstances was extremely strong. This was partly due to that a wealth of factual evidence pointed to the corrupt and, for the US, unprofitable nature of many of the debt obligations incurred. The consequences of the decision to repay the debts proved profound and long-term. The decision became the foundation of the reputation the US achieved as a state which always meets its financial obligations; with time, this largely facilitated the dollar's becoming the world reserve currency (as did the symbolic fact that US dollars of any year could be accepted for payment). State conduct of this kind could not avoid influencing everyday standards of behavior, as well. It also facilitated the establishment of informal intolerant attitudes toward failure to fulfill obligations spelled out in private personal agreements.

The example of the Government living up to its obligations when most observers would have expected the opposite of such conscientiousness could not avoid impacting business culture, too. Besides, it had an influence on court practices and attitude toward fulfilling one's obligations in general. The impact makes itself felt now, too, despite high state debt and considerable increase in monetary mass in the US – objective indicators which should have awakened caution in the minds of investors.

Instances of many reforms which ruled out or limited Governmental interference in economics confirm people's ability to provide for themselves as well as for their dear ones in need (such instances are legion in the history of post-socialist countries, including Russia). See also the situation described by Spencer (1884) in England after the annulment of the Law Concerning the Poor in 1833.

Attempt at Definition

⁴ As an example; General Motors and other automobile companies claiming – with support from the Democratic Party – aid from the US federal budget.

Regrettably, the very understanding of concepts such as “morality,” “moral,” “ethical,” “honest,” and “just” has undergone significant changes in the last 100-150 years. From basic and, accordingly, rather simple and clear notions, they have turned into something oscillating from “divide everything equally” to complete negation of the right of such notions to exist as universals. This state of affairs makes us feel that an attempt to ground a certain definition is in order, which will serve us in the analytic part of what follows in the present chapter.

Let us compare the definitions of morality provided by Webster’s Dictionary in the 1828 and 1913 editions, respectively. Both versions offer a set of rationalist definitions. At the same time, in the earlier version, the authors of the definition offer the reader a view of a thoroughly holistic system of standards rooted in requirements of the law received from on High (see the first version of the definition⁵).

The later version (dated 1913) stands out in its secularized tone and citations of classical authors rather than making a reference to the Law of God.

There is a tradition in modern moral philosophy, spanning the period from Spinoza and Kant to contemporary thinkers, which works out systems of ethical requirements as a natural response of a rationally thinking being to life’s demands. The results arrived at parallel clearly the ethical requirements spelled out by Judaism and many versions of Christianity. The position espoused by either Spinoza, who was boycotted by his coreligionists, or by Kant, a rationalist believer and Protestant, is not in any way anti-religious. Thus, Kant was of the indirect view that religion is a rather fitting solution for those who, speaking in economic terms, maximize utility of moral satisfaction derived from virtuous behavior.

As the worth of a person and his " It has been shown in the Analytic that virtue (as worthiness to be happy) is the supreme condition of all that can appear to us desirable, and consequently of all our pursuit of happiness, and is therefore the supreme good. ... virtue and happiness are thought as necessarily combined, so that the one cannot be assumed by pure practical reason without the other also being attached to it" (Immanuel Kant, Critique of Practical Reason, Book 2, Chapter 2 paragraph 1-10⁶).

This approach has some evident points in common with that followed by 19th-century religious French liberals (Benjamin Constant, 1815, at <http://oll.libertyfund.org/861>; albeit Constant makes special allowances for the “educated man” who is capable of being moral even without entertaining any religious feeling).

We should add the disclaimer that we do not share this optimism, but rather rely on the text of the Pentateuch which issues a caveat against the “gift” that “doth blind the eyes of the wise and pervert the words of the righteous.” (Deuteronomy 16:19) Human nature is such that a conflict of interests (not even a direct bribe) can lead to biased evaluations on the part of even the most conscientious of judges (observers – the “wise... righteous”). Common sense, knowledge, fear in the face of pangs of conscience may prove insufficient guarantees of honest and moral conduct. A further “line of defense” or even last resort of defense for moral values in the form of responsibility⁷ before a Supreme Being frequently proves helpful. It is no

⁵ “1. ... The word “moral” is applicable to actions that are good or evil, virtuous or vicious, and has reference to the law of God as the standard by which their character is to be determined. ...”

⁶ Gutenberg Project, released May, 1 2004, translated by Thomas Kingsmill Abbott <http://www.gutenberg.org/cache/epub/5683/pg5683.html>

⁷ A special type of dread in the religious tradition or inevitable punishment/negative utility in the public-scientific tradition.

accident that in the USSR, the overwhelming majority of dissidents were religious believers⁸ (in Russia, these were primarily Baptists; in addition, a sizable number of Catholics and notable groups of Russian Orthodox and of Jews; see L. Alexeeva 1992).

The Stanford Encyclopedia of Philosophy defines morality both as a code for conduct advanced by society or certain groups (such as religious movements) or accepted individually for one's own conduct as a person; and "...normatively to refer to a code of conduct that, given specified conditions, would be put forward by all rational persons."⁹ That is, depending on the situation in question, certain persons – those more rational than others – have the authority to set forth new moral codices. Perhaps, the authors have a thoroughly liberal attitude to the "registration of rational persons" and want the emphasis to single out the word "all." Yet the modifying phrase "under certain circumstances" still suggests both "artificiality" and a multiplicity of moralities.

This last idea is rooted in the history of the struggle of the secular liberal European intellectuals against religion, conducted under the banner of defending the individual against religious coercion. But this struggle often leads to bizarre side effects; what is at stake turns out to be not equality of rights, but superiority of some religious or ideological theory; minorities in need not of equal, but of special rights. Defining those in need of "special" protection and the extent of these "special rights" are assigned to the will of a group of "progressive intellectuals" whom nobody chooses. Using precisely the same logic, Russian socialists at a certain point in the past proclaimed the "proletariat" as a specially protected minority in the country most of whose population was made up of tillers of the soil. Nowadays, many Western countries consider sexual minorities a specially protected minority.

Morality according to the "Stanford standard" can vary: "...people discuss Christian or Nazi morality or the morality of the Greeks but rarely speak of morality as such in general."

The Stanford philosophers offer the universal criterion of not harming another as a foundation for the "normative basis of morality." This idea reduces all of morality exclusively to not harming another (to the point of distortion, making the formula mean any other, regardless of what his or her conduct may be like). Clearly, the formula derived from the commandment articulated in the Pentateuch, "Love your neighbor as yourself," (Leviticus 19:17) later echoed in "Love the stranger," (ibid., 19:34) is rather capacious. But all the capaciousness notwithstanding, the Biblical injunction on its own cannot cover even the most minimal set of standards sufficient for providing for human coexistence and cooperation, and capable of sustaining trust among market agents.¹⁰

⁸ Some dissidents active in human rights defense (who were, as a rule, secular in their outlook) have achieved the greatest renown. This was partly due to their prominent public status (Sakharov, Solzhenitsyn), and partly thanks to a better understanding of their motives on the part of Western journalists. In all cases, however, considered quantitatively, dissidents of this kind remained a small group of intellectuals, localized in the metropolitan centers exclusively.

⁹ Thus the wording in the original text.

¹⁰ For this reason, the Talmudic Sage Hillel, who summarized the essential teaching of Judaism in almost the same words some 2,000 years ago, then followed the formula with, "And now go and learn..." (meaning all the laws revealed on Sinai in all their detail).

Made into an absolute, the version of the requirement about “not causing harm to anyone at any time” is quite convenient. The requirement is impossible to meet (the prohibition against murder will probably sadden murderers, causing them damage of a “spiritual” kind). This is partly why such an injunction makes it possible to manipulate morals, branding as “opposed to morality” everything that runs counter to the interests or the views of the manipulator.

19th-century liberals were taken with the idea of separating the state from the Church and the Church from the school. In the heat of battle with the Church, the liberals¹¹ switched to God. Making progress in this direction, they offered themselves as lawgivers or guardians of moral values. Standing guard over rights and morals instead of the Creator was now a university professor,¹² a journalist, or at best – a president. New morality, introduced by the so called new liberals,¹³ perforce became “politically correct,” flexible, and relative.¹⁴ When it began to seem to the professors and the presidents that there was a way to dispose of the property owner’s money better than the property owner could do himself, and to provide for justice better than the Creator did,¹⁵ they did not hesitate to begin violating the rights of private property. When they had decided that certain population groups needed protecting under the pretext of their having formerly been really or imaginarily deprived, they by means of laws concerning hate speech and via political correctness codices rejected freedom of speech, not just technically (by foisting state or “public” TV and radio broadcasting which monopolized the truth at the taxpayers’ expense), but also as part of the legislated norm.

For the time being, the US remains protected from hate speech legislation by the First Amendment. But even there an alternative decision has made its appearance – the so called hate crimes (crimes committed as motivated by hatred) made no longer subject to standard criminal jurisdiction by the state and transferred for handling to Federal offices.

¹¹ The same struggle was carried on with much more obvious motivation by the socialists (see below for the relatively harmless contemporary instance of the government of Spain). Yet both the liberal politicians and the functionaries of the mid-19th-century – the period when notions of laissez faire flourished – could have entertained the same motives. Thus, the Law Concerning the Poor in 1833, which together with cuts in aid led to a cut in parasitic poverty, also provided for officials’ extended responsibility.

¹² ”18th-century Enlightenment philosophers believed that they could save the foundations of morality and social order in the world of the divine watchmaker. But once it had no sooner turned out that the Watchmaker is blind – in the late 19th century Nietzsche proclaimed God dead – than the moral foundations of the West had been toppled,” in the description given by D. Lal (2001, pp. 104-107) of the transition from monotheism to deism or the idea of a “primary move” and thence directly to atheism and the collapse of morality no longer supported by a Higher authority.

¹³ In the US of the first third of the 20th century, people who refrained from identifying with socialism openly began to apply the label of liberals and “progressive” politicians to themselves: T. Veblen, E. Chamberlaine, and others. G. Spencer, one of the last classical liberals, called the reincarnation of liberal ideas in the notion of the great care-providing Government which resolves everybody’s problems for them, the “new Toryism,” while R. Nisbet (1994) referred to the same phenomenon as the “new liberalism.”

¹⁴ The link between homegrown pseudo-morality and notions of redistribution has been made a note of by different researchers and writers, from F. Hayek who in the “Killer Self-Assurance” dismantled the attempts of intellectuals to design moral standards as a counterweight to what had been tested by centuries and whole eras, to P. H. Rubin (“The Assault on the First Amendment: Public Choice and Political Correctness,” *Cato Journal*, vol. 14, N. 1, Spring-Summer 1994) and A. Kolakovskaya (“Imagine,” “*Novaya Pol’sha*” [“The New Poland”], see www.novopol.ru), who wrote about such “political correctness” as morality’s contemporary leftist “prosthesis.”

¹⁵ ”Socialists want to play the role of God.” (F. Bastia)

This novelty enjoys the support of “rights defenders” (activists on behalf of rights of homosexuals¹⁶). An obvious example: when a new “liberalism” openly challenges basic rights and freedoms, including equality before the law. As justly noted by critics, any crime may be seen as having been committed on the grounds of hatred, possibly for the simple reason that most grave violent crimes are in some way bound up with hatred (Jacoby 2009). In a society where the authority of the law is not deeply rooted in a morality dictated from on High, there is genuine threat that the game of “social justice” will leave the notion of justice void of essence. This essence is equal treatment of the rich and the poor.¹⁷ Instead of this, the age-old idea is introduced of such a redistribution of the property of the rich “in favor of the poor” by the “enlightened leaders” that “justice” is brought about, along with compromise (between the interests of the rich and the poor).

In society of this kind with an undeveloped “soft infrastructure,” there is, in effect, no law, no justice, and no morality. The law granted from on High is stable and held in esteem, buttressed by the different sides’ in court awareness of its morality, and hence, of its being just. Without a universal morality granted from on High, the law loses its authority and stability, while people lose their equal standing vis-à-vis the law. The net result is that some are supposed to obey laws, while others – the “enlightened” – rewrite these laws as they see fit.

Bracketing ideologized notions, let us note that formally, most authors indicate the absence of Government compulsory coercion as a feature of moral laws. Instead of such coercion, measures exerting – once again – “moral” pressure, at times of a very effective but non-formalized kind are applied, such as, for instance, common boycotting. Religious and other ideological sources of such standards are also indicated, along with a series of other definitions.

It makes sense at this juncture to return once again to F. Hayek’s model of evolutionary selection of institutions (Hayek 1988). Effective standards more or less haphazardly chosen by a tribe, community, et al. used to ensure flourishing by comparison with the neighbors, i.e., during the greater part of human history, they provided for the growth in the community’s numbers, and later, for the growth of per capita income. Standards settled upon as a result of an unimaginable multitude of transactions cannot be analyzed and completely understood by the human intellect. It is that much more impossible to “invent” an effective standard. One can only “grope,” approaching it gradually. In particular, this model explains the advantages of the notion of “natural right” without allowing for the supernatural origins of effective laws.

Besides other considerations, such an explanation is quite useful insofar as it can satisfy both religious and secular readers, causing both to make their peace with the saddening thought that they are not destined to discover (invent) a universal law of nature and society and thus assure the happiness of humanity. Even so, it has a certain disadvantage by comparison with traditional religious prohibitions, namely, the absence of such prohibitions as granted from on High. If adhering to a certain standard is explained in at least somewhat reasonable of a manner, but does not satisfy the short-term interests of a thinking human being, this last will easily come up with an explanation for refusing to buy the explanation. After all, the explanation is given by just another reasonable person, albeit this may be the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel winner.

¹⁶ http://news.yahoo.com/s/ap/us_obama_gays.

¹⁷ “Do not commit injustice in judgment; do not be especially considerate of the person of the poor, not favor the person of the great...” (Leviticus 19:15)

In what follows we will attempt to provide arguments for the existence of a unique source of moral standards effective from the point of view of providing guarantees for private property and, accordingly, long-term economic growth. These are the moral standards accepted in all countries where contemporary economic growth began prior to the middle of the 19th century. Taking this as our point of departure, the present chapter offers the following definition of morality:

Morality consists of the rules based on a universal¹⁸ ethical teaching which contains many times repeated and codified requirements and standards of human conduct. These standards in general may be unsupported by Government compulsion and rely on the support of the populace. Such support is so significant that in the overwhelming majority of cases the violator agent experiences “pangs of conscience,” that is, loses a noticeable part of the good of “high self-esteem”; besides, losses affect the good of “acknowledgment by others” in addition to Government compulsion; independently of the presence or absence of state compulsion, there are various forms of family, collective, and public pressure in defense of moral standards (based on “moral pressure” – commercial and behavioral boycott, lack of acknowledgment, i.e., once again, lowering of personal self-esteem – applied to the violator of the norm and his or her satisfaction derived from the acknowledgment and respect of others.)

One of the key problems of economic analysis of morality concerns the source of moral requirements – and, accordingly, prohibitions – which determines the type of game being played (final or involving infinite moves), as well as the essential position vis-à-vis morality as a “soft infrastructure.” Is a flexible, changeable system of competing “moralities” or requirements offered by intellectuals depending on their evaluation of the situation or simply their arbitrary decision, more effective for decreasing transactional costs and risks run by market agents? Or, perhaps, the conservatives are right when they maintain a rigid universal system based on commonly familiar religious commandments of **monotheism**?

Pertinence of Economic Analysis of Morality

Many state-level decisions, along with political campaigns which lead to such decisions,¹⁹ have to do with “supra-pragmatic” “moral” motives. These include:

- Progressive taxation, business regulation and other violations of property rights;
- Refusal by the state to perform its basic functions (protecting the life, principal rights and freedoms, and property of citizens, justice, freedom of press and freedom of conscience and so on), based on the pretext of the existence of some higher, priority values (equality of nations, “second generation of human rights,” political correctness and feminism; struggle for “peace”²⁰ and so forth);
- “Protecting woman” which legitimizes vicious governmental intervention in the most intimate private relations²¹;

¹⁸ One that was universal for practically all market Rule of Law democracies during their period of gestation.

¹⁹ While such campaigns are in progress, legitimation is achieved (at least, the majority grows accustomed to the feasibility of discussing the idea) in public opinion of the measures being proposed, and of forming the coalitions of forces interested in them.

²⁰ What D. Lal calls “rights chatter” (Lal, 2001, p. 157)

²¹ Take, for instance, the criminalization of marital (spousal) “rape.” For the latest in the development of this notion, see the case of R. v. J.A. (Supreme Court of Canada Judgments 2011-05-27), at <http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/7942/index.do>.

The institution of “marital rape,” in addition to introducing a wide gamut of opportunities for interfering into private life, has another crucial effect besides. The policeman or prosecutor is exposed to an alternative to having to investigate cases of “old-fashioned” rape.

Work overload along with political pressure requiring that new rape cases be treated as a grave offense, open a window of bureaucratic opportunity for personnel reorientation. Cases of “traditional” rape

“Protecting the mother and child,” which leads to coarse and dangerous interference on the part of the state in family life (pertinent to Western countries).

At the same time, the most powerful interest groups standing in proximity to authority in a number of democratic countries, claim that morality cannot be universal. What does, and what does not cause harm to somebody, and what kind of harm is intolerable, and what can be disregarded – all this is accessible only to the “initiates.” What is beneficial for one culture is deleterious for another.²² Given a “multicultural” society, with such approaches, basic moral values become well nigh the secret knowledge possessed by the elite,²³ an instrument which only the elite can wield against its foes. But in recompense, appealing to moral values is categorically forbidden for these foes. Their “archaic” and “outdated” (or even “artificially concocted” for the purpose of subordinating and subjugating of “minorities”) moral values are “no longer relevant” and even “offensive” to the “groups discriminated against in the past” in multicultural society.

Another important aspect of the problem is the independent value of such goods as “moral satisfaction,” the sense of one’s own dignity, and even prestige, which are all bound up with the dominant moral beliefs. Demand for these goods is reflected in particular in the real circumstances of collective choice (taking part in elections, E. Downs’ model of rational ignorance notwithstanding, is something people most often explain by the need to feel that they are good citizens²⁴) and supplying pure public goods (see below for further detail).

This is why de-mystification in this sphere and, possibly, a stricter academic (economic, in particular) analysis become a means of defense of academic culture and tradition as such from “politically correct” profanation. In light of the considerations introduced above, economic analysis of basic moral norms seems not merely an

require investigators to deal with rude, coarse types who may be prone to violence targeting more than just women alone. The process of collecting evidence is rather labor-intensive. Besides, the real danger frequently arises of being charged with harassment of minorities. In cases of “marital rape,” by contrast, the court asks for practically no evidence or proofs. Their place is assumed instead by interpretations of the complaints put forth by the victim. The part played by the discretion of the officer or judge grows immeasurably (bureaucrats’ propensity to seek for more discretionary power assumed).

²²The well-known leftist intellectual and “respectable” politician Y. Tamir constructs his energetic defense of the barbarous custom of female circumcision entirely upon this notion: the equal value of all systems of informal norms and their equivalence to the universal, “Western” morality rooted in the Bible (Tamir 1996), if not their being superior to this last. Another vivid example of the usefulness of moral relativism is the statement made by the well-known leftist radical producer Oliver Stone in connection with his project “America’s Secret History”; see http://news.yahoo.com/s/nm/20100111/tv_nm/us_stone_1. Like comparing Senator McCarthy with Hitler, Stalin, and Mao, so, too, the direct apology made for the most intolerable and bloody leaders of the 20th century is not simply the optimal decision commercially, but a decision which leaves one the freedom to do “creative re-conceptualizing” of historical material. This also makes a claim to make decisions arbitrarily concerning morality or amorality, acceptability or adequacy of any evaluations of any individual persons. It makes a claim to that a leftist intellectual may take up legitimating terrible dictators and de-legitimizing unpopular American politicians, regardless of whether they are the deceased Senator McCarthy or the living President.

²³ According to conceptions of this kind, working out “ethically acceptable” solutions turns into solving the dynamic problem of multi-criterial optimization on the basis of a gigantic conglomerate of rapidly changing information. Collecting this information is something only a united academic society can shoulder, embodied by its mainstream and supported or patronized by the Government.

²⁴ The closest to this interpretation of political involvement as use of a “specially” high quality good (“superior good”) whose use grows faster than income, is offered by the article in Crain & Deaton 1977.

important complement to the economic study of law and politics, but rather the fundamental basis for these branches of the study of economics.

Few points of current discussions on Ethics and Economics

Nobel Prize winner and “guru” of leftist intellectuals A. Sen speaks of the idea of the opposition between the striving to realize one’s own needs and interests and the principles of morality as self-evident (Sen 1996²⁵). He thereby “excommunicates” from morality the entire basal set of the ideas of classical economics, beginning with Adam Smith. The author also attempts to reinterpret Smith as an ally and proponent of equalizing redistribution.

Bowles (2008) maintains essentially the same approach as Sen to the concept of ethics and morality. However, he not simply deploys peculiar interpretations of the classics or of mathematics, but relies on thoroughly modern methods in economics (methods of experimental economics). In his survey of certain studies of the “experimental” bent he casts in doubt the presupposition about the teleological rationality of the economic.

In one of the conducted experiments, parents who were late in picking up their children from kindergarten were fined. The number of late arrivals increased after the new rule was introduced – a development which the author interprets as the fiasco of the idea of individual interest and the triumph of some “moral standards,” which he leaves unspecified in the text of the article. As per his view, in a situation where people have been led out of a system of moral relations (it is not right to be late and to detain the kindergarten teachers) into one of business relations, the initial state of affairs has deteriorated. At the same time, one cannot ignore the simple version, that as kindergarten closing time may not have coincided with the best and most appropriate for the parents in view of their work schedules, so that they were prepared to pay extra, including a higher rate per hour, so as to be able to pick up their children at a time which would be acceptable for them.

Making it possible for parents to show up at a time convenient for them and to pay for the special service – the extra time and care devoted to child supervision – seems to us no less moral of a proceeding than the alternative with occasional late arrivals entailing no compensation for damage incurred by this tardiness.

A different experiment described in the survey cited simulates the well-known model of “the tragedy commons” (in this case, virtual forests). It remains not entirely clear what the point may be of running an artificial experiment when the real experience of market agents’ behavior is available for study under conditions of political-legal frameworks of forest husbandry management.

We can appeal to the practical “experiments” conducted in the USSR, Brazil (forested lands entirely in state possession), Canada (notable but modest share of private property along with the state sector – “Crown” or “Royal Forests” – as the leading forest user), and Finland (predominance of private property in forested lands).

The real tragedy of the forest is to be observed in countries with the worst institutions vis-à-vis property and with the greatest vestiges of aristocratic or socialistic norms. Forests are in visibly better condition in Canada (approximately 10% of the forests are private property which is clearly defined and defended); the

²⁵ For further detail concerning this author’s views, as well as less exotic economic approaches with a vividly expressed ethical component, see above, par. “The Ethical Hunger of Amartiyah Sen” in the introductory survey of the book.

obviously best state of affairs is to be observed in Finland, where the overwhelming majority of forested land is privately owned.

Finally, Bowles describes an experiment which parodies choosing the best system for paying a hired worker. The point of this experiment is even harder to grasp. Experiments of this kind – as well as much more advanced ones – have been conducted and continue to be conducted in great numbers by companies in real life. In essence, the same pertains to cases of private provision of public goods (charity). In the US, where the private non-commercial sector is enormous, there is no need of state or semi-state investment in charity.

The creation of such *prima facie* artificial constructs within the framework of the discipline of economics is easily explained by the need for the leftist economist to preserve human capital even after the crash of the socialist system (Rubin 1994).

It seems that the sample of experiments conducted in economics in practice, with some of the experiments going through regular reruns, reflects the attempt by a current in the science of economics (the neo-socialist mainstream) to disprove in theory the crash of socialism in practice. This is an attempt somehow to provide a grounding for a theoretical scheme which would “disprove” capitalist reality, if not from the point of view of economic theory as such, then at least from the point of view of some extended version of economics which appeals to elements of the irrational deeply embedded in human nature, which have to do with the need for morality and justice in human relations (even though the connection between morality and the irrational appears to be no more well founded than morality’s connection with the rationality of the human subject).

It would appear the reader is offered something as if conclusively proven, while it is in essence an indemonstrable thesis to the effect that socialism (even if in a new, previously unheard of guise) is synonymous with morality, while capitalism is antonymous to this last.

Morality itself is, thus, for Sen and Bowles the product of their own intellect. By contrast, for Adam Smith, David Hume, and Frederic Hayek, morality was a perfectly specific code of rules both known to us all and eternal.

It was precisely these rules that made up the foundation of business ethics (“To live and let live”; do not rush to provide aid for people who do not ask you for it) which Adam Smith worked on providing a grounding for and defended.

But economic analysis of morality does not lend itself to a reduction to leftist interpretations.

T. Roth (2007) offers an extensive survey of works dealing with the problem of the impact of morality on economics. He supposes that the primitive model of *Homo economicus* reflects a basic approach of contemporary leftists to the individual person. This model presupposes an autonomous individual free of historically inherited obligations or limitations, public (voluntarily accepted) limitations and self-imposed limitations; an individual person maximizing the utility of an environment free of values (in other words, such a person has a simple and standard priorities profile; Roth 2007, p. 72). Along with certain models and notions of modern economics (functions of public utility; also, see below for the function of the “central planner,” the emphasis in Keynesianism being placed on decisions focused exclusively on the short term), such a person “free of values” constitutes the ideal object of care at the hands of a totally informed and ideally motivated state.

On the one hand, the author makes a note of the possibility of “self-generation” of the principal standards of morality of general interest; on the other hand, he notes that in cases of significant distinctive features and power resources, motivation for strong

players to observe moral restrictions in an endogenous model may prove insufficient. And indeed, without restrictions from the without of values rooted so deep as to provide effective coordination of steps to be taken in their defense, a strong player has no motivation to stop before taking away the property of the weak. This is an extremely important point, particularly for understanding the gestation mechanism of Rule of Law democracy as an institutions package.

In studying the works of the well-known American philosopher of law R. Dworkin, Roth notes the uncompromising demand put forth by Dworkin not to take into consideration economic restrictions or threats to undermine motivation and foist upon agents redistribution programs of a stature able to “provide each person with the means for obtaining a livelihood, and having a life valuably filled and with options to choose from.”²⁶ The author emphasizes the difference between the “liberal” approach to redistribution and the approach of classical liberalism fostered by the Founding Fathers, this last being based on “procedural equality.”

In describing the approach spelled out by utilitarianism (priority of the common wellbeing over any “eternal” standards) and the none too evident presuppositions made in analysis using the Social Welfare Function (SWF), Roth shows that this last is in effect also constructed on the basis of the utilitarian approach. In this way, the very idea of the existence of some public utility observable by the “enlightened ruler” (the all-knowing state) is incompatible with the idea of morality, just as it is incompatible with the idea of constitutionalism. In light of these ideas, any hard-to-change standard appears an unreasonable obstacle on the way to achieving a higher goal.

The idea of “social justice” constituting the nucleus of leftist “ethics” seems to us reminiscent of a curious fact. Prior to the latest “long wave” of popularity enjoyed by redistribution thinking – a wave which began in the second half of the 19th century – the word “justice” had no simple equivalent in Russian, exactly as the Russian “*spravedlivost*” had none in English. The achievement of their mutual fit came about only “thanks” to the coinage of “social justice,” which, unlike the “procedural” meaning (equality of all before the law or in court) conveys the idea of redistribution pure and simple – the idea that acting in the interests of redistribution is good, and for that reason is referred to by means of a word with a clearly positive connotation. Now if in Russian the Left has never had any problems with the word “*spravedlivost*,” a word long since laden with the meaning we have specified, then historically the solution in English appeared only recently.

P. Heyne (2008) notes the chasm separating the rational approach of the modern economist²⁷ and the no less contemporary notions of morality espoused by the public which has been intoxicated by the mass media. The author shows to what an extent the notions of “morality” forced upon the public by the media are counter-productive

²⁶ Roth 2007, p. 103. It should be noted that the oft repeated question of Ayn Rand, “At whose expense?” never received an answer from the Left. We should also remember Rand’s noting the phenomenon of “rights inflation” (the “Human Rights” essay, see Rand 2003) with reference to the blurring of rights which we have defined as basic in the wake of the invention of a multiplicity of pseudo-rights reducible in essence to claims of eligibility for privileges at the expense of another. Insofar as the only way to satisfy claims of this kind is to extend Government (state) confiscation and redistribution rights, it becomes evident that basic rights of the individual cannot fail to be hit. Rand (*ibid.*, “Big Business, a Persecuted Minority”) was also among the first to make a note of the perfect barbarousness and senselessness of prison terms for violating antitrust laws (i.e., regarding doubtful ones or those intended for discretionary application. See Chapter 4).

²⁷ Actually, the author outlines a model of the conservative economist, clearly not the figure dominant in the universities of today.

and how they lead to obvious and significant damage in case of implementation.²⁸ The difference in understanding the notion is demonstrated using a series of examples (in particular, those based on the economic concept of “value of human life”). It is then explained by the common confusion in understanding due to the mistaken transference to the level of mass transactions of values applicable and effective within the family or small groups (something the author calls the level of “face-to-face society”) where members are highly informed about each other’s interests and preferences, and have significant consideration of each other’s usefulness in functions of utility. In this case (given mass interaction, on the level of “commercial society”), allowing for being well informed no longer works; motivation equally disappears.

Heyne discusses Mother Theresa’s call to do away with the death penalty for murderers in California on the grounds that “Jesus would have forgiven these sinners.” He puts forth the supposition that the worthy lady has confused the approach of face-to-face society (available and realizable in relations within the family or with the Almighty) with the approach of the law, which is perforce non-personal – and which is also the approach obligatory for the judge, who is subordinate to the law and not bound by personal preferences or likes (it should be noted that this is precisely the requirement made of judges by God, directly stated and more than once reiterated in the Pentateuch²⁹). A judge cannot know about each person everything that is known by a family member, or by God. The criminal code and justice in the State of California are not God, notes Heyne. Hence a judge refusing to impose the penalty prescribed by law deserves (as per the opinion of the author) not beatification, but impeachment.

In support of the author with regard to the must of deploying different approaches for settling family problems and resolving conflicts in society and the state, let us note that the “confusion” of mass media and Federal US officials may well have to do with their quite clearly distinguishable, private interests (see, in particular, Chapter 2 about the mass media and Chapter 3 on special interest groups).

On the Morality of Redistribution

As has already been noted, one of the key theses in leftist propaganda is the claim of initial morality and high ethical content of socialism both as a teaching about heaven on earth, and as a practical idea of redistributing incomes and property from the rich to the “needy.” At the same time, all more or less professional economists, including leftists, acknowledge overall the inefficacy of state interference in economics. This makes the quasi-moral arguments assume special weight in the discussion.

One of the first modern economists to address this question was B. de Jouvenel (see de Jouvenel 1952) in 1949. De Jouvenel specifically attacked notions of the moral worth of socialist redistribution, taking as his point of departure the presupposition that distribution of this kind leads to no negative economic consequences; that is, he put forth the explicit claim that even if state redistribution

²⁸ Thus, the authorities’ requirement that small children be seated on separate seats in airplanes leads to considerably higher death rates for them. This is due to the fact that increase in transportation by automobile is inevitable as a result of the higher costs of transporting children, with automobile travel being more likely to result in death than travel by air (Heyne, p. 4).

²⁹ See, for instance, Exodus 23:1; Leviticus 19:15; Deuteronomy 16:18; as for punishment for premeditated murder, see Exodus 21:12-14 (“... from upon My altar shall you take him to death,” i.e., even from the Temple, even a High Priest); and Deuteronomy 19:11.

were to be acceptable from the point of view of economic effectiveness, it would still remain morally unacceptable.

In reality, the author devotes the greater part of his time to considerations which are interesting, but not quite in line with the declared objective; they center on the impossibility of adequately evaluating the utility of each and every individual, which makes the task of just distribution unachievable in an informational sense (besides the fact that equal distribution seems a priori unjust). Even so, among de Juvenel's fundamental ideas is the one about the damage brought about by redistribution, due – inter alia – to that state measures push out private acts of beneficence (by weakening the desire to help one's fellow and even simply to receive guests in one's home).

Leftist politicians and economists often appeal to examples taken from Biblical narrative in order to defend their views. It should be remembered that according to **monotheistic** views, wealth as such is given by the Almighty.³⁰ He expects the rich to use their wealth to succor the poor, among other things. But at the same time, such aid is not a duty vis-à-vis society, a fortiori vis-à-vis the state. It is the rich person's opportunity to perform more good deeds and obtain greater merit in the eyes of the Almighty. The same goes for any other taxpayer whose realization of individual responsibility – and, accordingly, whose chances of “earning” more good deeds – are blurred by the onerous burden of taxes and activeness of the omnipresent state, to say nothing of the unabashed oppression of rival private organizations in a number of cases, to keep them from exposing the ineffectiveness of the state (see below for a modern example taken from the relations between state and the Catholic Church in Spain).

We will comment briefly on two Biblical narratives taken from the set of those most often cited by the Left.

1. “Land granted by God.” The universally accessible Biblical text should be made a note of, along with its more than obvious – vis-à-vis the present case – economic interpretation. The setup involving the impossibility of selling land potentially usable for agriculture (selling land forever is at all times and in all countries permitted in cities) pertains to only one country and one people; this people is issued the promise that specifically within the bounds of this particular modest-sized country, when it observes certain conditions, it will be granted an annuity (unusually plentiful harvests). It is logical to suppose that this annuity was distributed proportionately to the land area of each inheritance. If so, and taking into consideration that this annuity payment made up the bulk of the income from this variety of landed property, then the requirement of returning “sold” land after a certain number of harvests (all those up until the Jubilee year) seems more than simply logical. It in no way contradicts the classical liberal approach. But most important, it evidently has no bearing upon any lands outside the limits of a modest strip of dry land along the Jordan River. The Creator bestows land upon all peoples, but one people receives its lot with special bonuses and special restrictions.³¹

³⁰ “David blessed the Lord... saying, ‘And wealth and honor are from You... It is in Your power to raise and endow with force any one...’” (Writings, Book of Chronicles, 29:12). Hence, any discussion of the immorality of wealth, of a priori dishonest ways of obtaining it, should be considered in light of notions of monotheism as a complaint against the Creator, but one perfectly lacking grounds, as opposed to the doubts and questions voiced by Job.

³¹ Reasons for a decision along these lines are the absence of an opportunity for artificial irrigation and the special dependence of agriculture on rain: “...land not like the land of Egypt... Of rain from heaven does it drink water.” (Deuteronomy 11:10-12).

2. The setup with the Biblical “*man*” (manna)³². Manna is endowed with two qualities of significance from the point of view of the economist. The first is the impossibility of preserving it. The second is the impossibility of unequal distribution (try hard as the persistent gatherers would to end up with more than their share, every time the gathered manna divides in equal shares among all). In this connection we should remember that in all cases of real socialism,³³ there could not even be any talk of anything resembling equal distribution.

Undeniably, the key feature of socialism was and continues to be not equality of distribution, but its arbitrariness. The leader is empowered with extraordinary rights to exact and to redistribute any property “for the sake of the general good.”

In this case, the leader is physically unable to do this (even if he should want to). As the text stresses in Deuteronomy (8:3), the very endowing of people with manna had as its purpose the habituation of the nation in case of need to turn to the primary source of all good, rather than to another human being. The recurrence of the same procedure daily in the course of nearly 40 years was supposed to make the habit permanent to the point of automatism. The fact that this was not fully achieved is probably testimony to the changelessness of human nature, meaning that the readiness of some “to make themselves an idol” goes hand-in-hand with the need of others to foist their will upon the majority, beginning with issues of redistributing incomes and property.

Application of games' theory: universal morality vs. plurality of moral values

The “social responsibility of business” is a rubber stamp particularly often resorted to ever since the crash of communism. At the same time, every new economic crisis entailing mass firm bankruptcies and worker dismissals serves to remind us of the true “social responsibility” of the entrepreneur. This involves offering quality goods and services to those around, on the one hand, and offering employment opportunities on the labor market and maximally stable earnings along with market stability, on the other. It follows that the best measure of such responsibility is tantamount to the measure of business success. This is the purpose for which entrepreneurs are endowed with the appropriate talents and resources.

Using simple games as an example, let us illustrate the impact which competing moral systems have on player motivation for cooperative conduct.

Arbitrary Replacement or Cancellation (Human Legislation)

³² The idea of the example provided by Dr Ye. Socol.

³³ See Voslensky 1991; see, for instance, Chapter 2: “The Creation of Nomenclature”; Chapter 5: “Nomenclature: A Privileged Class in Soviet Society”; and Chapter 8: “One Day of Denis Ivanovich.”

Let there be N moral standards. To be compared are risk evaluations (in accord with the probability of concluding transactions) with partners from two groups observing $(N - 1)$ commandments (each member of each group). In the first group, nonobservance pertains to one particular commandment specified once and for all and known a priori. In the second group, the non-observed commandment may be arbitrarily changed by the group leaders.

The effect of observing commandments while performing risk evaluation has two components: the less significant, consisting of the sum of values of each commandment taken alone (for simplicity, each commandment here has the same weight) and the greater (main) component, which is a function of N variables and takes into consideration the mutual and joint impact of the commandments.

We are going to show what the values (the relative weights) of the first and the second components must be, and what must be the attitude to risk (clearly, risk aversion) such that the risk evaluations of the group with the a priori specified violated commandment will be lower than in the second group.

It would seem that the agent evaluating the risk should be capable of ranging according to value (impact on risk evaluation) all N commandments. However, insofar as we are interested in the aggregate evaluation of a certain typical agent, for simplicity's sake let us suppose that the values of all the commandments in summation (of the first component) are the same.

The last component may equally likely turn out to be greater or lesser in significance when standards are arbitrarily replaced (cancelled). That is, we do not know exactly what combination $(N - 1)$ of the standard is perceived as minimizing risk with what number of self-restrictions (or restrictions imposed by society) for the individual. It may well turn out that in half or even most of the cases, leaders of the group which regularly replaces its values (say, depending on external circumstance) make an effort to lessen risks for partner members of their own group; let us even suppose that in half the cases they manage to do this. *That is, for the risk-neutral agent there is no difference (he or she simply does not notice a difference) in risk of interaction with members of either of the groups.*

To recapitulate: let there be N rules. Every individual may observe or not observe any rule. Individuals interact with each other by signing contracts. Given that, the gain of each individual depends on what rules are obeyed by his or her partner.

Individual gain grows with the number of rules obeyed by the partner, while his or her usefulness is the combination of two component elements: the first is proportional to the number of rules obeyed and takes into consideration the impact of every rule taken alone; the second depends on the joint impact of the rules. Let the first component element increase by a whenever the partner obeys a single additional rule. The second component element is determined by the total set of rules obeyed. In this case, when all N standards are observed except for the i^{th} , let us denote this component by $b(-i)$. Let us also introduce individual attitude to risk: when obtaining gain x , let its utility equal x^γ . Coefficient γ describes the individual's attitude to risk: with $\gamma > 1$, the individual likes risk (risk lover), if $\gamma < 1$, the individual is averse to risk (risk averse).

When interacting with a partner who does not observe the i^{th} standard (for determinacy, let us establish $i=1$), the individual obtains utility

$$U = [(N - 1)a + b(-1)]^\gamma. \quad (12.1)$$

When interacting with an individual who disobeys some one – but one unknown – standard, the individual obtains utility expressed by a certain combination of

equations of the type in (12.1). Let p_i be the probability of violation of the i^{th} standard (the sum total of p_i equals one). Then the individual's utility equals

$$U = \sum_{i=1}^N p_i [(N-1)a + b(-1)]^\gamma.$$

$$U = p_i [(N-1)a + b(-1)]^\gamma. \quad (12.2)$$

We need to establish, which of the two expressions is greater, (12.1) or (12.2). Let us replace the variables: let $c(-i) = b(-i)/a$. Then the following expressions need to be compared:

$$U = [N-1 + c(-1)]^\gamma;$$

$$U = \sum_{i=1}^N p_i [N-1 + c(-i)]^\gamma.$$

$$U = [N-1 + c(-1)]^\gamma;$$

$$U = p_i [N-1 + c(-i)]^\gamma. \quad (12.3)$$

Let us suppose that the profit from interacting with a partner who does not obey the rule may equally probably be either greater or smaller than the profit from interacting with a partner not obeying rule 1; that is, with equal probability (which equals S) the first expression in (12.3) is greater than the second, and vice versa. Let us also suppose that the difference in profits when interacting with partners of both types is the same and equal; for determinacy's sake, label it d . Accordingly, gain from interacting with a partner who does not observe some standard is with probability S either greater or smaller by quantity d than the gain from interacting with a partner who does not observe rule 1. Then analyzing expression (12.3) reduces to comparing the following equations:

$$U = [N-1 + c(-1)]^\gamma;$$

$$U = \frac{1}{2} [N-1 + c(-1) + d]^\gamma + \frac{1}{2} [N-1 + c(-1) - d]^\gamma.$$

$$U = [N-1 + c(-1)]^\gamma;$$

$$U = [N-1 + c(-1) + d]^\gamma + [N-1 + c(-1) - d]^\gamma. \quad (12.4)$$

With neutral attitude toward risk (i.e., when $\gamma = 1$), the expressions in (12.4) are equal; that is, to an individual neutral toward risk it does not matter whether he or she signs a contract with a partner who observes a specified set of $N-1$ rules or ones arbitrarily chosen. Since when $\gamma < 1$, the function x^γ is concave, we see that a partner with fixed standards is more profitable for the individual; and the opposite, when $\gamma > 1$, the function x^γ is convex and a partner with variable standards becomes more profitable.

Generating Competition of Moral Systems

Move 1

The choice is between an unchangeable ethical system buttressed by the authority of God plus appropriate human decisions, and a changing ethical standard buttressed only by the intellectual authority of vice-minister or professor, or sanction of the supreme ruler (parliament, dictator), i.e., between formal law and administrative might.

In the short term, the transition to a variable system yields unquestionably greater gain by economizing on *observance costs* and thanks to the possibility of quickly adapting standards to the current situation.

In the long term, the gain MAY TURN OUT TO BE negative.

Move 2

Let us – insofar as the game is not one-move only – use the notion of individual discounting coefficient of the i -th agent.

If we single out two types of agents – regular and leaders (political ones or bureaucrats), then for the latter there is an extra bonus (more power and utility from power as an independent good) along with a negative connection with the number of moral rules. The bonus emerges with the first elimination of any commandment (creating a precedent or the very possibility of arbitrary cancellation or of “replacing” commandments with “homegrown” ones); with decreasing liminal utility, the bonus then increases as long as cancellations (or replacements with alternatives) continue.

Accordingly, a decision is opted for on the first move depending on the individual player’s discounting coefficient (modal voter, modal parliamentarian, official or dictator) and notions of the gains ratio.

Next it is evident that in decision making about the transition to a homegrown system of basal values, the costs of its modernization drop from infinite to finite; thereafter, we make the supposition that with each perfecting stage, liminal costs of alterations continue to drop.

Given some number N of decisions already made concerning supplementing basal moral standards, the group of persons making such decisions expands so that any group can make a declared introduction of its own system of values (except in case of dictatorship).

We thus make the transition (if there are no grounds for assuming that on some level it should be possible to achieve a condition of stable balance) to competing moral-ethical standards (unless it is to a single but easily changeable system in the case of dictatorship; this is of less interest to us, insofar as when freedom of choice is unavailable, ethical standards lose much of the significance of their impact) with the number N practically unlimited in its magnitude. “System” may also be understood to mean some logically non-self-contradictory subset of the accumulated set of standards, if the state can publicize contradictory requirements.

Let it be the case that at some time all requirements are being observed in society. The individual shoulders costs amounting to c in order to observe the commandments. Besides, the rule of punishment is in effect for non-observance of one or a few requirements: if while interacting with another, an individual fails to observe some rule, then after the first perjury, no one will deal with him or her. Later, when two agents interact, each of them will gain proportionately to the number of rules being observed by his or her partner, and bear the costs of observing rules him or herself. When shirking (i.e., violating) rules during a certain period, the individual obtains a gain once by having reduced costs of rule observance, and thereafter loses gaining through interaction.

An agent's decision about whether to observe rules or not, depends on how an individual evaluates future gains in comparison with the present. Let it be that by refusing to observe any rules, an individual obtains an additional gain c (economizing on costs). If the individual continues to observe all rules, then we suppose that during each period, he or she concludes an additional transaction and obtains gain a therefrom.

Let us specify the discounting coefficient for individual δ . Then if an individual observes all rules during every period, he obtains a gain equal to $a/(1 - \delta)$. If the individual violates rules in the first period, he obtains gain $a + c$. An individual will violate rules if $a + c > a/(1 - \delta)$, i.e., if $\delta < c/(a + c)$, and vice versa. Thus, there is a certain border level of $\delta = c/(a + c)$: if the discounting coefficient is higher than this level, then the individual observes all rules; if it is lower, then some of the rules are being violated by the individual.

The value of the border level drops as a grows, and goes up as c increases. It follows that if for some agents a one-time gain to be obtained by not observing rules is greater than for other agents, then the desire of the former to violate rules will be stronger. For instance, if there are two types of agents in economics – the “regular” agents and the officials, and gains to be expected from not observing rules (or from eliminating rules) are higher for the officials, then the officials will have stronger motives to do away with the rules. Let us suppose that two given groups of agents have equal gain a from interaction with a partner, and gain c from not observing rules for the “regular” agents, while for the officials this gain equals $c^* > c$. Then when $\delta < c/(a + c)$, all agents will try to violate the rules; when $\delta > c^*/(a + c^*)$, all agents will observe the rules; and when $c/(a + c) < \delta < c^*/(a + c^*)$, the “regular” agents will not violate the rules, while the officials will.

Impact of Moral Rules on Economic Development (Simulation Modeling)

Let us construct a basal model of economic interaction.

a) Let us initially consider a model in which wealth multiplies thanks to “commercial transactions” and which involves no transactional expenses.

Let us suppose that:

N participants (countries) are being modeled;

Initial egalitarian redistribution of wealth owned at the outset takes place;

At every moment, some number of commercial transactions occurs among the participants (transactions increase the welfare of the participants by a certain magnitude and are concluded at zero cost);

Total commercial activity (total number of transactions per unit of time) positively depends on total wealth;

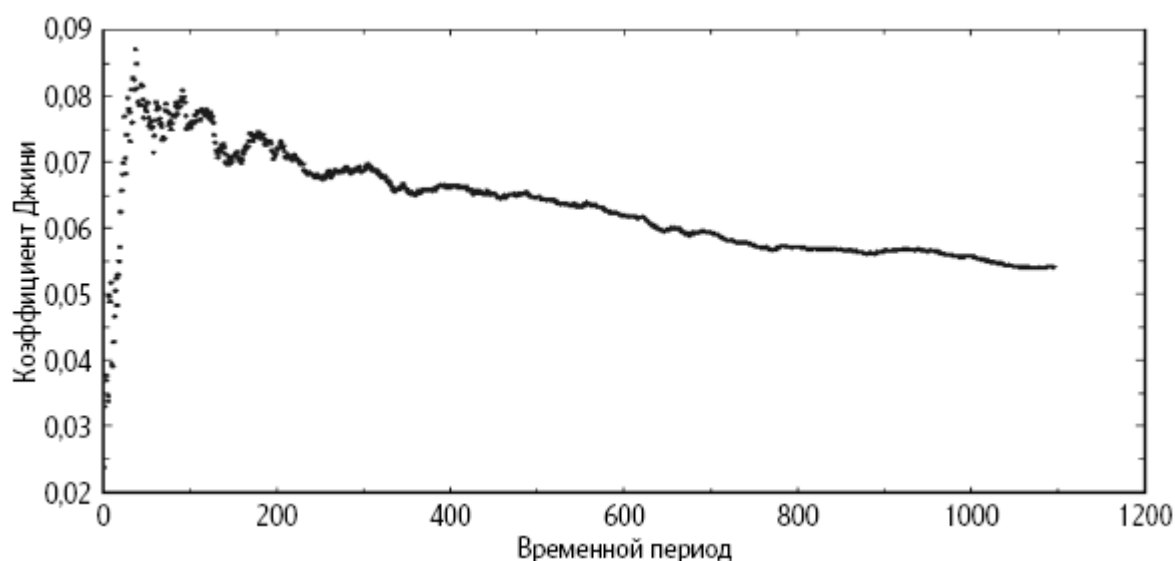
Commercial transactions yield positive increase in welfare for the participants (and are conducted at zero cost);

The wealthier participants perform more transactions at every moment.

Trade processes per specified number of periods are modeled, and the welfare of the participants analyzed (economic growth), as well as differences in participant welfare (economic inequality).

Given a fixed gain from every transaction, all countries grow richer at more or less equal rates. With time, the economic inequality among the participants decreases (Ill. 2.1). Ill. 2.1 shows the outcomes of the modeling of the interaction of 10 agents

during more than 1,000 periods. The modeling shows that despite the fact that large economies are more often involved in trade, the inequality decreases with time, and all participants (economies) grow richer with time.



III. 2.1. Dynamic of Inequality in the Model without Taking Transactional Costs into Consideration (Y axis denotes Gini coefficient, X axis – time period)

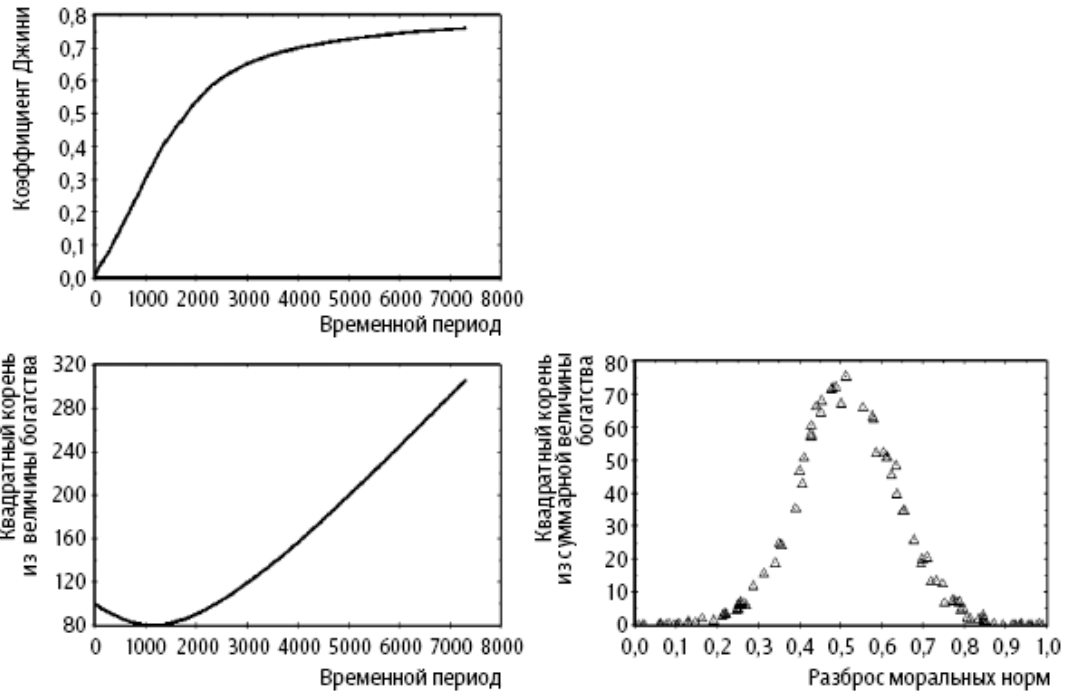
b) Let us introduce fixed transactional costs involved in concluding each transaction, and endow every participant with an additional quality (we will henceforth refer to this as a moral standard). Suppose that differences in moral standards impact the probability of successfully conducting a transaction: the greater the differences in moral standards, the fewer the chances that participants will realize the transaction successfully.

In cases of perfect coincidence among participants' moral standards, the probability of successful realization of the transaction equals 1. There is a certain maximal difference in moral standards given which the probability of successfully conducting the transaction equals 0.

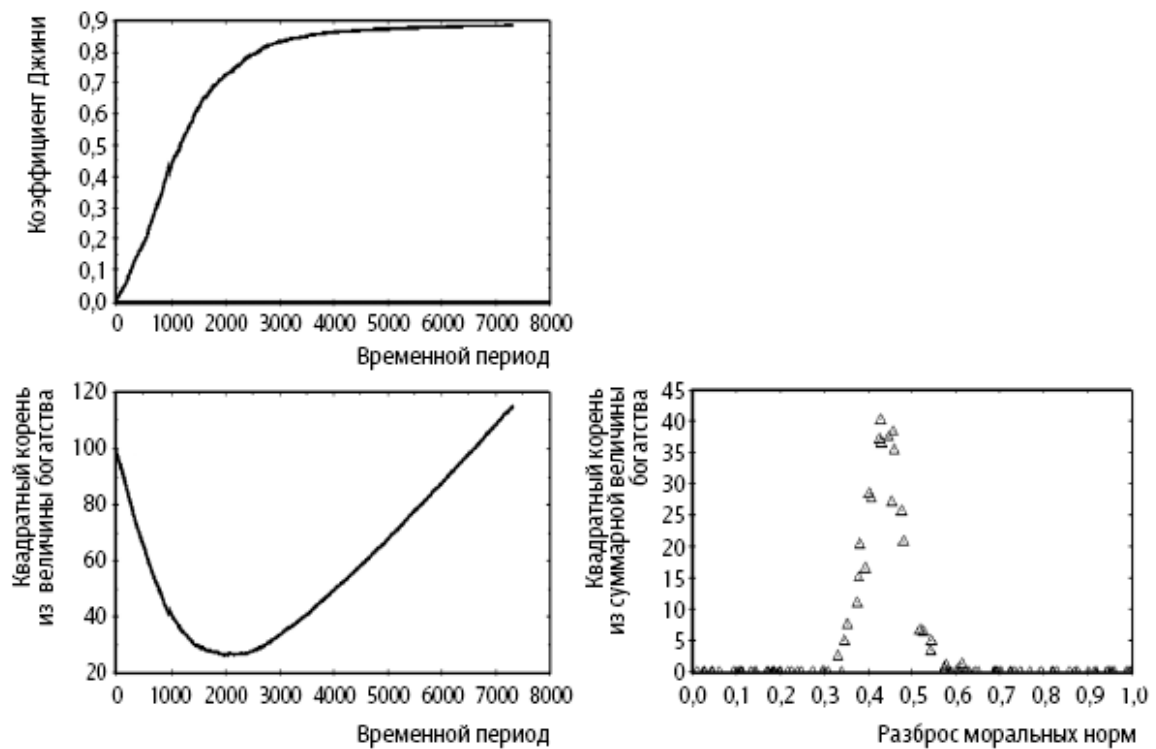
Let it be specified that the participants in all cases will cover transactional costs when performing a transaction (both in case of successful realization of the transaction and in case of failure due to differences in moral standards).

In case of coincidence of moral standards among all participants, the model described in par. **b** is identical to the model described in par. **a**, the only difference being that pure profit from realization of the transaction decreases by the magnitude of the transactional costs. Henceforth, we will always consider those situations, in which participants' gain from realizing a successful transaction is greater than 0.

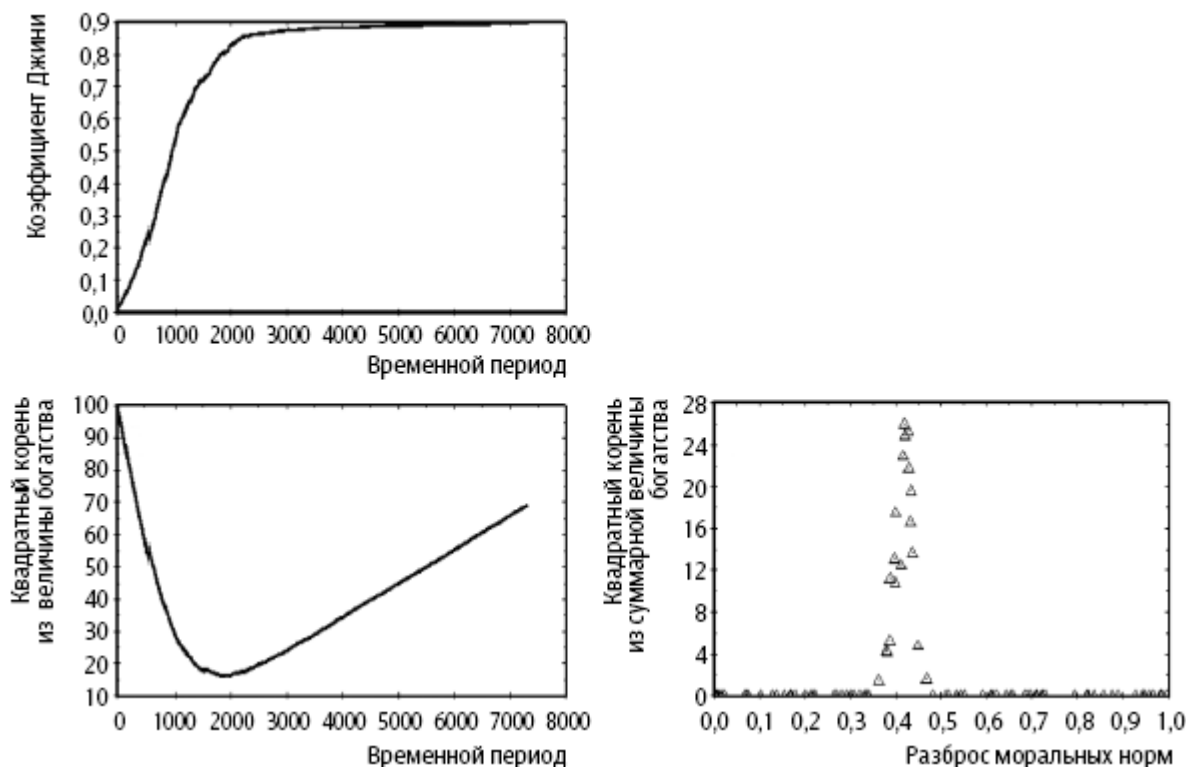
Suppose that participants' moral standards are by accident equally distributed from 0 to 1, while the maximal difference in moral standards given which the probability of successfully realizing a transaction equals 0, is also equal to 1.



III. 12.2. Dynamic of Inequality of Income and Distribution of Income Depending on Standards in the Model, Taking Transactional Costs into Consideration (costs at 75% level of potential profit) (*for III. 12.2 – 12.5 upper Graph: Y axis denotes Gini coefficient, X axis – time period; lower left graph – Y axis denotes square root of wealth accumulated, x – time period; lower Square root of personal wealth accumulated; right graph – vertical axis denotes square root of aggregate wealth accumulated*)



III. 12.3. Dynamic of Inequality of Income and Distribution of Income Depending on Standards in the Model, Taking Transactional Costs into Consideration (costs at 90% level of potential profit)



III. 12.4. Dynamic of Inequality of Income and Distribution of Income Depending on Standards in the Model, Taking Transactional Costs into Consideration (costs at 95% level of potential profit)

Results of the modeling will depend on the ratio of magnitude of transactional costs and profits.

III. 12.2 shows results of modeling the behavior of 100 participants over a 20-year period³⁴ in the situation when transactional costs make up 75% of the potential profit in case of successful conducting of the transaction. The upper left quadrant shows the dynamic of economic inequality; the lower left quadrant shows the sum total welfare. The lower right quadrant shows the ultimate distribution of participants in the space of moral standards (the abscissa) and income level (the ordinate axis).³⁵ Each participant's location is conveyed by a corresponding individual triangle.

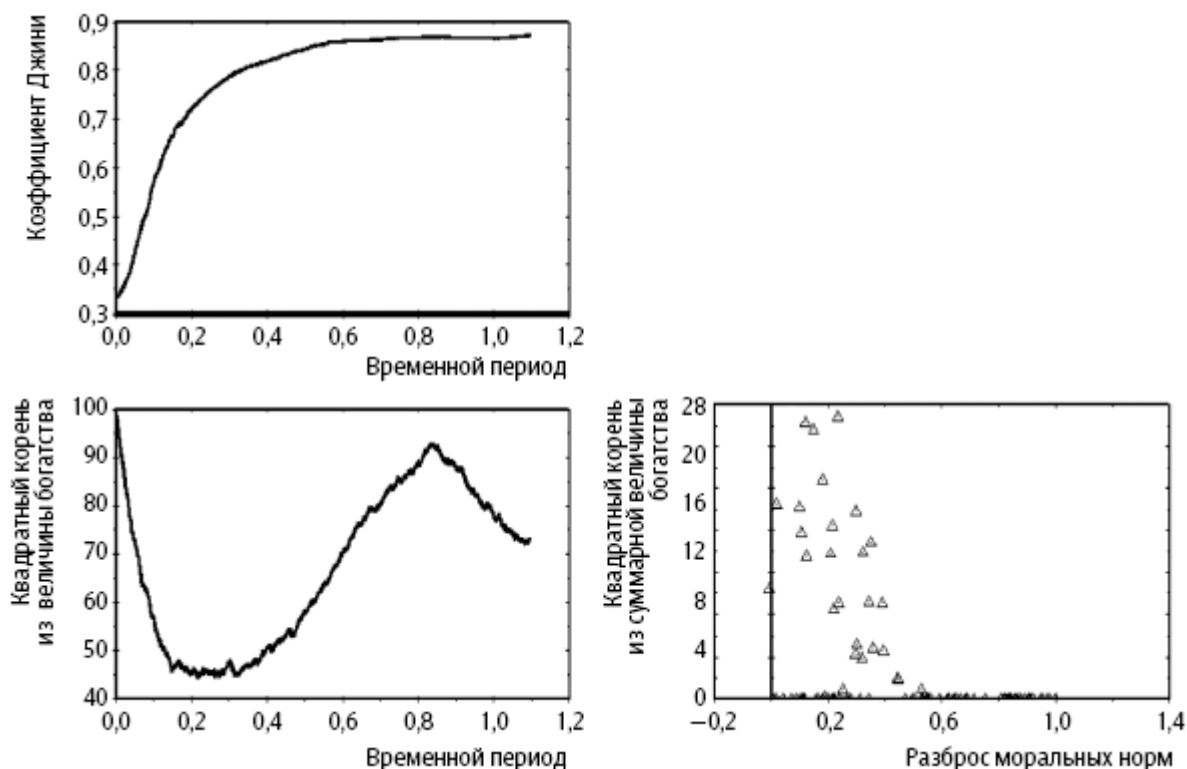
III. 12.3 and III. 12.4 show the results of constructing models similar to the one considered above (III. 12.2), but with higher transactional costs which make up 90 and 95% respectively of the potential profits in case of successful realization of the transaction.

It is clear that as transactional costs grow, ever smaller numbers of participants "survive" (i.e., have welfare above 0).

³⁴ 1 day is taken as the basic unit for measuring time, so that 20 years means the simulation $365 \times 20 = 7300$ time periods.

³⁵ The square root of the magnitude of the economic agents' wealth at the end of the simulation is indicated along the ordinate axis.

In the lower right quadrant (III. 12.4), only a modest group of participants has an income level above 0. In a situation involving high transactional costs, only a few participants close to each other in moral standards “survive” and continue to develop.



III. 12.5. Dynamic of Inequality of Income and Income Distribution Depending on Standards in the Model, Taking Transactional Costs into Consideration (costs at 90% level of potential profit)

c) Suppose that moral standards are inconstant and may change by accident at every moment.

Let us consider a model with transactional costs at the 90% level of potential profit (similar to the model shown in III. 12.3) in conditions of unstable moral standards. III. 12.5 shows results of modeling such a situation over a period of 30 years.³⁶ At every moment, moral standards of the participants can change by 0.1% in either direction with 50% probability.

Just as in the case with constant moral standards (see the lower left quadrant in III. 12.3), initially a group of countries is singled out which are similar to each other in moral standards, but the instability of the moral standards eventually leads to the destruction of the economic growth mechanism (lower left quadrant in III. 12.5).

³⁶ 1 day is taken as the unit of time measurement, so that 30 years means the simulation $365 \times 30 = 10,950$ time periods.

Attempt at an Economic Interpretation of the Principal Requirements of Monotheism

Suppose that life insurance is roughly equal to the profit from a transaction (during the period of its realization); after the transaction is completed, payments may stop.

Insuring a business is comparable to income from a transaction but several-fold lower; insurance at the intermediate level is lower than transaction income but exceeds the level of one-half of this income.

These two assumptions allow us to form a notion of a certain thoroughly likely and realistic scenario linked with the scenarios cited in the “Attempt at Economic Interpretation” column. Comments are summarized in Table 12.1.

Ten Commandments' Economic interpretation attempt Table 12.1

#	Commandment	Attempt at Economic Interpretation, Including Approximate Requirements for Insurance from Non-Observance of the Commandment by Partner in the Agreement (Game)
1	I am the Lord	God’s announcement concerning Himself as the guarantor of the commandments and the exposition of His presence. This means that unlike the universe, where God is either as if absent or else is concealed, any game evidently involves an infinite number of moves. Any violation of obligations or other non-cooperative conduct will not remain hidden and unpunished. Besides, here and in the next – the Second – Commandment, monotheism is being established: the maximally rigid guarantee of penalties for violating all the other Commandments (it follows that the believer is less likely to violate them than a nonbeliever is; one who accepts this Commandment less likely to violate it than one who rejects it). This requires insuring at the level of life insurance, insofar as the partner, if he or she does not acknowledge this Commandment, has no restraining motives to keep him or her from committing any crime.
2	There will not be other... You will not make...	The single ruler with infinite might, unbalanced by any rivals, demanding the fulfillment of commandments and punishing violations prohibition coupled with punishment is perceived by believers as much greater than in the case of “competing offer of the gods.” A believer’s partner rationally expects deviation from the Commandments with lesser probability in the case of monotheism than in a polytheistic situation; the insurance is greater than regular insuring for a commercial transaction, but smaller than life insurance.
3	Do not take in vain...	Those observing this do not take advantage of their belonging to the “correct” elect community for the purpose of violating their obligations vis-

	are not bound	à-vis the heathen. They maintain a fear of violating this commandment and thus to “insult the Name of the Most High” before the heathen (in addition, this is a further measure of the observance of the other Commandments). And vice versa: no using of the undesirability of good relations with the heathen to justify non-cooperation with members of one’s own community. The requirement – in the absence of observance of insurance at the level of one half – is of insurance for each transaction (business).
4	Shabbat	As per the general consensus of Jews and non-Jews, for the latter this is not obligatory, while for the former this is an evident, relatively easily seen manifestation of loyalty to the guarantor of the Commandments. It is thus a display of the seriousness of the attitude to the Commandments (below is probability of violation). Yet Christians – many of them in the past and some at present – observe rules analogous to Shabbat (prohibition of work) on Sunday and some religious holidays.
5	Honoring One’s Parents	Indicator of individual discounting coefficient (at least willingness for long-term cooperation in anticipation of inheritance) and willingness to fulfill obligations after the partner has already fulfilled them; □□ information about willingness to join effort, which, when in evidence, impacts significantly the way transactional risks are evaluated; insurance at the level of half of the insurance of each transaction (business). Upholding human dignity comprises an important component.
6	No killing	In effect, the principal good subject to maximization; life insurance; insofar as the value of life goes down for a person whose dignity has been radically undermined, there are grounds for supposing that this commandment aims partly to defend this good from threat from the without (in Jewish sources, one who humiliates a person is often compared with a murderer, including similarity in penalty: loss of one’s “share in the world to come”).
7	No kidnapping	In effect, the principal good subject to maximization (consensus); insurance of transaction (business); when a person is kidnapped, an aspect of upholding human dignity is involved
8	No providing of false testimony (more generally: no tolerating) undermining of <i>due process of law</i>	There is practically a consensus among economists concerning the must of supporting the two preceding goods, as well as the others; insurance against non-fulfillment of the Commandment: greater than that of a transaction, but less than that of life; evidently, there is an aspect of upholding human dignity involved
9	No committing adultery	Individual discounting coefficient (depending on the way one relates to this Commandment, a person manifests the principle of “I want everything at once” or “I am willing first to invest and then constantly to invest in one single long-term project”; investments in one’s OWN children hailing from

		<p>an identifiable “clan and tribe” – and accordingly, the Commandment, symmetrical in this sense to the Commandment about honoring one’s parents; the same is reinforced by the element of avoiding “forbidden liaisons” with close relatives: long-term responsibility before one’s children), as well as an indicator of one’s partner’s reliability and willingness to cooperate; insurance at the level of half of the insurance of each transaction (business).</p> <p>An important aspect is upholding human dignity (up until recently, the violation of this Commandment by women used to lead to their dissocialization. And even nowadays, too, the tricked spouse suffers damage to his dignity simply by dint of the fact that in any society, the attitude remains in evidence toward the likes of him as the unlucky guys.</p>
10	No coveting	Does not manifest itself on its own – largely through “no committing adultery,” “no kidnapping,” and so on; insofar as that it does not make up part of the minimal set (see “The Seven Commandments of the Descendants of Noah*”)

* <http://asknoah.org/> .

Few theses on the ethical Requirements of Monotheism

The prohibition against murder or kidnapping of people (including arbitrary arrest) – see concerning guarantees of private property.

Prohibition against kidnapping people and property of others (defense of private property – consensus among economists).

Prohibition against bearing false witness, and against partial and unjust trial (high degree of agreement among economists from Adam Smith to A. Shleifer, who emphasize the importance of just and independent trial proceedings in order to ensure a beneficial business climate).

Prohibition against disrespect toward parents and against adultery, including marital infidelity (family values, strong family – these are a must as a reliable support area for an effective enterprise, which entails risks, nominal holding, and nervous overload; providing little islets of highest-level trust). Besides, the family creates a basis of informal standards which support (or else do not support) the law. This means that it has a considerable impact on the level of law obedience, from the alternative of boycotting formal law and law enforcement agencies, to the one of mass law obedience as the standard and publicly approved model of conduct.

Prohibition against blasphemy and the requirement of acknowledging the existence of a Supreme Judge (level of trust toward the partner’s commitment to the standards listed above, concurrence in that penalties for non-cooperative conduct are applied for an infinitely long period of time; from a game of finite moves, this becomes one of infinite moves, i.e., one that makes the choice of cooperation as a strategy more profitable than cheating).

Monotheism vs. polytheism: the existence, uniqueness, and universality of requirements (hence, at least relatively common knowledge of them) along with severe penalties and lack of opportunity of “playing the contradictions” between rival superior forces and the like.

The same goes against non-ethical “monotheism” (absence of emphasized moral standards yields a notion of the Supreme Being as an anthropomorphic monster lacking in interest in morality or ethics; its grandeur is derivative exclusively of its unlimited might and its demands of human beings are exhausted by total obedience, without containing any morally edifying component.)

Violation of any one of the rules undermines the entire set. Intruding in privately owned property with the goal of taking possession constitutes such an obvious provocation to murdering the owner who will attempt to protect his property, that the Torah permits killing a thief just as in the univocally clear case of self-defense, except for one certain outstanding case (if the thief is the father of the victim of the robbery, such that the owner of the house would never – this is “clear as the sun” – raise his arm to smite the intruder). Undermining private property rights leads to undermining morals and the law as such (the interpretation of the Flood as having been caused by robbery and debauchery); fulfilling each Commandment demonstrates fidelity to the Supreme Being who requires that the Commandments be obeyed. That is, it is a demonstration of sorts of the seriousness of the choice of religion, of the reliability of the partner; it then works toward strengthening trust among economic agents in general, even if they are not directly interested (as part of their purely business relations) in knowing what kind of relationship the partner has with his wife or his parents, or how he observes the Sabbath.

Violation of the Commandments to protect the family undermines both the mechanism of basal maintenance of the principal standards of civilized life and defense against their violation (being a true grass roots institution, the family provides for the very existence of morality as such, as well as of the constitution, as a set of the most well-rooted, and therefore hard-to-change norms). Adultery distorts the limits of private property and family rights (leading to doubts about who is a member, and thus a lawful and welcome heir, and who is not); the same mechanism of violation of one of the principal channels for legitimating property operates in the case of disrespect for the parents.

Lack of just court or trial clearly destroys the main tool for civilized defense of any rights.

“Competitiveness” or being non-exacting, ethical non-fastidiousness or low status of the principal guarantor of rights and obligations operates – just as the decomposition of family relationships does – by undermining the constitutional roots of the legal order, which is morality.

The Family as an Institution for Direct Application of Morality

The “Traditional” Family

The “patriarchal Old Testament” type of family – that is, a family constructed following the family model of the Patriarchs, the progenitors of tribes, the prophets, and the righteous – is a family founded upon voluntary union. A family built

upon voluntary asymmetrical³⁷ (or symmetrical) contract. That is, a family founded upon notions of universal laws of morality and the defense of life, liberty, and private property.

In the “antediluvian” period, such a family existed in one unique case (embodied by Noah); in the post-Flood period it formed a striking exception to the general pagan rule: the strongest gets all the best land, herds, gold, the most beautiful women, getting them by right of being the strongest who can dispose of the life and liberty of any person. Richard Pipes coined the formula: “in whose power – and so in whose possession,” meaning all property throughout all of the territory subject to such a ruler’s control.

This is why, for instance, gorgeous Sarah was the object of demand put forth by kings certain of their right to enjoy her. Their right of the strongest man to enjoy the most beautiful woman. Only direct interference by the One, whose power and might exceed those of all the kings of all times provided for the ideal and the exception to rules. The most beautiful of women remained and belonged to the man whom God found most worthy. This happened, inter alia, due to the fact that Abraham and Sarah were confident of their right to each other, and of the justice of their demands; they firmly trusted in the defense to be granted for these demands from on High. As opposed to the overwhelming majority of contemporaries (the residents of Egypt and Gerar, who were confident that only a king was fit to enjoy such a woman, but not Abraham and not they themselves, who were pawns in the hands of the king, rather than subjects of God).

To sum up: the family as a free union of free people, the family as a “contract” of the free (not necessarily of the “equal”) is a historically new phenomenon, and relatively rarely to be encountered up until the last few centuries. It entails all the same requirements as free economic activity and modern economic growth, as well as

³⁷The majority of even the most ferocious feminist-atheists fail to be outraged by the rare cases of single fathers bringing up their children after divorce, who almost never receive child support from their former spouses. All of them (or nearly all of them) are thereby implicitly in agreement with the inequality: men are obligated to earn in the same way that women are obligated to give birth in pain (see the curses meted out to Adam and Eve in the portion referred to as “In the Beginning” in Genesis in the Pentateuch). That is, de facto everyone consciously or unconsciously agrees that the family cannot be a “symmetrical contract,” but presupposes inequality, non-identity of rights and obligations. In this respect, our arguments against the situation at present as set out in Chapter 11 consist not in that the rights of the spouses are not the same, but in that the model which is currently in effect of inequality and asymmetry is ineffective, undermines motivation for cooperation and for effective work and high earnings, threatens property rights, contradicts reliable and proven morals, and is primarily for these reasons unjust. The families mentioned – those of the ancient Biblical righteous – offer just this: examples of asymmetrical marriage, in which the responsibility of each spouse is high, but neither one strives for equality of rights and obligations. All the disagreements cited reduce simply to fulfilling one’s mission, rather than to claims about mutual equating. Thus, the wife of Yitzhak (Isaac), Rivka, defends the interests of Yaakov because she (unlike her husband) has been granted the right prophecy: that only one of their two sons – and it is clear, which one – is to inherit the mission of her husband. Even so, it does not so much as occur to her that she should HERSELF bless Yaakov. She understands that this is an exclusive prerogative of her husband, who represents the ENTIRE family before the Almighty and is able to invoke both blessing and malediction. Despite substantial disagreements with her husband, it does not occur to her to demand a division of family property or even a more active role in managing it. She wants nothing more than the right to choose a pair of goat kids from the herd for cooking. If this were not the case, she could have of her own accord bestowed the fitting – in her view – inheritance on her favorite son. Thus, all of the responsibility, along with all of the problems and the risks associated with earnings in these Biblical scenarios fall completely on the shoulders of the fathers of families – the Patriarchs.

non-interference by the state in settlement of intra-familial issues and generally relations between men and women.

Just as in economics, the principal basis for state interference is provided by cases of evident violence perpetrated by one of the parties involved, violence which has been demonstrated by means of honest and competitive court proceedings.

Another basis is non-fulfillment of contract (something not eliminated in pre-court proceedings of non-state arbitration).

Earlier (in Chapter 11), we discussed the consequences of state interference from the point of view of its leading to subjugation, and the related risks for parent motivation to have children. At the same time, we did not consider the alternative of agreement (at a certain stage of the moral crisis) by many parents to such interference. This takes place in situations of people's deepening habit of delegating enormous shares of both society's resources and its responsibilities to the state. Responsibility for children is also easily transferred to officials' sphere of competence even when it becomes evident that state agencies are incapable of shouldering the burden (Sumlenny 2008).

The Commandment “You Shall Not Commit Adultery” and the Foundations of Constitutional Rule

It seems quite realistic that a reasonable person can be convinced (even if he or she is an economist) that the Commandments “You shall not murder,” “You shall not steal,” “You shall not covet... of your fellow,” and even “You shall not bear false witness” are useful for supporting trust and a beneficial investment climate. But, just as this is evident with respect to the Commandments just mentioned, so is it evident that there is a lack of understanding that the Commandment “You shall not commit adultery” can be no less significant in the long term for the flourishing of the economy.

And yet, it appears that there should be no rush to dismiss such a hypothesis.

Clearly, the family is the natural environment for developing and fostering of informal institutions (morality), which, in turn, can significantly impact the effectiveness of the formal institutions' work.

The Constitution (informal, as per the definition given in the Introduction), is obviously reliant on the “soft infrastructure” of morality, which, in turn, is fostered and largely realized precisely by the institution of the family.

The family as a certain good and as an institution (organization) can vary in quality and within a great range. This is clear for any conscientious person in possession of a certain life experience, even if he or she is a modern scientist acquainted with political correctness norms and the idea of equal rights in perverted forms of personal and public life as compared to the natural forms.

It would appear that measuring this quality on the theoretical basis of cardinality (theory of utility maximized to the limit) is difficult. But ranging a few obviously distinct levels of family relations within the framework of an ordinal-based approach to evaluating utility seems more or less realistic (inter alia, by means of surveys).

For starters, let us consider the example of a high-quality family, which to many people today seems a “rare good.”

Such a family is founded upon the mutual love of the spouses. In Becker's economic interpretation, this manifests itself in the readiness (tendency) of the spouses to invest in each other without correlation with reciprocal investment. Here

mention may also be made of readiness to invest in children and the evaluation of their existence as a priority good, along with perception of the good (use) of children and spouse on a level not lower than one's own. For our purposes, the additional requirement should be introduced of the long term and stability of such preferences and tendencies.

Another extremely significant foundation of a family of this kind is the mutual respect of the spouses; in other words, evaluating the marriage partner as a reliable partner, being ready to support, accept, or at least take into consideration the partner's point of view, as well as being prepared to bear the costs in order to reach a compromise and opting for compromise in case of argument.

Love and respect condition a very high level of trust and genuinely low, often practically nil transactional costs of interaction within the family.

In such a family there is a small but widespread problem: extensive pre-marital sexual experience of both or one of the partners provokes well-founded suspicions on both sides that either of the spouses is an object of constant comparison, the comparison not necessarily being flattering. The thoroughly rational supposition (similar to adaptive expectations) that the habit of switching partners may not have been completely exhausted also fails to raise the spouses' rating in each other's eyes. Evaluations of anticipated risks turn out to be significantly higher, levels of mutual respect and trust – lower. Thus, researchers at the University of Iowa (US) have shown on the basis of data gathered by a special all-national sociological study of women who had ever been married, that the risk of divorce is significantly higher among women who had an early “sexual debut.”³⁸

In cases when marital infidelity by either party has been established, the family and a certain level of positive relations may sometimes be preserved even in the aftermath. But it is hardly likely that in this kind of situation trust or respect toward each other may be preserved at anything approaching a high level.

An evident failure even by comparison with the previous, by then already not high level, is a family as per modern German law (for further detail, see the survey of German family law concerning the prohibition against accepting materials for genetic tests for determining paternity, in Yanovskiy, Rusakov, Cherny, et al. 2008). Both spouses and even children are in evidence in such a family. But the husband is not at all necessarily the children's biological father; he is taken to be their father by the authorities only by virtue of formal relations and of his living together with them. It should be emphasized that his right to verify his biological paternity is openly denied by the law.

The mother and children (beginning from a certain age) are thus raised by the state in the spirit of disrespect for one who, under different conditions, could have been the family's provider. Apparently, they can anticipate perfect mutuality from him. The level of mutual trust is undermined, and all this with the active support given this tendency by the state.

The same goes for incomplete families. In most cases, the child is directly or indirectly raised in a spirit of enmity toward the father and, what is most important, “inherits” the negative experience which it is much easier to rule out formally, than to avoid repeating (“if Father has abandoned me, then why should I tolerate low-level treatment”³⁹). The fact of heightened risk of family disintegration in cases when one

³⁸ Paik, 2011.

³⁹ Such an approach as the unquestionably dominant among children raised in institutions for orphans was presented in his interview by the principal of the children's asylum “The Way Home” and

of the spouses is the child of an incomplete family has long since become well known. In the last few decades, it has become the norm to consider this fact nonexistent for reasons of political correctness (it undermines the axiom of alternative normality of the “incomplete family”). But even now studies are being published which confirm the obvious.⁴⁰

In cases of high-quality families, the children inherit a high ability to cooperate based on personal experience and regular personal observations of situations in which taking the partner’s interests into consideration leads to maximizing the utility of both sides, leading thus to the best (stable and optimal from the point of view of gains for all parties) balance.

In cases of families with an unspecified father, enmity between the spouses, or simply absence of a father, the children accumulate no such experience. What they accumulate instead is the conviction that in order to achieve one’s own positive gain, one can opt for any level of negative gain for one’s partner.

Thus, no moral standards and no behavior models fostering trust are reproduced by such a family.

Separation of Atheism and Other Religions from State, and of State from Ideology and School

The law in most Rule of Law democracies provides citizens with some form of guarantees of state non-interference in the area of faith and worldview. Without such guarantees, no guarantees of personal immunity – or even of life itself – can be realized (as is shown by historical experience of all centuries in all lands). Correspondingly, when these guarantees are lacking, private property guarantees also disappear, and that means that so do hopes for long-term economic growth.

In a few democratic countries, the state has chosen atheism as an “unmixed” position vis-à-vis the different confessions. It thereby de facto made this relatively young species of paganism be the state religion. The religious (pagan) nature of atheism is most clearly evidenced by the example of official cults in the USSR. However, now, too, the requirements are widespread that one believe in certain irrational secular values (multiculturalism, “peace process”), which are being propagandized by certain individuals beyond the reaches of criticism (M. L. King; and up until the present time, B. Obama, Y. Rabin, and others). Insofar as a strict proof of the non-existence of God is just as impossible as a proof of his Being, atheism requires no lesser faith⁴¹ than, say, Christianity or Islam.

president of the “Refuge of Childhood” Foundation, S. M. Kolyanov (February 10, 2007). His experience as a teacher indicates that dozens of his former charges express the firm resolution not to follow their parents’ example when they marry, because they are well aware of the cost of the consequences of such behavior. A short while thereafter, they abandon their families and children, referring with equanimity to the experience of their parents and the absence of moral obligations vis-à-vis their own children, considering that no such obligations were fulfilled in their own case.

⁴⁰ The factor of parents’ divorce raises the probability of divorce for the children by 27% (Kalmijin, De Graaf, and Poortman 2004). In Holland, a country where doubt concerning the advantages of having a family with no father is not – to put it mildly – welcomed by leftist extremists in the academic community, publications of this kind evidence an a priori high reliability of the findings, as opposed to findings by the “fathers of the sexual revolution.”

⁴¹ Now if the personalities of B. Obama and Y. Rabin are compared with those of the Biblical prophets, for instance, it becomes easy to see that atheism requires of its adherents much greater emotional intensiveness.

As the experience of Spain, Russia, Israel, and a number of other countries shows, an extremely effective measure against demoralization is a perfect formal rupture of connections between state and the largest religious denomination in the country.

Besides, rupture of connections with atheism, with the official acknowledgment of atheism as a religious denomination, a discontinuation of aggressive policies aimed at destroying morals,⁴² all open the gate of opportunity for healthy inter-confessional competition and, accordingly, fortification of institutions which together with the family work to support standards of morality. A comparable effect will be produced by giving up the policy of targeting Islam in developed countries as an object of “special” tolerance.⁴³ The policy is clearly aimed against classical **monotheism** and in defense of “monotheistic” faith with a weakly emphasized and thoroughly flexible ethical component.

New “Morality” for the Army and Failures in Supplying Pure Public Goods

As shown in the present chapter and in Chapter 4, interest groups’ motivating factors cause modern armed forces to shirk taking steps actively in defense of law-abiding citizens and to switch to passive contemplation of threats independently of the technical quality level of the equipment and supplies and the training and preparedness of the troops.

Authors of “The Little Conspirator” (Bielecki, Kelus, and Sikorska, 1983⁴⁴) have indicated two essentially different types of motivation in doing work which involves high risk. The first has to do with the technical aspect of performing the work (reliability, deadlines, quality of work), and the second pertains to risk as such. The brochure’s authors take the patriotism of underground anticommunists as a necessary motive for accepting the risks associated with working underground under martial law. The authors insist that the technical aspect of the work must be well paid for so as to preclude the possibility of failure to meet deadlines or of low quality.

Analyzing this, we will shift focus away from the paid for component of the military employee’s work. This is payment for work in training soldiers, in supervision and care for combat technology; payment for performing physically demanding work under difficult, at times extreme conditions. But the motivation here can be described by a simple microeconomic model.

Risks of death, or the moral problems of the commander making decisions about the life and death of his subordinates can hardly be meaningfully discussed as the object of monetary compensation; this is not only due to the difficulties entailed by the evaluation. Given healthy legislative motives, the law aims to cut down expenses; most probably, appropriate “risk perks” will be set at a level capable of attracting

⁴² For further detail, see Chapters 2 and 11. Подробнее см. гл. 2, 11.

⁴³ Thus, EU officials pressure Orthodox monks via the Greek government with their requirement that women be granted right of access to the all men’s Helandariou Monastery on Mt. Athos. Nothing similar has ever been initiated or even discussed with respect to, say, Saudi Arabia or even the Palestinian Autonomy – an entity completely dependent on EU aid – in Israel. See <http://www.svobodanews.ru/content/article/1610586.html>.

⁴⁴ <http://journals.hil.unb.ca/index.php/JCS/article/download/14735/15804>

those individuals to service in the army who are not always or not fully fit to defend the life, dignity, and property of the civilians.

However, if the second component element is “paid for,” rewarded by means of well tested methods of moral encouragement (honor, respect, and so on), the chances of attracting higher quality personnel to the army will probably increase. An important component of moral reward is the national and international prestige of the army, tradition, or the like in question. Most probably, even more important are the self-consciousness and self-respect of society to whose defense the military employee (or the policeman) is being summoned.

As for the salary level of the military worker, this is, in effect, determined by the level of qualifications and degree of physical preparedness of the candidates, who can be evaluated by using more or less the usual methods and are accessible within the particular budgetary constraints.

It is therefore natural that notions of morality directly influence the combat readiness of the army, and, as a consequence, the ability of the state to provide pure public goods.

The absence in society of stable moral norms, along with the existence of precedent cases of penalizing military employees for achievement, courage, and loyalty to the state, together undermine the certainty of officers – military employees and workers in security services – that their achievements will not in the future lead to penalties instead of reward.

It is evident that if even in the case with elections participation, the principal source of motivation cannot be based on the material interest of the voters without the value of sensing oneself a good and responsible citizen, then the moral motivation is that much more important in the case of the military worker.

Without a high degree of certainty in the moral justification or even must of action needed to execute orders (including orders to kill), a military worker can have none of the following:

a) due motivation which can outweigh natural human emotions caused by the lack of desire to suffer hardship for the sake of destroying the largest number possible of other people;

b) certainty that he or she, while still living, would not be penalized for success and loyal service;

c) hope that he or she (or descendants) will receive additional elements of reward in the future as reputation of the clan, as well as (or) posthumous compensation or reward.

We have already stressed earlier that the feeling of one’s own dignity, moral satisfaction, and the like are valuable and important goods. This has a bearing on many types of expenditure and investments of private persons – for charity, investing in one’s own and one’s children’s education and culture, which are often unaccompanied by normal returns from the capital invested. The same helps account for the deep-rooted severe penalties for crimes which are imposed in the traditions of many peoples, especially in the tradition of **monotheism**, for humiliating (despoiling human dignity), or damaging a good name or reputation.

This is why the sense of the importance of one’s mission and being esteemed are clearly a leading component in public compensation meted out to soldiers and officers for the risk to which they expose themselves. Accordingly, the “negative magnitude” of this component of the recompense leads to much more substantial of a change in motives impacting military employees’ conduct than may appear to be the case when

a study is conducted using the simplest economic models which take into consideration only monetary compensation or its equivalent.

The New “Morality” and the Hierarchy of Values of Human Life

Clearly enough, the present modest paragraph makes no attempt to solve so sensitive and technically complex of a problem as the creation of a universal scale for the worth of human life (especially of the cardinality variety – for instance, in 1990 US dollars). However, as we will show below, ordinal scales were de facto in existence, even though they were never legalized.

Up until the last third of the 20th century, whenever Rule of Law states engaged in warfare, an implicit but obvious lexicographic scale of values would be in effect. The life of one’s own taxpayer voters was of the greatest value. Saving their lives was a top priority task.

This principle came to the fore most vividly in the case of David Pacifico, a merchant (1847). A national of Great Britain, Pacifico had suffered property damage in the course of the unrest in Greece. The Greek government had refused to compensate him for his losses. Following an extended investigation, the English government in 1850 sent a fleet to the shores of Greece. The seamen confiscated property on board the Greek vessels which they managed to take possession of; following this, for two months, despite the fierce “protests voiced by the international community in connection with the excess use of force,” they blocked the port at Piraeus. To be more precise: the naval blockade lasted until the Greek government agreed to provide compensation for the losses suffered. It is quite probable that in this particular case the interests of the War Office and the Ministry of Foreign Affairs in England coincided with the interests of the merchant. Indeed, it is hardly likely that the property of some merchant should worry British voters to such an extent. The probability is practically nil that the government of the mightiest and wealthiest power of the time could have been bribed. What is not impossible, however, is that the government had resolved in favor of the operation precisely based on considerations of defending its civilians, so as to deprive any potential violators of the least hope of getting off scot-free. However that may be, beneficiaries – other than Pacifico – definitely included all property owners, both in England and in Greece proper, the government of this last having been given a sound lesson (Sagiv 2008).

Next came valuing the life of allies, after that – the rest of the population (the non-combatants). Lower than all others was the evaluation of the lives of enemy combatants (those reasonably evaluated as an “anti-good”). Evidently, the very expression “excess use of force” with reference to the enemy could be taken only as criticism of an uneconomical way of conducting military operations when the same number of enemies could have been destroyed at lesser cost (for instance, it was easy to kill a terrorist using a sniper’s rifle, and to tear down a house by shots from a tank gun or using an air bomb, having once already covered the sortie of an expensive plane).

An upsurge in terrorism and an intensification of its targeting the civilian population in the developed countries coincided with a revision of this scale. The new scale takes into account the value of the life of the enemy, or of the terrorist, as a “quality”⁴⁵ good. The life of a population controlled by the enemy gets highest

⁴⁵ A “good” in the economic sense of the word (a good of “normal” quality).

priority. A certain positive value is retained by the life of one's "own" military personnel. The inferiority of the life of one's own civilians is – naturally – not openly proclaimed, but it is evident that law-abiding citizens have no other place to occupy in such a scale.

Of the highest priority are the lives of those individuals who are assigned by journalists and judges to a certain special group in need of protection (as shown in Chapters 4, 6, and 13, it is far from accidental that this group includes persons exhibiting enmity toward the very idea of a Rule of Law state; groups of this kind are objective supporters of the "large," "positive" state. They are the enemies of all those who speak up in favor of the compact, limited state and independent but responsible citizens.

Second place goes to the life of military workers and policemen.

The lowest priority goes to the law-abiding citizen taxpayers.

A hierarchy of this kind is quite reasonable and pragmatic for supporters of a "social" dictatorship. Naturally, those groups have priority, which are the most interested in destroying the institutions limiting state omnipotence. It is extremely unwise to contrast military workers and policemen with these groups. This explains the fact that the prohibition against persecuting the contingent of persons they are used to persecuting is compensated for (see Chapter 13 for further detail) by means of lowering the level of responsibility for results achieved in defending one's own citizens, and lowering the risks for their lives and health in light of the opportunity of avoiding any confrontation with the enemy without incurring the threat of paying for one's cowardice with one's career. As for the civilians, given their limited capacity for effective collective action and their lack of arms (in cases where the civilians do retain arms, such as in the US, leftist liberals have long since been waging war with this "vestige of the Rule of Law state"), they get the lowest priority.

Traditional Morals and the Hierarchy of Values of Human Life

In order to restore the moral legitimacy of the Rule of Law state and its principal elements (force structures), the hierarchy must be reversed.

The life of the law-abiding citizen (taken by default) gets highest priority.

In order to preserve it, the lives of those may be sacrificed, for whom death is part of their work. In a normal situation, appropriate risks are taken into account by these workers when they first begin serving.

At the same time, the life of one's own citizens, whether in uniform or in civilian garb, can and should be legally subject to saving at the expense of what is in principle an unlimited quantity of lives of legally specified enemies and those who (even if by virtue of being coerced) support them. In case no such rigid standard exists, these last inevitably become a human shield, ending up in the worst of positions as a result of unwise "pity." In cases when the enemy is confident that no human shield will save them from attack, they will be the least interested in resorting to this monstrous tactic.

Clearly, under present conditions, such a hierarchy can no longer be founded on tradition, as it had been earlier, up until the mid-20th century (including the years of WWII, when the Nazis were given no chance to hide behind the backs of their own people or those of the conquered peoples of Europe; had they been able to do this, the war could have been protracted unto eternity; this also includes the years of the Korean War). International legal frameworks are also insufficient (the Geneva Convention). Precise and unambiguous norms for the patriotic military are a must, along with general criminal law, which will forbid prosecuting military workers for "excess use of force" and will make inevitable the prosecution of military workers

and political leaders evincing cowardice and incompetence, which would be measured by the number of law-abiding citizens to have lost their lives.

Libertarian Ethics

The present paragraph will not delve into the ethical worldviews of each of the representatives of this way of thinking, which evokes in us the most sincere of sympathy. Most probably, they all concur with the principle of “living and letting live.” It is also probable that due to the multitude of outstanding individuals (from the journalist and writer Ayn Rand to the politician Ron Paul, from the Austrian atheists Mises and Hayek to the Spanish Catholic Jesus de Soto), this is the only principle adhered to by them all without qualification.

But we suppose that the ethics of libertarianism as such is of just as little use for long-term support of institutions facilitating economic growth, as the “ethics” of their opposite – the statist and leftist liberals; it unites them almost no less than it divides them.

The distinctions are well known. Reading works in which the authors listed go about bashing socialists, altruist statist, and the like, of all stripes, constitutes a high quality good (pleasure). We can therefore permit ourselves to move on directly to what – even if it does not unite most libertarian intellectuals with the Left – at least leads to serious questions and doubts.

With this aim in mind, let us look at the sites of the Cato Institute and of Ron Paul. This last for a long time remained the only libertarian member of Congress (Ron Paul hails from Texas⁴⁶).

As should have been easily expected, the Cato Institute, one of the most famous centers of classical liberalism, is sharply critical of the Obama Administration for its “open-minded view” of the bankruptcy procedure, and for its obvious preference for professional trade unions and the like (for further detail, see Chapter 3 on special interest groups).

Shapiro (2009) attacks President Obama’s approach to appointing judges, calling for the opposition to focus attention on his statements on issues significant for defense of property rights, including specific cases from previous years.

At the same time, the site’s homepage offers the reader articles advocating the “rights” of dictators from Iran and North Korea to mock their own people, to conduct nuclear arms experiments, and so on.⁴⁷

Up until a short time ago, the Institute’s Russian site sported the article on that “The Question of Conducting a Gay Parade in Moscow Is Central for the Future of Civil Society in Russia” (dated March 3, 2006⁴⁸). The article makes reference to “authoritative” research findings in support of the claim that the scientific, technical, and cultural progress of a country or city is indelibly bound up with the concentration of homosexuals in it.

⁴⁶ Ron Paul concluded his career with a term in 2011-13 and participation in the 2012 campaign for being nominated as the Republican Party’s Presidential candidate.

⁴⁷ Galen Carpenter; http://www.cato.org/pub_display.php?pub_id=10286.

⁴⁸ See http://www.cato.ru/pages/69?idcat=209&parent_id=2 for material provided by Tom G. Palmer, who refers to the “research” by Florida and Gates in R. Florida and G. Gates, *Technology and Tolerance: The Importance of Diversity to High-Technology Growth* (Brookings Institution Center on Urban & Metropolitan Policy, June 2001); see <http://www.brook.edu/es/urban/techtol.pdf>.

Paul's site⁴⁹ also contains a well-founded and reasonable initiative, along with criticism of the Obama Administration from a libertarian point of view. Overall, the views of the conservative Representative from Texas contain the standard set of elements for a conservative Republican: support for freedom of parents' choice of school for their child, doubts as to the legality of the "freedom of abortion," and firm commitment to the Second Amendment, which defends the right of human beings to bear arms.

But, all this notwithstanding, the Congressman regularly speaks out promoting the bizarre initiative on the foreign political agenda, namely: demanding that his colleagues refrain from criticizing any violation of laws or human rights, whatever their magnitude (in China, in Ukraine, perpetrated by Islamist terrorism, and so on). He openly and emphatically demands taking into account the enemies' losses as a negative indicator (see "The Lessons of 9/11," dated April 22, 2004, where he calls for an account of the losses suffered by the enemy and the population controlled by the enemy in Iraq). Nothing similar lends itself to the imagination⁵⁰ as a speech delivered before the US Congress in 1944 or a few years later. This is probably what partly accounts for the fact that that was the period when the US succeeded in its struggle against a strong enemy to a greater extent than it is managing at present to do in its struggle against a feeble one.

Similarly bizarre moments coupling propaganda of the ideas of economic freedom with defense of Chinese communists and Islamist terrorists are often to be encountered on the sites of the Mises Institute and the Future of Freedom Foundation.⁵¹

These examples illustrate less the variety of political takes on specific issues within the libertarian community than the variety of moral values and views or extreme pragmatism, or, to be more precise, freedom from unified moral restrictions, as well as freedom from wholesomeness and consistency in the system of one's views.

Variety in species of morals is inevitable if the only source of morality is supposed to be the brain of some professor or writer interested in publishing and obtaining grants. From a utilitarian point of view (where the utilitarianism of the Bentham brand is a cornerstone of modern libertarianism), in order to obtain a grant, it makes sense to look for compromise and agreements. These may well also be compromises with leftist academic circles in questions of progress of homosexuals or concerning the war in Iraq. Attempts may be made to find sympathy in the eyes of sponsors who support terrorists, especially insofar as this is what is done by such famous rights defending organizations as Human Rights Watches (Steinberg 2009). Let us pass over in silence the issue of how authoritative the moral requirements put forth by a professor are as compared with thousand-years-old universal moral requirements.

It is quite likely that personally Ayn Rand would have evinced much greater prudence in choosing allies and sources of funding. In any event, the Ayn Rand Institute site⁵² contains no such frightening "variety of opinion" as do the sources listed above.

⁴⁹ <http://www.lewrockwell.com/paul/paul-arch.html>.

⁵⁰ That is, with the requirement that military personnel account for whether not too many Germans die as a result of strikes by "flying fortresses," and the like. То есть с требованием к военным отчитаться, не слишком ли много немцев погибает от ударов «летающих крепостей» и т.п.

⁵¹ Future of Freedom Foundation, www.fff.org .

⁵² <http://www.aynrand.org/>

But her anti-religious fervor can, in the long run, lead to comparable results. Rand offers an extensive and brilliant critique of the usual – as well as of the religious (the Catholic, as per the *Populorum Progressio* encyclical of Pope Paul VI) – type of socialism. At the same time, she mounts an aggressive attack against the conservatives, as well – those adherents of capitalism who believe that the market and capitalism are goods given as a gift from on High. Here, however, her eloquence literally dries out within a single paragraph⁵³; nor does the paragraph itself scintillate in its argumentation.

Rand's articles are impressive in their search for the ethical foundations of the worthy life. At the same time, she again and again refers to the one “universal encyclopedia of life,” the novel *Atlas Shrugged* (Rand, first published in 1957). With all due respect for the author, the book, and its popularity (i.e., respect for the readers and fans), this source evidently loses by comparison with the book providing the legitimation for the ideas of the US Founding Fathers (who clearly had not read Ayn Rand). This is the book which, thousands of years before the American Bill of Rights proclaimed the principles of restricting all earthly authority and principles of liberty and universal rights, including the right to life, human dignity, and private property.

J. Benda (2006) severely criticized his contemporary intellectuals of the first half of the 20th century for “betraying” the truth and morality in favor of politics and nationalistic or socialistic sentiments. Western intellectuals' nationalism has long since stopped being a reality. Intellectuals' readiness to sacrifice purity of academic discussion for more or less political (ideological) reasons has not, apparently, gone down since Benda's day. Changes have been limited by the transfer of even more intellectuals than 60-80 years ago from the nationalistic and conservative camp to the leftist one (a point we have already addressed above). From our point of view, the most telling in Benda's opinions is his certainty that intellectuals are obligated to set the moral standard of ethical conduct and uphold it. Intellectuals' support of such a standard seems a task definitely desirable from all points of view, but hardly a realizable one. Now, formulating such a standard (a set of rules) is clearly far beyond the limits of possibility for any intellectual or any intellectuals' union (Hayek 1992). We cannot miss the coincidence in views between Rand and Benda as to the lofty ethical mission of intellectuals, on the one hand, and the opinion voiced by Y. Yevtushenko: “A poet in Russia is more than a poet.”

Taking our point of departure from the study of the requirements of universal morality which we have cited above, it is logical to suppose that a system founded upon the assumption shared by the religious adherents of the Mosaic Pentateuch, yields better results than one founded on the presupposition that the Pentateuch is just a landmark achievement of human genius. Now once we are concerned with simply a powerful human intellect comparable to the genius of the US Founding Fathers, it is simply reasonable to follow the requirements specified by this source. One can suppose that a strategy of this kind provided for the flourishing of the Protestant countries; the attempt can be made to follow it today, as well. At best, one can also turn anew to Hayek's ideas about competitive selection of effective institutions: what led to success for some reason in the past may not always be subject to comprehension by the human mind, due to that the selection procedure cannot be reproduced.

⁵³ Rand, *Requiem for Man* (Rand, 1967).

Even the most noble atheism acknowledging its irrational-mystical essence which mirrors traditional religion,⁵⁴ precludes, or at least, “does not support” the following:

- a “game of infinite moves” (see above);
- universality of morals;
- impressive penalizing for non-cooperative behavior (buttressed by a demand from God).

Like leftist ideologies, libertarianism is lacking in all of these three qualities; that is, it is more vulnerable in the long term than a religiously sanctioned idea. Taking into account the liberal experience, where before G. Spencer’s very eyes Liberalism denatured into a new packaging for socialism, *there are grounds for voicing the apprehension that the same fate may await modern libertarianism*, if only it does not discover within itself the resources for rejecting the utilitarian approach and does not begin to base itself on universal moral values, at least (for starters) as per the model in Hayek and Voltaire (the combination of “everyday” atheism with acknowledging the must and the effectiveness of religious institutions).

Observed Best Practices and Preliminary Recommendations for Securing and Expanding Them

Far from all of society in the developed countries suffers from the crisis of morals and the family. Moreover, these countries are home to existing and growing communities consistently committed to the ideas of **monotheism** and fostering the appropriate practices. These communities are distinguished by a high birth and a low divorce rate, along with sustaining a high-quality human capital – its descendants. We mean, incidentally, not only religious families, but also families in which traditional morality is sustained by some custom or by the personal will of the citizens not particularly well acquainted with the religious tradition.⁵⁵

The mass media subject to monopolization (in the old Western democracies; see Yanovskiy, Zhavoronkov, Zatkovetsky, et al. 2007) target religious communities as one of the leading objects of their attacks. The “political correctness” code of ideas and practice are largely aimed specifically against these communities, except for a few cases, such as when, for instance, immigrant communities have a low level of income.⁵⁶ The last facilitates not only obtaining privileges when incomes are redistributed – something in which the officialdom of a social state has an interest. They are also often “forgiven” their resistance to state interference in private life.

Attempts to interfere in family affairs and the establishment of a higher state priority as compared with the rights of parents and children are also especially painful precisely for these communities. It is important to emphasize that interference takes place in the guise of defending the rights of children from parents. As for the question

⁵⁴ Belief in the non-existence of God requires no lesser sacrifices of distrustful logical reason than the belief that God created the universe and governs it.

⁵⁵ It is difficult to explain such significant distinctions in the voting behavior of Americans – the married and the unmarried – by religious factors alone. The majority of the married stably prefer conservatives, while an enormous majority – two-thirds – of the unmarried opt for the “liberals.” (Gallup 2008)

⁵⁶ Primarily, many immigrant Islamist communities in Europe.

of who, then, defends the rights of parents and children themselves from the state, which is supposed to be absolutely omniscient and perfectly moral in this delicate bundle of issues, the question is not posed at all.

The spread of these practices and their propaganda is possible only if society is appropriately informed and when the mass media are highly competitive. As has already been noted in Chapter 9,⁵⁷ feminism is gradually going out of fashion. The most ancient of sodomite “alternatives to patriarchal family structure” also encounters a series of considerable problems, either of the natural kind, or with alienation of the American voters, who in referendums in 27 states have already forbidden their rulers to acknowledge homosexual couples as “families.”

Powerful state pressure notwithstanding, the contrast between the flourishing of such “modern” family types⁵⁸ or “social solidarity”⁵⁹ along with the sure growth in numbers of the communities upholding the standards of monotheism in family relationships seems thoroughly evident. All this opens genuine possibilities of rebirth of the traditional – in the Biblical sense – form of the institution of the family when the family is provided equal competition conditions; i.e., provided rapid “evacuation” of the state from the field of family and marriage (see above, Chapter 11) along with a series of self-evident measures.

Such measures include:

Refusal of the state to interfere in religious life, including interference in the guise of so called separation of school from Church;

Refusing state atheism (at times masquerading in the guise of agnosticism) as a religion;

Any religious subjects may be taught – including as part of the compulsory core course of study – but only financed by private contributions (or else as education requiring payment of tuition); all humanities courses aimed at “socialization,” or fostering tolerance, and the like, are also non-academic. They are rather religious (connected with modern beliefs of a certain part of the intellectual elite, rather than with facts well-tested as part of a scientific paradigm), and must be put on a footing equal with that of all other religious subjects;

The most natural way to disrupt state interference would be gradually to privatize schools while transferring responsibility – including financial responsibility – to parents and sponsors, by means of having them (and only them) choose the agencies to be put in charge of education.

The mechanism by which morals impact economic growth is particularly mediated (as is religion, the effect of ideology). *Ipsa facto*, its effect does not easily lend itself to measurement. As the foundation (together with the family) of the “soft infrastructure,” morality raises trust among market agents immediately acquainted with each other or mutually unacquainted but belonging to a group of persons a priori maintaining shared approaches to morality. Besides, morality lowers the costs of

⁵⁷ See also: Yanovski, Rusakova, Cherny, et al. 2008.

⁵⁸ Such as “single-parent,” single-sex, and so on.

⁵⁹ Thus, modern leftist-liberal mainstream terminology lists compulsory redistribution from the young and able-bodied to the middle-aged (see Vishnevsky et al. 2006, 2003), instead of the traditional forms of social solidarity; these reduced voluntary, morally endorsed aid to one’s own parents rather than to the anonymous and unknown old man (M. Friedman, R. Friedman, 2007). Then again, a well-developed charity leaves opportunities for growth of aid for the “other” old folks as society is “re-moralized” and the tax burden goes down.

constructing and implementing formal institutions which defend private property and which are market-friendly.

The entrenchment of such institutions leads to lower transactional costs practically for any deal; it also sharply raises the number of potentially profitable contracts. Rough quantity evaluations are available for a large sample of countries and over extended periods – at least for a few generations. At the same time, certain manifestations of the entrenchment of morality may be described (evaluated) as logical variables (existence or non-existence of a standard; for example, existence of state authorization to resolve family conflicts “in the interests of the child,” or existence of an appropriate social service). They can also be evaluated indirectly by means of statistics: based on the divorce rate; for urbanized democratic countries, based on the birth rate, charity statistics, and voluntary labor (or at least based on the fact of the existence of such statistics).

War of the state upon the family and morals of society has largely to do with the general mechanism of the transfer of authority of the individual to society and of society to the state. Maximizing control conflicts with the imposition of any restrictions, the most powerful and stable of which is morality. The engine of the mechanism of the “liberation from responsibility” and from morals seems to be the motivating factors created by the institution of universal suffrage.

Fortification of universal moral standards opens the way to debunking economically dangerous and morally damaging universal suffrage, and to the recuperation of adequate forms of the democracy of the taxpayer.

Bibliography

Bastiat Frédéric, Best of Bastiat "The Law" Indianapolis: Liberty Fund, 2013 (online Liberty Library)

Benda J., The Treason of the Intellectuals Transaction Publishers, 2006

Bielecki C., Kelus J.K., Sikorska U. Mały konspirator. Warsaw, 1983.

Bowles S. Policies Designed for Self-Interest Citizen May undermine «The moral Sentiments»: Evidence from Economic Experiments // Science. 20 June 2008. Vol. 320. www.sciencemag.org.

Crain W.M., Deaton T.H. A Note on Political Participation as Consumption Behavior // Public Choice. 1977. Vol. 32. N 1.

de Jouvenel Bertrand "The Ethics of Redistribution" Cambridge University Press, 1952; reprint, Indianapolis: LibertyPress, 1990

Downs A. An Economic Theory of Democracy. N.Y.: Harper and Brothers, 1957.

Friedman D. The Economics of War. http://daviddfriedman.com/Academic/economic_of_war/the_economics_of_war.htm.

Friedman Milton, Friedman Rose D. "Free to Choose: A Personal Statement" Harcourt Brace Jovanovich, NY, 1980

- Gallup Inc.*, Election polls — voting by groups 2008
<http://www.gallup.com/poll/111781/Blacks-Postgrads-Young-Adults-Help-Obama-Prevail.aspx>
- Hayek F.A.* The collected works of, volume I "The fatal Conceit The Errors of Socialism" edited by W.W.Bartley III Routledge, 1988
- Heyne P.* Are Economists Basically Immoral? Indianapolis: Liberty Fund, 2008.
<http://www.libertarianismo.org/livros/fahtfc.pdf>
- Jacoby J.* Aren't all violent crimes 'hate' crimes?
<http://www.jeffjacoby.com/5589/arent-all-violent-crimes-hate-crimes>.
- Kalmijin M., Graaf P.M. de, Poortman A.-R.* Interaction Between Cultural and Economic Determinant of Divorce in the Netherland // Journal of Marriage and Family. 2004. N 66.
- Lal D.* "Unintended Consequences" MIT Press, 2001
- Michael Voslensky* (1984). Nomenklatura: Anatomy of the Soviet Ruling Class (1st edition ed.). The Bodley Head Ltd, London
- Mullainathan S., Shliefer A.* Media Bias. Discussion Paper HIER. 1981, 2002.
- Nisbet Robert* "History of the Idea of Progress" Transaction Publishers; 2nd edition (January 1, 1994)
- Niskanen W.A.* Welfare and the Culture of Poverty // Cato Journal. 1998. Vol. 16. N 1.
- Paik A.* Adolescent Sexuality and the Risk of Marital Dissolution. J. Marriage and Family 73 (2011) 472–485
- Rand A.* "Capitalism: The Unknown Ideal", Signet; (Signet 1st Printing, 1967) edition (1986)
- Roth T.P.* Morality, Political Economy and American Constitutionalism. Northampton, MA: USA, Edward Elgar, 2007.
- Rubin P.H.* The Assault on the First Amendment: Public Choice and Political Correctness // The Cato Journal. Spring/Summer 1994. Vol. 14. N 1.
- Sagiv A.* Civilian first // Azure. 31. Winter 2008.
- Sen Amartya* "On Ethics and Economics" Wiley-Blackwell, 1991
- Shapiro I.* Sotomayor Pick Not Based on Merit, 27 May 2009.
http://www.cato.org/pub_display.php?pub_id=10249.
- Spencer H.* The Man Versus The State, with Six Essays on Government, Society, and Freedom (first published 1884)
<http://www.econlib.org/library/LFBooks/Spencer/spnMvS.html>
- Stanford Encyclopedia of Philosophy: The Definition of Morality First published Wed. Apr. 17, 2002; substantive revision Mon Feb 11, 2008.
<http://plato.stanford.edu/entries/morality-definition/#DesDefMor#DesDefMor>.
- Steinberg G.* HRW Goes to Saudi Arabia to Demonize Israel and Raise Money. May 27th, 2009. <http://blog.ngo-monitor.org/other-ngos/human-rights-watch/hrw-goes-to-saudi-arabia-to-demonize-israel-and-raise-money/>.
- Tamir Y.* Hands off Clitoridectomy: What our revulsion reveals about ourselves // Boston Review. Summer 1996 issue.
- Vishnevsky, A.* (ed.). Demographic Modernization in Russia, 1900-2000. Moscow: Novoe Izdatelstvo Publishing House: 195-246 (in Russian).
- Vishnevsky, A., Andreev Ye., Treivish A.* "Perspectivy razvitiya Rossii: rol' demographicheskogo faktora" (The prospect of the development of Russia: demographic factors' significance) Gaidar Institute for Economic Policy working

papers #53r, 2003 (in Russian)
http://www.iep.ru/files/text/working_papers/53.pdf

Yanovskiy K., Zatkoveckiy I., Zhavoronkov S. “Demokratia kak sredstvo tushenia pozhara” (“Democracy as a tool of putting out the Fire”) // *Obshestvennye nauki I sovremennost (Social Sciences and Modernity)*, # 2, 2007 Academy of Science of Russia pp. 47-58 (in Russian)

Yanovskiy K., Cherny D., Rusakova E. et al., “Crisis instituta semji v postindustrialnom obshestve: analiz prichin I vozmozhnosti preodoleniya” (“Crisis of the Family institution in the Post-Industrial Society: Analysis of Causes and ways for overcoming”) (Moscow, Gaidar Institute for Economic Policy working papers #112, 2008, in Russian <http://www.iep.ru/ru/krizis-instituta-semi-v-postindustrialnom-obschestve-analiz-prichin-i-vozmozhnosti-preodoleniya-nauchnye-trudy-112.html>)