

# MODERN ANTI-CAPITALISTIC IDEOLOGIES<sup>1</sup>

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*Ideology is pretty efficient machinery to decrease collective action's costs. People not need to communicate or even to be familiar one another to participate the joint action, to support the policy or resist the same.*

*The chapter studies the impact which new ideologies of the 21<sup>st</sup> century (feminism, multiculturalism, and so on) have had on those institutions, through which the Western world has become wealthy and free.*

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## **Ideology: An Attempt at Definition**

Ideology is an effective means of coordinating collective action. Even in the absence of laws or instructions, it enables clerks, activists of civil society, and

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politicians to interact in an effective manner, advancing and defending their interests. A widespread ideology lowers the costs of reception of a point of view based on the ideology. A predominant ideology also drastically raises the costs of disseminating alternative points of view. In addition, the costs of coordinating the actions of individuals not in agreement with the predominant ideology also become higher. This is why the dominance of some one single ideology creates a situation reminiscent of lack of freedom of speech and assembly, or one similar to the presence of limits imposed upon these freedoms.

The weakening of political competition, brought about by such dominance, cannot fail to be reflected by the safeguards for private property, and ultimately by the condition of the business climate.

Intuitively, there is an obvious mutual connection between attitudes to the market, property, business, and a whole series of views having nothing at all to do with economics. The conglomerate of such views is what is normally called ideology.

Definitions abound for the concept of “ideology” (lit., “teaching about views”). Overall, they single out as a key element the systemic nature of a set of opinions (worldviews) and notions. Occasionally, this involves tying such systems in with different time periods, lands, or political circumstances.<sup>2</sup>

The present text appeals to the following definition: ideology is the system of opinions advanced (disseminated) for political purposes, a model of societal life. Such a model makes it possible to lower the costs of interaction between politicians and citizens (for instance, as an indicator of “belongs/does not belong”).

Ideology includes a set of notions about politics, religion, morals, and economics. The set of notions determines how the reception of various problems proceeds (the set is more or less logical, being coordinated within). Finally, the set is easy to comprehend, to the point that it can be absorbed by the population en masse and used by individuals usually not interested in any great depth in the issues listed thus far. Thus, most may be only remotely acquainted with certain documents and texts, but are capable of “associating” with them. Most American liberals and conservatives have not read Thomas Jefferson, Jean Jacques Rousseau, Alexander Hamilton, or Friedrich August Hayek. They are unfamiliar with the Constitution, have only a vague notion of so much as the procedure for electing the President, and so on. Most do not

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<sup>2</sup> Ter-Minasova 2000. See Chapter 2, “Language and Ideology.” [http://www.gumer.info/bibliotek\\_Buks/Linguist/Ter/\\_23.php](http://www.gumer.info/bibliotek_Buks/Linguist/Ter/_23.php).

read books or articles that are difficult to understand and that deal with social-political or religious-ethical issues. Even so, they are easily capable of self-determination in terms of their positive or negative attitudes and the degree of support they are willing to grant the Bible, the Koran, or the “Communist Party Manifesto” (or *Das Kapital*).

Competition in the political arena, and thus the very idea of electability and accountability of the authorities or of the transparency, predictability, and lawfulness of their decisions are hardly compatible with a unique worldview or ideology in society.

We should make an important disclaimer. An ideology usually cannot be reduced to a set of principles such as: “No killing, no stealing, no bearing false witness, no raping, no doing unto another of what is hateful to oneself; in general: live and let live.” An ideology may be compatible or incompatible with these rules, it may include them completely or in part, but usually it is not exhausted by them. This is true even though this set of norms, when widely accepted and deeply rooted in society, provides stability of law and order protecting the life, freedom, and property of people. This enables conditions to crystallize which encourage long-term economic growth. Just how wholesome thinking may be bound up with a healthy business climate (conditions favorable to economic growth) will be the subject of our detailed study in Chapter 12.

There, too, we will consider how desirable it may be to have a single and unchanging set of basic moral norms (to a degree, comparable to the issue of desirability from the point of view of the economy of having a stable Constitution and other essential legislation). A multitude of mutually contradictory principles within a single legal system is likely to lead to enormous problems, to the point of causing civil war. The case of competition among the most basic laws is something we will not consider,<sup>3</sup> but will rather devote attention to society models with competing moral systems.

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<sup>3</sup> A rudimentary understanding of this state of affairs may be achieved by considering the situation of 1992-'93, prior to the ratification of the Constitution on December 12, 1993. The previous Constitution in Article 1 proclaimed the “rule of the people... the republican form of government, and the division of power” to be the “unchanging bases of the constitutional state.” At the same time, a single authority, the Congress, had “the authority to consider and resolve any question referred for conducting by the Russian Federation.” (Article 104) What does it mean when the rules “A is true” and “A is not true” are both in effect within a single legal construct (as well as within a logical construct) at the same time? A healthy state of competition among political groups in such a situation permits any action whatsoever, including those which exceed all limits. This is why it risks degenerating into an armed conflict – the

Ideology's predicament is just the opposite. In order to minimize the threat to the basal moral values which we have listed, competition among ideologies must be free and acute.

Ideology is in a certain sense a set of signals indicative of the strength of the group or the coalition of groups supporting the ideology. Such a set can perform a coordinating function under conditions of indeterminacy. Discussions in which economists are taking part are already under way concerning the role played by coordination mechanisms for taking over and maintaining a hold on power.<sup>4</sup> This is why the predominance of one such mechanism can lead to the predominance of a single political force.

In the most elementary of situations, ideology can be constructed based on the thoroughly primitive foundations of such reactions as hatred and fear.

The phenomenon of hatred and the use made of it for coordinating collective action is analyzed by E. Gleizer in *The Political Economy of Hatred*. The author supposes that, given two-party democratic competition, the overwhelming majority of the voters are exposed to stimuli too weak to make a politician need a means as powerful as hatred.

He also makes an allowance for that hatred is not bound up with real offenses suffered in the past. Similar constructs are also demonstrated by K. Robin,<sup>5</sup> who tries to come up with grounding for the claim, that fear is an adequate reaction to only one certain type of totalitarian regime. Now, the list of such regimes remains closed. Fear is also "legit" in the face of American conservatism. Contemporary conservatism must occupy the last "slot," the last spot reserved by the author in the – let us stress – closed list. The new "potentially totalitarian" conservative regime legitimated itself in part earlier by the existence of communism, just as it does now by the challenge of Islamic terrorism.

The authors mentioned are certain that the absence of justified grounds for fear and hatred in many cases which they describe is indicative of the irrelevance and social threat of any ideologies which appeal to fear and hatred. This view seems easy to attack, as do the attempts to cast "prejudices" (stereotypes, if a priori emotionally loaded terms are given up) in a purely negative light. Stereotypes are long-lived for

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ultimate means of establishing who is right in a situation in which all parties are "right" (or else all are "wrong").

<sup>4</sup> Hardin 1997, Chapter 2.

<sup>5</sup> Robin 2007.

precisely the reason that in most cases they make it possible to make the right choice at minimal cost. Fear can often save one from a real enemy deserving of hatred. And the converse: “openness” of thought leads to considerable difficulties.

Soviet citizens who belonged to categories subject to persecution by the Nazis were right in doubting the truthfulness of Stalinist propaganda in 1941. They often transferred their distrust to the anti-Hitler component of this propaganda. Their doubts were that much better grounded considering that they were buttressed by the personal recollections that many people had of the German occupation of 1918. Besides, they were reinforced by the incredible flexibility of the predilections of the Bolshevik leaders, who would forget about the Nazi threat one moment, and the next moment turn the term “Nazi” (“fascist”) into a meaningless tag, a universal accusation of minimal disloyalty to the regime, a dirty word.

It follows that people less subject to stereotyped thinking, fear, and hatred which fear feeds, were more likely to end up in the death camps, the gas chambers, or the execution pits; and vice versa.

In a Rule of Law Democracy, a dynamic ideology (and therefore one willingly defended by its supporters<sup>6</sup>) teaches the “swamp” as to whom they should join so as to enjoy the benefit of the feeling of being one with the winner, of enjoying the sense of being “like everybody,” of being “no worse than the others.”

Given a dictatorship, in a pre-legal society – a “Rule of Force” type of society – this indication helps the populace avoid repression by the ruling bandit. In a transit situation, during the struggle for power of a few bandits, ideological signals (what appears in the papers, what is broadcast on radio and television, in mosques and in schools) make it possible to minimize the high risks of that the bandit with the “best chances” and waxing ever stronger will make short shrift of his victims. That is, ideological dictates and uniformity are a signal of the “normalcy” of the situation in such a society.

By contrast, for a Rule of Law democracy, the evident predominance of a single ideology in the mass media or in the system of education is an evident signal of disrepair. We discussed such signals above, in Chapter 2. Ad loc, we also noted the objective coincidence of interests of the workers of the “public” TV and radio corporations, schools, and other institutions which expect to be granted budgetary

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<sup>6</sup> Noelle-Neumann 1996.

monies instead of contributions or payments for services (that is, interest in redistribution of tax monies to cover the supply of a certain set of “mixed public goods”).

Obviously, during certain isolated periods – for instance, profound crises or rapid reconstruction – the situation in which one ideology clearly predominates can take shape naturally. But then political competitors invade the “politically profitable” ideological field. “The field of national consensus” expands, temporarily or constantly. The watershed subsequently either traces some new boundary, or else the old watershed deepens. Thus, for instance, in the US after 1933, many Republicans did the mimicry to imitate Roosevelt supporters, with the shock subsiding only at the end of the 1930s. In the mid-1980s, some Democrats emphasized their loyalty to Reagan (the case of the Reagan Democrats at the voter level<sup>7</sup> gave rise to the corresponding kind of behavior among Democratic politicians, such as Democrat Congressmen during the Reagan presidency. This allowed the President to introduce many pieces of legislation despite the absence of a Republican majority in Congress<sup>8</sup>). In post-War Germany, W. Brandt, one of the Social Democratic leaders in Berlin, made an announcement about supporting L. Erhardt’s market reforms; he later headed both the party and the country. But this kind of situation can never be stable. It comes to an end within 5-10 years. The phenomenon which we are here considering (in a number of different respects) of ideological unification in Rule of Law democracies is actually to be observed over the past few decades.

There is a notion abroad to the effect that ideology plays an especially important role in totalitarian states. But it should be remembered that considerable correcting of ideology in such a country is surprisingly easily brought about. There are quite a few examples: the replacement of internationalism with chauvinism in the USSR, or the replacement of equalizing redistribution with market principles in China, to say nothing of the numerous “oscillations of the exchange rate” of “friendly parties” (including the events of June 22, 1941, which did so much to inspire George Orwell).

By contrast, spreading any one certain ideology under conditions of severe political competition among free market agents requires considerable effort, time, and investments. Below we will consider the impact of ideology on economic climate, as well as its influence on the decision making process in democratic countries.

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<sup>7</sup> Greenberg 1996.

<sup>8</sup> Fairfax 2005.

There are a fair number of channels for influence of this kind: by means of the education system, by means of the voters' and the political leaders' perception, by means of the election choices for either. An enormous quantity of information and ideas are already in circulation. But this is true only of the information and the ideas which are much discussed thanks to published books, discussions unfolding in journals and the electronic mass media. They can be realistically chosen for debate in the decision making process. That is, only generally accessible ideas are part of the politicians' – and, even more obviously, the voters' – real “menu.”

As has already been noted, only a relatively modest percentage of the voters regularly read the legal, political, or economic literature saturated with ideas and facts. Even among the jealous supporters of religion, far from everyone (with the exception of the followers of Judaism, some branches of Protestantism, and Orthodox sectarianism) are well acquainted with the primary texts (at least in translation). This is why ideology often turns out to be a “daily” superficial covering easy to absorb, even for religion. That is, it is a compact, easily absorbed set of ideas and views, which make it easier to determine one's own identity, as well as to “merge” with the crowd in which the market agent feels the most comfortable (or at least exposed to the least danger).

Ideology is one of the mechanisms for action coordination; a flexible mechanism not requiring “direct commands” as to when or how, given a high level of development of dictatorship, “commands are no longer needed, and each on his or her own knows what is to be done.” Such a coordination mechanism lowers the costs for both the dictator (who is thus relieved of part of the “dirty work”) and for the executors (who are thus provided with a lighthouse to orient themselves by in a sea of uncertainty, and a well-grounded hope of finding support for their actions, something that, if asked for directly, may be taken to be an expression of disloyalty).

But in democratic society, too, this mechanism can work thoroughly effectively (for instance, for coordinating action within a corporation of lawyers, academics, journalists, or politicians). Just as in a dictatorship, here, too, ideology permits avoiding direct agreements in situations when such agreements may be taken as something prejudicial or even illegal (“a conflict of interest”).

Thus, an explicit agreement between trade unions and the Obama administration about allowing hired workers or former hired workers to enjoy the status of privileged creditors in case of General Motors' bankruptcy during the election campaign, would

be a rather risky venture. But trade unions invested in the Obama campaign, and Obama defends their interests, circumventing the law to do it. He does this simply because the exchange of signals “Friend or Foe” within the left wing of the Democratic Party has turned out to be quite sufficient for the achievement of an effective agreement. The agreement is for all intents and purposes binding upon the US President and was achieved long before the automobile giant’s crash or the presidential candidate’s victory in the election. It could have not simply harmed the candidate’s chances, had it been formalized; it might have been expressly forbidden for implementation by the court authorities. Concluding many similar agreements unwritten in any explicit form remains a very real option, all thanks to a common or commonly known ideology (which allows for understanding the counteragent). Without mutual understanding, which the ideology conditions, agreements would not be “concluded.”

Ideologically loaded statements are also used in agreements concluded with judges (albeit in far from equal shares by “conservative” and “liberal” politicians). This may be the way to interpret the “disclaimer” made by the experienced judge Sonia Sotomayor, appointed to the US Supreme Court despite well-grounded objections from the opposition, about her “believing herself to be better prepared for work in the Supreme Court than a white male.”<sup>9</sup> Possibly, there was no disclaimer, but rather an ideological and political signal publicly sent by the candidate. The first component is naturally aimed at the leftist liberal President (for whom Justice Sotomayor had to wait for eight years after making her statement, but the wait could in no way be considered irrational). The second is aimed at any politician interested in Hispanic American votes. Then again, the second component, too, may be interpreted as being “ideological,” if the most primitive of ideologies is meant, which does not include any other ideas except “one that belongs – is good, one that does not belong is bad” and which reads the “belongs – does not belong” split exclusively along the ethnic-linguistic axes.

Even a strong and independent leader is subject to such ideology influence as “choice menu,” the set of ideas most deliberated upon. Granted, had there been no books by Friedman and Hayek, Mart Laar would hardly have been likely to sustain socialist economic policies. But the impact on Estonian reforms of classical liberal

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<sup>9</sup> <http://www.svobodanews.ru/content/article/1742590.html>.

ideology, along with powerful national traditions and values (what is associated with conservative ideology today), cannot be doubted.

The popularity of a given ideology in country I may have a significant impact on the choice of leadership in country J. Thus, the show staged by Hoebbels in 1943 at the National Stadium in support of “total war” was taken for real (Noelle-Neumann writes that a joke was popular in Germany at the time about “the largest stadium in the world, capable of holding the entire German nation”). Some of the decisions reached by the Allies about combat tactics doubtless took into consideration misleading data of this kind.

P. Rubin<sup>10</sup> raises the question about the significance of the impact of extra-economic factors on economy-related legislation. Based on an entire series of research findings about voting by US legislators in the course of two centuries, different researchers have reached similar conclusions:

Impact of this kind does, in fact, obtain, and is significant;

There are a great many factors impacting the behavior of legislators (evasion of their own promises as a result of commercial and other interests, log polling, economic interests of the environment represented by the legislator); at the same time, the ideological factor can be singled out (as per the definition in Poole & Rosenthal<sup>11</sup>: the predictability of the legislator’s position concerning a wide spectrum of issues);

Though not always feasible, there is the possibility of clearly delimiting the factor of the preferences and demands of the environment and the ideology factor pure and simple. Most decisions “fit” into a one- or two-dimensional space (depending on the period of American history involved).

Religion is a more complex notion than ideology. Even so, it has a corresponding ideological component<sup>12</sup> (which we intend to discuss below). The notion is highly contested that the religious views most widespread in a country are significant for the entrenchment of institutions friendly to the market. Indeed, if the significance of ideology as a coordinating mechanism or as a simple instrument for orienting oneself

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<sup>10</sup> Rubin 2001.

<sup>11</sup> For further detail on the work of these scholars, see the site of Poole and Rosenthal: <http://voteview.com/>; for other work done in this direction: <http://www.congressionalbills.org/research.html>.

<sup>12</sup> The markers “belongs – does not belong” or “friendly” – (“neutral”) – “hostile” vis-a-vis certain values and institutions.

in public issues (for supporting or opposing certain tendencies) is disregarded, then the connection looks doubtful.

## **Religion Is Significant**

An important thesis of the Cairo speech<sup>13</sup> made by the US President Incumbent, was the following statement:

There is also one rule that lies at the heart of every religion that we do unto others as we would have them do unto us. This truth transcends nations and peoples — a belief that isn't new; that isn't black or white or brown; that isn't Christian, or Muslim or Jew. It's a belief that pulsed in the cradle of civilization...<sup>14</sup>

Translated from the political (leftist liberal) into economic terms, the statement is tantamount to the following. There are no fundamental or significant factors rooted in religion which can impact the quality of institutions or their ability to support or put an end to economic growth.

Below we will try to test this hypothesis.

The beginning of the 20<sup>th</sup> century was marked by a series of publications of incontestable significance for the history of the social sciences, but whose conclusions were later severely criticized and rejected by most researchers.

Working independently of each other, Max Weber (1905) and Werner Sombart (1911) proposed and painstakingly grounded the idea that the growth of capitalism had been significantly conditioned by certain religious notions. Judaism and Protestantism were singled out first of all. In the first, there was an emphasis placed on the creation of a rational-moral basis of legal order, and in the second – on creating extra-economic stimuli for economic success as an evident and observable indicator of having been divinely chosen. (In the opinion of many thinkers, the same idea is embedded in many of Judaism's principles. Thus, the notion of "blessing" in the Pentateuch, the Prophets, and the Writings usually means having many children, or else material plenty: "...and God had blessed Abraham...")

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<sup>13</sup> Addressed to Moslems and their leaders.

<sup>14</sup> Speech made by US President Obama in Cairo on June 4, 2009, [http://www.whitehouse.gov/me\\_j3ress\\_office/Remarks-by-the-President-at-Cairo-University-6-04-09/](http://www.whitehouse.gov/me_j3ress_office/Remarks-by-the-President-at-Cairo-University-6-04-09/).

The idea was critically analyzed by the Libertarian representatives of the Austrian school. The principal arguments of these critics consist of two points.

The first is that all core capitalist institutions gestated during the period when the cities of Northern Italy flourished, Italy being a Catholic, not a Protestant country. This argument seems to be particularly important. It appears insurmountable from the point of view of those authors who are certain of the positive impact of only “economic institutions” (the formal right of private property and the degree of itemization, the quality of delimitation, and so on; organizational forms of business – banks, corporate societies, bookkeeping accounts, and more). But we cannot reject it in the same way; we, who believe that the most important institutions are not the formal guarantees of property, and certainly not the reproducible social-economic-organizational inventions. Such guarantees derive rather from basic rights, the rights which make it possible to provide for the maintenance and the transmission of rights of private property by means of defending the rights of the proprietors themselves. This in turn means that that these rights provide for time sufficient for the search and optimization of all other decisions, both institutional and purely organizational.

Indeed, the cities of Northern Italy were among the first, back in the early Middle Ages, to begin lining up guarantees of the inviolability of the individual person. Thus, serfdom in some of these states had been abolished long before St. George’s Day was done away with in Russia in the 13<sup>th</sup> century (Kulisher 2004, p. 182). Clearly enough, the political system was far from tallying with any definition of democracy, but it was rather competitive. At the same time, the towns were loyal to Catholicism and even had strong pro-Papal parties (with competition in them often taking place among different Guelph factions). A peculiar (and, in Florence, rather complex) separation of powers was also in evidence, aimed at preventing usurpation of power. Social structure was such that for centuries, several different centers of political influence were in existence, which provided counterweights for each other.

Obviously, economic and political degradation was preceded and accompanied by a profound moral crisis – the crisis of faith. The imperatives of Christianity enjoyed an extremely low level of authority. Not only historical chronicles, but also the creative literature of the time reflects the unraveling of family values, even though the institution of family in these areas was very sturdy until a certain point in time (see Botticini 1999 for information on marriage contracts during the first third of the 15<sup>th</sup> century).

Male (homosexual) brothels in Florence and the encouragement of prostitution meant to distract people from sodomy in Venice (11,000 prostitutes per 100,000 population in the 15<sup>th</sup> century) made an impression on all of Europe. The political successes enjoyed by Savonarola are to be in large part explained by the fatigue and annoyance of most Florentine burghers in the face of such a level of tolerance and “sexual freedom.”

The present chapter, like the whole of this book, sets before itself no objective of explaining the reason for the downfall of Northern Italian cities. Let us only note that explanations which amount to the shift in trade routes resulting from great geographic discoveries, appears to be utterly inadequate. This is because, to begin with, the first-class sea powers in question and their excellent seamen could have easily taken on Spain’s challenge and repeated the successes of small-sized Portugal, something that Protestant Holland later did, in fact.

The question of how the destruction of the family, the decay of morality, and the worsening of economic climate are all connected, is addressed in the chapters on the crisis of the institution of the family and morality (Chapters 12 and 13). The decreasing capacity of North Italian towns to defend their liberty and wellbeing in the 16<sup>th</sup> century against external enemies also apparently had to do with the degradation of the family and morals. Foreign hirelings in the Republics’ service normally made better soldiers than the local militias, a fact which indicates a sharp deficit in motivation to defend the Republic among the citizens themselves.

It is no less evident that the Protestantism of the period of the first successes of Holland and England and the growth of the colonies in North America precluded a similarly profound crisis of family or morals. Foreign pressure, beginning with the Spanish expeditions against the Netherlands and ending with the Thirty Years’ War, was very powerful. It threatened the very existence of the states which had first evidenced modern economic growth. The ability to withstand this pressure at enormous cost is also, apparently, rooted in strong religious motivation.

Another powerful argument against Weber’s and Sombart’s idea derives from the successes of capitalism and the economic growth of the countries of Southeastern Asia in the second half of the 20<sup>th</sup> century. The following should be made a note of in this connection.

The achievements of the “Asian tigers” and China have to do with the import of capital, technologies, and institutions either directly from countries with a Protestant

culture, or else from countries which have been influenced by such culture. Add to this that with each state failure (for instance, in China) where defending property rights and the rights of Chinese proprietor citizens (or, more precisely, proprietor subjects) is concerned (see Chapter 8 above) provokes a new wave of emigration, with the immigrants heading toward Canada and the US, whose base culture is also Protestant.

In some of these countries, the rapid spread of Protestantism goes hand in hand with economic growth (primarily in South Korea).

Finally, the duration of the period of economic success in the region's countries is impressive, but does not yet provide grounds for claiming with confidence (especially in the case of China) that they have managed to embark on a course of long-term economic growth.

E. Gaydar in his survey also notes the historic dependence of contemporary economic flourishing on Protestant values.<sup>15</sup> He also notes certain peculiar features of Islam, indicating their archaic bent.<sup>16</sup>

Contemporary leftist liberal criticism based on the ideologeme of the equal value of all cultures, undergoes the impact of a type of conflict of interest among authors. For adherents of such an ideologeme, admitting the positive role of religions (especially of certain religions) in connection with economic growth means making concessions to ideological opponents – to the conservatives. This last step requires substantial additional efforts, so that the evaluations made by such authors are, most probably, shifted. To a significant extent this also applies to modern libertarians. The claims of these last to the role of secular cardinals of sorts for economic progress, not overly interested in competing against traditional religion, are considered in more detail in Chapter 12.

A survey of a significant number of research works, including empirical ones (Barro, McCleary 2006) on this topic, as well as on the combined topic of culture and economic growth, appears in the 2009 publication by Auzan and Tambovtsev.

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<sup>15</sup> See Gaydar 2005, pp. 108-110.

<sup>16</sup> *Ibid.*, pp. 119-123. True enough, however, that Gaydar provides no indication as to what the insurmountable contradiction consists in between modern economic growth and women's status or a high birth rate. He limits himself instead to confirming the fact that the situation is qualitatively different in the developed countries. From our point of view, the formal attributes of leadership in the family are of little significance. But the vulnerability of a large part of the population, which precludes minimal safeguards for independent personal life, inviolability of the individual person, and so on, undermines the safeguards of private property in general. Now this last, in turn, understandably impacts possibilities of economic growth, as well.

## Statistics “Confirming Nothing”

The literature contains many bald claims to the effect that the ideas of Weber and Sombart about the significance of the religious factor find no confirmation. We are quite aware of the modest and purely illustrative role to be played by statistical analysis; even so, we cite here the outcomes of calculations which indicate what is generally well known, what A. Greif<sup>17</sup> dubbed the various courses of public organization and the special courses of institutional development of the “Latin” and the “Islamic” world. To put it less politically correctly, we are dealing with the illustration of how and why the “Latin” (a term of Greif’s) West became rich, while the Islamic East, better initial conditions notwithstanding, after a certain point remained relatively poor.

Using Maddisson’s data for countries and regions of 1820-2000, we have tried to evaluate the significance of various religious factors for economic growth (Table 9.1).

Table 9.1

### Variable Description for Analysis

#	Variable Designation	Variable Description <sup>18</sup>
1.	GDPavgrowth	Average growth rates for per capita GDP for the 1820-2000 period.
2.	DemocrTaxp	Duration of period of taxpayer’s democracy
3.	RoL Democracy	Duration of period of Rule of Law Democracy regime in the country (not excluding period of democracy of universal suffrage, despite the obvious unfairness of this last): US, England beginning in 1832, France’s Third Republic up until 1940, and so on (highest executive authority is limited by a <i>constitution, basic rights and institutions</i> ; that is, the authority can lose in court, as well as be replaced as a result of defeat in free elections).

<sup>17</sup> Greif 1994.

<sup>18</sup> For more details see Yanovskiy K., Menyashv R. "Freedom, Ratings and Economic Growth: In Search of Reliable Dependencies" <http://papers.ssrn.com/abstract=2236352> or <http://instecontransit.org/projects/institutional-development-indices-data-base-and-rating/>

4.	«Relig_Peace»	Majority of the country's population professes "unethical monotheism" as a confession (monotheism which does not make the known set of ethical requirements, or commandments, <i>as a central element of its teaching</i> ).
5.	Judeo-protest	Predominance of Judeo-Protestant values during the period of gestation of democracy

We have considered a number of models (Table 9.2). In Model 1, the variable used as an explainable quantity is the variable describing average growth rates for per capita GDP for the 1820-2000 period (the GDPavgrowth variable). In Models 2 and 3, the explainable variable is the duration of the period of Rule of Law Democracy (RoL Democracy variable).

Table 9.2  
Analysis Results

#	Explainable Variable	Independent Variables	Coefficient (Standardized) Values with Independent Variable	Number of Observations	T-statistics	R <sup>2</sup> -adjusted
1.	GDPavgrowth	RoLDemocracy «Relig_Peace»	0,513 —0,162	145	7,213 —2,275	0,324
2.	RoL Democracy	StartGDP Judeo-protest DemocrTauxp	0,289 0,308 0,392	145	4,763 5,199 5,615	0,761
3.	RoL Democracy	«Relig_Peace» DemocrTauxp	—0,107 0,792	145	—2,131 15,779	0,671

Analysis results for the impact of various factors on economic growth rates (GDPavgrowth variable) and duration of period of Rule of Law Democracy (RoL Democracy variable) indicate that the popularity and dominance of Islam in a country lower the likelihood of stable long term economic growth, as well as prevent the establishment of Rule of Law Democracy regimes.

Similar results (as far as democracy is concerned) were obtained by R. Barro (Barro 1999, Table 2.3) using a sample with 136 countries. (See also Barro 1999 (December), Table 3, *Additional Determinants of Democracy*).

The following curious fact should be made a note of. Greif, based on his principal line of argument, writes that the “coalition” of Maghreb traders, founded upon trust and reputation, superseded its Genoese colleagues. The remark only underscores an obvious thought: for most scales, institutions providing for lowered transaction costs impersonally are more important than a sound reputation. Even so, Greif prefers not to overemphasize the self-evident fact that the Maghreb “coalition” of Jewish traders has a direct connection to the West, and only a tangential one (deriving from place of residence and political belonging of the traders) to the Islamic East, as well as that, accordingly, the ways to lower transaction expenses and the most important principles for creating and maintaining a reputation are rooted in the ethical and legal system of Western civilization. That is, they depend on a system sufficiently free of influence of personal attachments, dislikes, existence or absence of connection, and the like. The system must also be thoroughly sensitive to the violation of universal norms, including formalized and detailed Halachic law. It was precisely within such a system with a high level of documentation of the domestic turnover (which became known in connection with the discovery of a sizable collection of documents in the Genizah, or special storage space, in one of the synagogues of Fustat in Old Cairo) that the description of this coalition became possible.<sup>19</sup>

### **Interpreting the Statistics**

Ethical monotheism features an entire series of elements which motivate its adherents to act cooperatively, as per the imperatives listed at the beginning of the present chapter (not worshipping idols, not murdering, supporting fair courts, “living and letting live”).

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<sup>19</sup> Greif 1993.

It is a reasonable assumption to make that in a society where the dominant views are based on a religion of ethical monotheism, transactional costs and project risks should be lower than in a society which does not abide by any such values.

On the level of the individual, these religions offer their followers a regime of “play with infinite moves” (posthumous reward, as well as recompense for both iniquities and good deeds according to the principle of “measure for measure”), and direct contact and direct responsibility in relating to a unique Higher Being (thus entailing the impossibility of “competition among the gods”). They also require being personally familiar with the sacred texts and rereading them on a regular basis (a practice which, even if does not cultivate a habitual way of working with the normative texts, still weakens the fear of reading them, instilling the idea of a higher origin of law, thus fostering obedience to the law without fear of law designed by humans).

In order to make the notion of retribution meaningful, these religions require individual freedom and personal responsibility (for further detail, see Chapter 12). They forbid murder, threatening its perpetrators with severe punishment, and similarly prohibit seizing others’ property, harming their reputation, and distorting justice. This threat is authorized by the “signature” of the Sole Creator and Ruler of the Universe; that is, these religions provide sanctions for institutions providing for property rights and the rights of property owners. Besides, thanks to the much reiterated formulation of these requirements both in codified form and individually, they are preserved even when left over as a “dry ideological remainder.” Any form of ethical monotheism, however much reduced, necessarily contains these imperatives.

This does not mean that there are no significant differences among the varieties of ethical monotheism – Judaism, Protestantism, and modern Catholicism. However, in a reduced, ideological form, these distinctions also reduce to moderate differences of opinion.

Let us stress that reduction is a process inevitable insofar as such a thing as rational ignorance is in evidence. Even in a markedly religious society, the overwhelming majority normally does not spend sufficient amounts of time on promoting the kind of lifestyle and education about the religion with which people identify, in order for them to be identifiable as “religious” or even “observant.”

Non-ethical monotheism is based on a rigid adherence to belief in a unique deity. That is, it contains clearly defined sanctions for violating the will of the One Judge

and Ruler of the Universe. But these sanctions are applied, essentially, only to those who do not fulfill (“do not fulfill sufficiently well”) the requirement of unlimited faithfulness to the Higher Being, fidelity to the ruler in some way divinely sanctioned, and loyalty to coreligionists. Upon ideological reduction, such a religious foundation yields a result qualitatively different from what has been specified above. Loyalty to some particular hierarchy headed by a monarch, military dictator, or cleric,<sup>20</sup> turns out to be a condition sufficient for being aware of oneself as a fully presentable citizen and harmonious individual. The success of a person unconnected with the hierarchy is perceived as a challenge. If unprotected by an insurmountable military force, such a person becomes a “legitimate” target for attack and robbery. Such an attitude toward the success of another does not tally well with due protection of foreign investment, to say nothing of national ones (national investors must be properly “inscribed” into the pyramid; that is, they must maintain friendly relations with the authorities). For instance, this last is openly criticized by ethical monotheism.<sup>21</sup>

Non-monotheistic religions with a strong ethical component (for example, Buddhism) do not provide any clearly defined threat of sanctions, leaving practically all decisions and the making of every single choice to the preferences of the individual person. Accordingly, they do not pit themselves in opposition to the state and the authorities if these last force the individual to violate ethical norms.

Clearly enough, in cases when it becomes necessary to oppose a real totalitarian state, even leaders of communities adhering to ethical monotheism do not always find themselves in command of the resources needed in order to resist the arbitrary rule of the authorities. But all in all, the level of resistance is doubtless highest precisely in such communities.

We can suppose that efficacious and influential religious communities adhering to ethical monotheism can have a positive impact on economic growth by encouraging honest business management and protection of property (for further detail, see Chapter 12).

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<sup>20</sup> Or a person combining different functions, such as the Turkish sultan, who was at the same time also the religious leader of the Moslems, or their Caliph.

<sup>21</sup> *Ethics of the Fathers* insistently recommends not relying on the authorities, not expecting fairness of them, and not cultivating personal acquaintances with the authorities (Shemaya, First Section: “Love work, hate grandeur (“authoritativeness”), and do not aim for acquaintance with the authorities.”)

But in an ideological projection, what remains more or less obvious is only the impact which facilitates the acceptance of the ideas of competitive democracy and judicial state (justice, or Rule of Law).

### **Demand for Prestige: Mechanism for the Realization of the Impact of Religion and Ideology on Economic Growth**

The overwhelming majority of market agents ask for prestige, acknowledgment, respect of others, and self-respect as quality goods. Besides, the demand for these goods is often equivalent to the demand for all other goods (life and liberty excepted) taken together.

It is logical to assume that persons endowed with entrepreneurial talent face a choice: to attempt to realize these capabilities of theirs, or to opt for the more tranquil career of a hired worker and self-employed specialist.

But society may demonstrate its respect and gratitude to entrepreneurs simply because of their level of achievement, something which brings about an increase in business, variety of choices for hired workers and consumers of goods and services, growth in the production of these goods and services, both in terms of quantity and in terms of quality.

In this case it is reasonable to expect that a considerable majority of those having the right abilities will try to realize them in practice, so as to maximize their income, as well as the respect of others.

If society does not show respect for the work of an entrepreneur, it is likely that the most ambitious of the potential entrepreneurs can make a choice in favor of an alternative career. Then a great number of commercial projects profitable for all of society will remain unrealized. Moreover, society's holding business in disrespect in part takes on the qualities of a "self-fulfilled forecast," winnowing out precisely those entrepreneurs who are especially sensitive to moral evaluations of their work.

Thus, ideologies, both religious and secular ones, which provide a moral reward rather than simple legitimation of entrepreneurship, maximize production and rates of economic growth, softening to the utmost the consequences of crises. These last are resolved by the very fact that it is in times of crisis that the greatest number of business projects are undertaken, in connection with the weakening of competitors

(the clearing of the market) and lowering of interest rates for creditors with a reliable reputation and well developed investment projects.

When all other variables are equal, possibilities for religiously rooted ideology turn out to be greater because the reward is promised during a period of unspecified duration, while the guarantor standing behind it is a Higher Being. Accordingly, every offender against an entrepreneur is taken to be a sinner, rather than a “cry of the people.”

Not surprisingly, the religions which do the best job of legitimating entrepreneurship, economic success, and prosperity (Judaism and some versions of Protestantism), have grounds for claiming the role of catalyst in economic growth.

### **Golden Rule of Ethics: General and Particular**

A familiar golden rule of ethics is usually used to ground the immateriality of differences among religions. Indeed, the same rule is to be encountered in more or less similar forms in nearly all the common creeds, as well as in secular ethical systems from antiquity to our day. We, however, want to direct the reader’s attention to a substantial, albeit long since known difference in the formula. We will do this in connection with the following statement made by US President Obama concerning the identicalness of the way the golden rule is understood by the monotheistic faiths of Abrahamic stock<sup>22</sup>:

Do not do unto your fellow what is hateful to yourself. That is the entire teaching. The rest is commentary. Go and learn. (Hillel; Talmud, Tractate Sabbath 31a).

It is no accident that this interpretation of the positive commandment of the Almighty: “Love your neighbor as yourself” (Pentateuch of Moses, Leviticus 19:18) is stated in negative terms. It is put forth in response to the request of a prospective proselyte who wanted to hear the entire teaching formulated during the time that he could bear standing on one leg (that is, in brief). It is also no accident that the precise formulation is substantially longer than the golden rule itself, which presents the must of studying the Law. It is simple to say, and not at all simple to avoid overstepping the bounds of this imperative. The imperative “Go and learn” is thus an indelible part of

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<sup>22</sup> From the speech made by US President Obama in Cairo on June 4, 2009. See [http://www.whitehouse.gov/me\\_j3ress\\_office/Remarks-bv-the-President-at-Cairo-University-6-04-09/](http://www.whitehouse.gov/me_j3ress_office/Remarks-bv-the-President-at-Cairo-University-6-04-09/).

the formula. Absorbing the law, along with the accumulation of life experience essential for efficient avoidance of violations, precludes the possibility of simple and quick decisions.

What you want others to do unto you is what you should do unto them (Gospel of Matthew 7:12).

No one is a true believer until he wishes for his brother the same that he wishes for himself (Sunna Forty Hadith of an-Nawawi 13).

Brahmanism, Confucianism, and Zoroastrianism all offer negative versions of the formulation of the golden rule.

President Obama did not simply choose a “positive” formulation (something that would be natural considering the transparency of the interests of the compiler and the presenter of the text, as well as considering that the formula is common to both Christianity and Islam). The President is not simply insisting, and quite correctly so, that this is the only true way to state the rule. He is also claiming, ipso facto, that there are no other ways to put it which are significantly different. The essence of the difference between the two approaches comes down to this: “to live and to let live” as opposed to “to drive humanity with an iron fist into heaven” (the heaven of political correctness, of general wellbeing, of tolerance and multiculturalism, to name just a few).

What we have here before us is the creed of socialist ideology, the ideology of state interference, which is generally inimical to the market, to entrepreneurship, to achievement, to the idea of freedom. I.e., this is the credo of an ideology maximally unfriendly to the market.

### **Economic Growth: Advantages and Problems of Islam as an Ideology**

For purposes of further discussion, we introduce the notion of “Real Islam” (RI).

“RI” is our way of designating the orientation dominant in this religion (the sum total of movements and organizations), which emphatically negates the Limited Government approach in order to protect the individual person<sup>23</sup>; that is, it works

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<sup>23</sup> This involves the limitations we labeled above as basal: inviolability of the individual person in the general sense of the word and private property.

against institutions friendly to the market, going as far as to support coercive measures on both individual and state levels. Thus, most Islamic states and organizations avoid condemning without qualification terrorist attacks against what are a priori known to be civil targets, even though they obviously do not themselves take part in such action. Any relatively free elections in countries with predominantly Islamic populations provide anomalously strong support for parties, simply belonging to which would, under conditions of judicial democracy, be seen as participation in a criminal society. For instance, the Hizballah in Lebanon and various Islamic coalitions in Algiers, Egypt, or Kuwait, all maintain a platform of radical opposition to their governments, which are, to begin with, thoroughly radical by Rule of Law Democracy standards.

All its evident problems notwithstanding, RI has a whole series of advantages by comparison with ideologies dominant in many of today's democratic states – secularism, political correctness (see below), feminism, “progressive liberalism,” “social state,” and so on.

But evaluating the real level of religiosity by the frequency of mosque attendance (by analogy with the Christians; such an indicator is widely used in surveys of Christian affiliation conducted by American and European sociologists) does not seem feasible. This is dictated by fear of deviation in an unfree society. But the hypothesis that an Islamic population should take the notion of human existence as a “game of endless moves” appears reasonable. Such a game creates a similarly “endless” (prima facie) reserve of time,<sup>24</sup> in a sense providing for a reserve of transience in conducting any bargaining or negotiations.<sup>25</sup>

By contrast with leftist radical intellectuals, they have no doubts about the positive role of the institution of family, either. They take a high birth rate to be a blessing from above, a sign of achievement and flourishing. Moreover, as opposed to what it is for Europeans, for them the birth rate begins to look like an indicator of the power and viability of their religion (ideology), clearly expressing its advantage.

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<sup>24</sup> The well-known leftist ideologue Sh. Peres noted this as a danger: “...The Hamas is a religious movement. A political movement has temporal limitations, while a religious one has eternity in reserve.” In other words, Peres is aware of the indubitable advantage Islam enjoys by comparison with Peres' own ideology in this respect (quote translated from *Mozgovaya* 2009). Mathematicians working on game theory were obviously the first to have made a note of this advantage of the “player who is in no hurry” and to define him by their own means (Auman 2005).

<sup>25</sup> The Noble Prize winner Robert Auman wrote: “If you want the world now, perhaps you will never get it. But if you have time – if you can wait – that changes the entire picture, then you may get the world even now.” (Auman, December 2005).

By contrast with the leftists, they entertain no doubts as to the existence of certain moral norms and the inevitable responsibility for violating them, if not in the individual, then at least in the collective version (despite all the crudeness and imperfection of such an approach).

Much has changed since the days when Weber defended the significance of Protestant ethics, and then later, along with Sombart, the significance of Judaism for modern economic growth. The most prominent change is in a “globalization” of sorts of the dominance of leftist ideology in the academe. One of the manifestations of this is in the systematic attempts to impose the dictates of ideology and limitations of freedom of discussion, all under the banner of so called political correctness (henceforth: PC).

### **Modern Leftist Ideologies: PC, Feminism, Rights Defense, and More**

The content of modern leftist ideology largely reduces to the following claims:

The state exists for the primary purpose of providing mixed public goods; providing pure public goods, especially the good of “defense,” is, in essence, a deleterious anachronism;

The state should occupy itself with redistributing incomes and monetary assets, as well as interfere by force in conflicts in favor of minorities and in favor of the weak strata of the population;

Insofar as economic grounding of social politics has failed, and in its stead have come pseudo-ethical ones, the definition of ethical markers is essentially the prerogative of state officials; taking ethics or morals out of their authority with reference to some universal, eternal, super-human values dangerously weakens the grounding of discretionary regulation and redistribution (hence the understandable demand for state atheism);

The definition of the weak stratum or group, or even of such a quantitatively strictly definable notion as “minority,” is the exclusive prerogative of specially authorized persons such that discussing or casting in doubt their decisions is an exercise of extremism, provocation, and hate-mongering.

Aiming at a redistributing, “caring” state leads to an important consequence. Supporters of general arbitrary redistribution and maximizing the number of functions and the extent of the spheres of responsibility of state agents are in principle not interested in effective decisions. That is, they are not interested in decisions which require minimal resources and do not require state interference. Clearly, interest in state interference and maximized redistribution (described by Niskanen’s model) is basically incompatible with interests motivating the search and implementation of any effective decisions.<sup>26</sup>

Examples are atomic energy or a strong army, market economy or a healthy family. Every such decision makes state interference superfluous, and so is potentially extremely dangerous for most leftist politicians and officials. At the same time, every ineffective decision leads to the possibility of grounding even greater state interference, since, as has been noted in the Introduction, the criterion of the rightfulness of interference in tandem with the magnitude and poignancy of the problem at stake has been successfully turned into a stereotype acceptable for the majority of the voters.

In isolated cases, leftists may be motivated to attempt to reach such decisions (the Social Democrat G. Schmidt, FRG Chancellor, in his struggle against the Red Army Faction terrorists; or B. Brandt, who supported the economic policies of L. Erhardt at the turn of the 1940-50s). It is important to understand this, insofar as just as there are no autotelic interests of state, army, or any corporation, so there are no autotelic interests of leftists, statist, or the bureaucracy. However, the interest of the overwhelming majority of the leftists, the statist, and the bureaucrats consists in just this (something tangentially confirmed by the unpopularity of G. Schmidt among leftists).

Any ideology is a sort of set of markers which, whether accidentally or not, turns out to be the most comfortable for tenured state workers. This may well be accidental in the sense that it is not the outcome of the appearance of any particular union, agreement, or political decision; it may be simply the dominance of a certain ideology, as pointed out above, which makes it possible to avoid decision making of the kind that involves personal responsibility.

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<sup>26</sup> This idea originates with the modern military historian and rightist politician M. Bronstein (member of the center of the Likud Party, Israel).

As has already been noted, an important tool endowing the ideology of universal “protection and care” with incredible flexibility is the arbitrary designation of minorities. Thus, according to this ideology, white Protestant males are by nature the majority. Women, who make up an obvious majority in the developed countries, are by nature a minority. Arabs and Moslems are an obviously persecuted minority, while the Protestants already mentioned and the Jews comprise the majority.

In practice, this opens a window of opportunity for openly lobbying in government and parliament for the interests of outright small, or even simply miniscule-sized groups – solitary unlucky women, terrorist leaders, and the like.

The conceptual framework of “political correctness” stands out among the best known models of leftist ideology. Political correctness may be defined, inter alia, as the ideologically motivated approach, widespread (especially since the 1980s) in the US and Western Europe, to analyzing facts, reporting events, presenting information to the public, and choosing strategies; the approach is based on the principle of moral relativism. Activists of the approach identify themselves as humanists and liberals, claiming a monopoly on interpreting liberalism and humanism in modern times. They try to buttress their claims with prohibitions against the expression of alternative points of view. Within the framework of this approach, “moral” or “good” is defined as anything profitable for the group being defended, the group having been chosen by the intellectual leader of the movement, who professes political correctness. The same leader arbitrarily determines what constitutes the good and the bad for the group (or groups) he has chosen for defending.<sup>27</sup> This choice is made without resorting to any formal procedure for specifying the interests of this group (or groups). The first known study of political correctness and its economic motivation is provided in the article by P. Rubin (1994).

### **Arbitrarily Defended Principles**

Given a particular situation, leftists may defend ideas which do only a poor job of coexisting with each other, or none at all:

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<sup>27</sup> Cp. with the approach of V. I. Lenin and the Bolsheviks: their idea of “class morality” was that everything is moral which is good for the working class. What is good or bad for the workers is decided by the party “of the new type,” insofar as workers unacquainted with Marxism and generally uneducated can on their own only form professional trade unions and gradually improve their life, instead of immediately bringing about a socialist revolution. See, for instance, V. I. Lenin, *Zadachi soyuzov molodezhi: Rech' na III syezde RKSM 2 oktyabrya 1920 g.* [*The Aims of Youth Unions: Speech at the III RKSM Congress, October 2, 1920*] (Moscow: *Molodaya gvardiya*, 1989.)

Globalism and anti-globalism;

Morals (usually meaning some hypostasis of political correctness) or the absence of morals in general;

Protection of the family and aid for it<sup>28</sup> (in case of single-sex families) and struggle against it as an institution to the point of abolishing it as such (as a weapon of gender discrimination<sup>29</sup>).

As an example, we may cite the refusal to resort to violence in resolving political problems (in the case of war against terrorism, as proclaimed by George Bush, Jr.); we may also refer to the support this receives when the issue under consideration involves minorities proclaimed by the majority (of entrepreneurs, conservatives, religious Christians, Jews, owners of arms, proponents of private education, and so on).

Accordingly, the defense of “correct” (“official”; for instance, demands for introducing quotas for women, certain racial and religious groups) minorities in case of rejection of the idea of defending “incorrect” ones (for instance, conservatives in academic milieus, for whom, apparently, there must not be any quotas).

Besides the comfort, noted above, which is implied by such a mechanism of society management – a mechanism which leaves one’s hands entirely free and entails no responsibility (no decisions reached as part of a progressive ideology are liable to be judged in court; responsible for them is ideology itself, i.e., nobody) – an important element comes to the fore, which simplifies the project of maintaining the comfortable situation for an unspecified period of time.

Leftist ideology, buttressed thus far by the objective interests of employees of the budget (or simply compulsorily) financed mass media (see Chapter 2), protects itself

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<sup>28</sup> <http://www.socialistalternative.org/news/article16.php?id=184>.

<sup>29</sup> <http://www.feministisktinitiativ.se/engelska.php?text=eu-valmanifest—2009>, Manifesto of the “Feminist Initiative,” a political organization in Sweden which enjoyed a high approval rating (approx. 10-11%), but which failed in the 2006 elections, its failure due primarily to organizational-technical reasons. One of these involved the public discussion in which one of the women leaders accused another one of treason simply because of the latter’s living and having intimate relations with a man. True enough, such an accusation is natural in light of the observable long-term tendency of the movement overall; however, thus far it is not being positively reacted to even by the majority of women feminists, who prefer precisely this type of intimacy [rather than homosexual relationships; *translator’s note*]. Nevertheless, the organization remains a key supplier of “new ideas” for the entire leftist camp as a whole (Kurtz 2006). See <http://www.nationalreview.com/kurtz/kurtz200602220826.asp>. Let us add: in effect, it remains such a supplier for the political elite of the country (see Chapter 10).

by prohibiting criticism (hate speech, hate crimes,<sup>30</sup> “incitation”), which includes everything opposed to the ideology (Jacoby 2009).

### **Arbitrarily Designated Values and Evaluations of Rights Defense**

The problem considered in this section clearly has no connection to the academic strictness or rigor of the evaluations in the mass media. Journalists are no scientists, and are under no obligation to make their professional standards tally with the standards of science. The problem hails partly from a conflict of interest. But what is most of concern for us here is the fact of the obviously transparent generality of evaluations which contradict normal logic and common sense. At the same time, despite the likely absence of unmediated coordination as a part of the process of developing evaluations by rights-defending organizations, commitment to general leftist ideology yields excellent results – excellent in the sense of their high degree of mutual coincidence.

According to rights defenders’ evaluations (see, for instance, the survey in *Freedom House*<sup>31</sup> (FH) — Map of Press Freedom, where 2002-2008 data are presented), Italy is one of the least free countries in Europe in terms of freedom of speech.

But, given all this, FH experts concede that the country has two principal holdings: the state company RAI and “Mediaset,” the private media holding controlled by S. Berlusconi, the incumbent Prime Minister. The point is made that they provide different, even diametrically mutually opposed evaluations concerning all political questions, including steps undertaken by Berlusconi himself. This means that the state holding is essentially working for the current opposition. Italy is the only large country in Western Europe where state television has a rigid and effective competitor in the sphere of public political broadcasting, and where possibilities include not only criticizing the Right, but also criticism of the Left by the Right.

Countries earning much better Freedom House evaluations than Italy – Sweden, Finland, or Czech – cannot show proof of competitive political TV and radio broadcasting. It should not be hard to concede that having the largest media holding be controlled by a political incumbent is not the best of the solutions hypothetically

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<sup>30</sup> Excluding crimes of this type from the normal US order of investigation is arbitrary, not being warranted by any consideration in earnest (Jacoby, May 17, 2009). In our evaluation, this is a sure way of compensating for the impossibility of introducing in the US any legislation of the Hate Speech kind directly, because of the all too evident contradiction with the First Amendment.

<sup>31</sup> <http://www.freedomhouse.org/template.cfm?page=251&year=2008&country=7546>.

possible. Apparently, given the realities of Europe today, this is also far from being the best solution available. As has been noted in Chapter 2, interfering in the political broadcasting market initially occupied by a company paid for by the taxpayer is too risky for a private company. This is why the usual market stimuli without the personal stimuli of a political incumbent turn out to be insufficient for the appearance of competition.

Evaluations by Freedom House, an American liberal organization, are far from the most vivid instance of shift and prejudice. The French-based organization “*Reporters sans frontieres*” ranks Italy 44<sup>th</sup> out of 173 countries of the world in 2009.<sup>32</sup>

This is far behind the Scandinavian countries, Germany, and many others. Great Britain has a rating lower than the “model” countries. Certain elements of competition are to be observed in this country even on the TV-broadcasting market after the reforms introduced by Margaret Thatcher.

The US – the one country where, along with leftist TV channels, there is one all-national non-leftist channel – was for some time not ranked by “*Reporters sans frontieres*” at all. In 2007, it was ranked 47<sup>th</sup>. It was only the active involvement of all its TV channels, except for one, which joined the supporters of one of the Presidential candidates as early as the primaries that moved the country’s rating noticeably upward – to 41<sup>st</sup> – in 2008. Formally, this took place in connection with the law which defends the right of journalists not to disclose the source they draw upon for their information. Staying steady on course even after the elections (unique in American media history, the refusal of the majority of the channels to report directly on the mass protests by the opponents of the tax reform on April 15, 2009; “Tea Parties,” with openly hostile comments instead of reporting<sup>33</sup>) coincided with the further advance to 40<sup>th</sup> place in 2009. That is, an obvious worsening of a situation is recorded by the Left as an evident improvement. France earned a lowered evaluation in 2009 after introducing a law which permits the government to appoint its own managers of TV channels whose work the government sponsors. There is no arguing against the fact that such a decision makes for a situation much worse than the one in Italy, but also for one considerably better than the case when representatives of the majority of the

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<sup>32</sup> See the Press Freedom Index on the homepage of the site: <http://en.rsf.org/>.

<sup>33</sup> See the account about reporting on the state of affairs in the Media Research Center, <http://www.mrc.org/Profiles/teaparty/welcome.asp>; it should be remembered that the issue at stake involves events in 750 residential areas with hundreds of thousands of participants, if not more.

voters are forced generously to finance the mass media, which in return ignore the majority's position and the interests of the, expressing instead the position of a different sector of the voters, or else (even more likely) opting for the expression of their own stances.

The NGO Monitor, an organization involved in monitoring the reports and the financing sources of such organizations, demonstrates an all too clear shift in its evaluations of the majority of rights-defending organizations,<sup>34</sup> and even a conflict of interest (fundraising campaigns in Persian Gulf countries<sup>35</sup>).

### **An Outside Example as a Coordinating Signal: The Ideational “Influence of the West” on the Interior Political Dynamics in Russia**

Due to the weakness of Russian civil society, Western influence often turns out to be critically important for the condition of rights and freedoms in our country. We are here concerned, clearly, with a mediated influence, and with the force of examples (both positive and negative<sup>36</sup>). Periods of political “warming” and “cooling” in Russia are noticeably synchronized with periods of intensification and weakening in the West.<sup>37</sup>

Instances of similar influence in the Russian Empire are legion. Thus, the transition from the NEP to collectivization policies, accelerated industrialization and mass terror took place concurrently with the beginning of the Great Depression in the US. Rapid after-war restoration of Europe and consolidation of the Western countries headed by the US were significant factors leading to the 1953 development when most of the Soviet elite became aware of the need for reform.

The timing of the transition from the Khrushchev-Kosygin changes to the conservation of the USSR political system coincided with the student revolutions of 1968 and the subsequent 1970s crisis in the West (stagflation and energy crises of 1973 and 1979). In the 1980s, the world situation changed radically: the “neo-liberal revolution” of Reagan and Thatcher, the democratic transformation of the countries of

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<sup>34</sup> For instance, see:

[http://www.ngo-monitor.org/article/hrw\\_s\\_rain\\_of\\_fire\\_neither\\_thorough\\_nor\\_impartial](http://www.ngo-monitor.org/article/hrw_s_rain_of_fire_neither_thorough_nor_impartial).

<sup>35</sup> <http://blog.ngo-monitor.org/other-ngos/human-rights-watch/israel-the-main-course-for-hungry-saudis-at-hrw-dinner-in-riyadh/>.

<sup>36</sup> By “positive” is meant a signal of strength, by “negative” – one of weakness of the West.

<sup>37</sup> Concerning the significant role of outside impulses in conducting reforms and counter-reforms in Russia, see: V. I. Pantin and V. V. Lapkin, *Politicheskaya modernizatsiya Rossii: Tzykly, osobennosti, zakonomernosti* [The Political Modernization of Russia: Cycles, Peculiarities, Regularities] (Moscow, 2007), p. 37.

Southern Europe, and the beginning of market transformations in China all facilitated the ripening of the must of reform in the USSR, as well. Given the sharp fall in petroleum prices in the mid-1980s, the acceleration of European integration, dynamic economic growth in the developed countries and intensification of the international influence of the US, Russia had to implement radical restructuring of its public political and economic systems.

By the turn of the millennium, the world situation had changed once more. More precisely, the West began to convey numerous signals of trouble and weakness: the 2000 crash of the high-tech NASDAQ market, the 2001 recession in the US, the terrorist attacks on September 11 of the same year, US difficulties in Iraq and Afghanistan, the 2004 fiasco of the referendum on ratifying an all-European constitution, the beginning of the mortgage crisis in 2007 in the US, the 2008-09 shocks on the financial markets. All these developments are clear testimony of the deterioration in Western countries during the first decade of the 21<sup>st</sup> century. Simultaneously with these developments (upon receiving the signals), authoritarian tendencies began to gather strength and momentum in Russia: central mass media were subjected to control, the interest barrier for party admission to the State Duma was raised, and governor elections done away with.

What is the reason for such a strong impact of outside stimuli on interior political developments in Russia? Evidently, during periods of successful development in the West, Russia's lagging behind the developed countries becomes a source of threat for the position and the ambitions of the elite. This last is then forced to introduce changes which presuppose public political and economic liberalization. Conversely, during periods of great crises (as was the case in the 1970s), the authorities lack a tangible stimulus for introducing reform, and give up policies of partial borrowing of Western institutions. At the same time, the temporary departure of Western countries from foreign political expansionism (for example, the US after the war in Vietnam) pushes the elite at home toward reckless military schemes, one of which ends in a real "geo-political catastrophe." As has happened more than once in Russian history (the Crimean War in the 19<sup>th</sup> century, the Russo-Japanese War in the 20<sup>th</sup>, as well as the war in Afghanistan), lost wars become a clear indication of the hopelessness of "stagnation autarchy," after which a transition to the realization of liberal reforms takes place. An important role belongs to the emergence of the Western countries from the crisis and the intensification of their part on the international scene (the US

during the Reagan years is a vivid example), as well as the positive example provided by neighboring countries (the revolutions of 1989 in the countries of Central and Eastern Europe became the harbinger of the crash of communism in the USSR and Yugoslavia<sup>38</sup>).

In the absence of outside challenges from successful and powerful market democracies, the demand of the Russian elite for liberal (in the classical sense of the word) reforms becomes considerably weaker. And when there is no vivid or attractive example to follow, the demand for such reforms “from down below” – from the Russian man in the street – is also inadequate.

## **Conclusions**

Ideology is significant for economic growth. Religion, which for most people functions in a strongly reduced form (as a result of “rational ignorance”) and so has a significant intersection with ideology, no less significantly impacts the behavior of market agents and their ability to cooperate. Ideology and religion impact the choice of profession and type of work, prestige and respect for property, entrepreneurial success, and therefore the quality makeup of entrepreneurs, the level of trust among transaction parties, and the level of transactional costs.

Ideology is the mechanism for collective action coordination, and such an effective one, that given the rule or the clear domination of a single ideology, it begins to compete with the law (even in a country with as powerful a judicial tradition as the US: consider the example of the liberal Judge S. Sotomayor; the demands of leftist radical “rights defending” organizations that the Bush candidacy publicly take oaths of fidelity to leftist liberal ideologemes, such as civil rights; a requirement which would in effect become a direct challenge to the principle of the authority of the law).

Barro has shown that the religious factor is statistically bound up in a significant way with known political institutions. The same is indicated by our study (Yanovskiy and Shulgin). Evidently, the united influence of ideologies and religions, which have a negative attitude to personal success and which do not defend or support the institution of private property, is in a significant and negative way correlated with long-term (beginning in 1820) economic growth rates.

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<sup>38</sup> A similar effect was to be observed in 2011, when the toppling of the Ben Ali regime in Tunis became an example for active citizens of Near Eastern countries.

In this connection, analyzing contemporary anti-capitalist doctrines – from modern varieties of statism and leftism to Islamic fundamentalism – appears appropriate.

Measures to liberalize the media and education markets may play a significant role during the period of introducing reforms and in order to restore the ideological competitiveness in lieu of the moral one (the consequences of which will be our focus of attention in Chapter 12). At the very least, they prevent the possibility of the blockage of reform by opponents.

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