

of shared, sacred totems and taboos. Conservatives may be a bit less compassionate and bolshie than socialists, but their ideologies do manage to straddle all six moralities, whereas those of the Left concentrate only on two or three (p.184).

This sounds like political dynamite to me, so after I finished reading his book, I emailed Haidt (he's an approachable chap) suggesting that 'if conservatives are the only people to embrace all six [modules], doesn't this mean conservatism is the most (or superior) moral political stance, and that we should therefore all be conservatives?' He replied: 'I think the answer is no ... In a modern society with strong institutions, it's possible to "off-load" much of the burden of creating order or social capital onto institutions. The Scandinavian countries do that well, and seem to rely less on loyalty, authority and sanctity, and they report the highest levels of happiness.'

This looks like a cop-out to me. For a start, the Nordic nations actually emphasise loyalty and authority quite strongly (take a look at all the Danish flags in people's gardens; see what happens if you flaunt social conventions in Sweden). More importantly, a political ethic that encourages people to abdicate personal moral responsibility by allowing the state to look after things is surely a negation of morality. Morality governs how we as individuals are meant to behave towards each other, so how can it be ethical to shrug your shoulders and leave others to do what has to be done? The Good Samaritan didn't call up the social workers, he dealt with the problem himself.

Of course, it is not just socialists who are likely to be discomfited by this book. There is a challenge for classical liberals and libertarians, for they too are shown by Haidt to be preoccupied with just two of the core moralities ('liberty/oppression' and 'fairness/cheating') to the neglect of all the others. If Haidt is right that human beings have gut instincts about all six, this might explain why libertarians have made such little headway in popularising their arguments about the good society.

The Righteous Mind is a stimulating, rewarding and well-written book. I found it a bit less convincing towards the end, where Haidt complains about political polarisation in modern America and tries to get us all to accept the socialist case for more regulation, the classical liberal case for free markets, and the conservative case for treasuring cultural homogeneity.

'Each team,' he says, 'is composed of good people who have something important to say.' (p. 313) This sounds a bit too cosy for my taste. But perhaps my cynicism is just an atavistic throwback to that evolved instinct driving me to defend my own group and attack everyone else's.

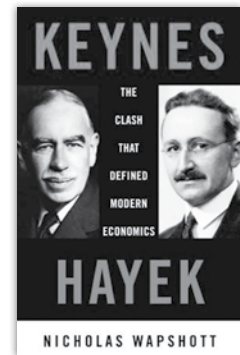
Read this book. It's important, and it may turn out to be an agenda-shifter and a debate-changer.

Reviewed by Peter Saunders

Keynes Hayek: The Clash that Defined Modern Economics

By Nicholas Wapshott
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I cannot recommend that anyone read this book.

For those who already know the story of Friedrich von Hayek and John Maynard Keynes, there is little new. For those who do not, the story is distorted and they would likely get the wrong impression.

There are some factual errors that although trivial, Australian readers would find annoying. We are told that John Curtin attended Lord Keynes' memorial—yet Curtin died in 1945 and Keynes in 1946.

Nicholas Wapshott's thesis is that Keynes was a pragmatic do-what-it-takes defender of capitalism while Hayek was some sort of abstract theorist.

While Hayek concentrated on an abstract utopia, progressives were winning battles over civil rights for African-Americans, women, homosexuals, and the disabled ...

Yet the public debate slowly moved in Hayek's favour. In Chile in the 1970s, Hayek was invoked to counter communism. (p. 292)

Yet Wapshott is unable to provide any evidence that Hayek opposed civil rights for African-Americans, women, homosexuals, or the disabled. Similarly, the gratuitous reference to Chile is a dog-whistle to the left. Wapshott doesn't actually tell us that

Hayek beat his wife, but we do get the gory details of his divorce from his first wife (pp. 214–215). In short, he never misses an opportunity to belittle and smear Hayek.

The notion that a clash between Hayek and Keynes defines modern economics is a misrepresentation—and is certainly not true of the economics taught at university. The Keynesian revolution completely dominates macroeconomics, which is unsurprising because Keynes is the founder of that sub-discipline. Hayek's economics is largely unknown in economics classrooms. Keynes' intellectual victory is complete—so much so that Wapshott is able to relate a story where Hayek's colleagues and students were disrespectful to his face (p. 182).

[Hayek relating what Nicholas Kaldor] said, 'Professor Hayek, this is intermediate economics and you ought to know it.' [Kaldor in reply] I said, 'I protest. I never said you ought to know it.'

I suspect that view is typical in most economics departments around the world. Hayek is simply not remembered for his economics.

Regrettably, Keynes is remembered but not the problems with Keynesian stimulus spending. Wapshott reminds us that Keynes knew the problems (p. 159) at least in the early 1930s, when he said, 'There are many obstacles to be patiently overcome, if waste, inefficiency and corruption are to be avoided.' Yet by 1936, Keynes recommended that the government bury banknotes in disused mine shafts and have the private sector dig them up again.

To my mind, Wapshott underemphasises the failures of Keynesian economics. A theoretical model

that predicts we cannot experience unemployment and inflation at the same time has been contradicted time and again. When government decides to 'stimulate' the economy, it is simply impossible to avoid 'waste, inefficiency and corruption.' It is not Hayek who is the abstract theorist but Keynes. Reality simply does not conform to his theoretical prescriptions.

Wapshott also overemphasises Hayek's influence. For example, he tells us that Hayek influenced Newt Gingrich's views on the size of government (p. 272). He describes Contract with America (1994) as a 'Hayekian Republican manifesto.' I suspect this claim to be false. Wapshott provides no evidence that Hayek influenced Gingrich's thinking or the subsequent government shutdown. Gingrich told the PBS show *Commanding Heights* he had been influenced by Adam Smith, the US founding fathers, and Barry Goldwater—and that he came to Hayek via Ronald Reagan. This is a simple thing to check and Wapshott quotes other material from that same interview (p. 254).

I do not accept the view that this book introduces the Hayek-Keynes debate to a new generation. Nor do I accept that capitalism must be 'saved' through stimulus packages, wasteful spending, and frankly, the kind of crony capitalist bank bail-outs that we have witnessed over the past few years.

The book's basic premise isn't supported by its arguments. There are errors of facts. Many of the claims lack evidence. And the basic story has been told before. Readers, beware!

Reviewed by Sinclair Davidson