Conflicts and Contradictions in Invisible Hand Phenomena

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Abstract: This paper makes three interconnected arguments.

- Building off my other writings, in a world where there are many non-teleological complex adaptive systems exist, no automatic harmony exists between their different coordinating processes. This paper will focus on four of these systems: the ecological system at the landscape level, and three cultural systems, the market, science, and democracy.

- Organizations originating within one such system but operating within more than one, will ultimately be dependent on one set of feedback signals over the others. When conflict between sets of signals arises, such organizations will disrupt, undermine, or destroy the other ordering processes.

- Therefore a system of Hayekian spontaneous orders such as the market, democracy, and science, is not and cannot be sustainable based solely on their own internal characteristics because conflict between them is an intrinsic feature of social life. The same hold for any of these systems and an ecosystem. They need to be viewed within a larger context.

Keywords: complex emergent system, spontaneous order, organization, systemic success, systemic failure, contradiction, conflict, ecology, culture, Hayek
A traditional Hayekian analysis of spontaneous orders assumes the market order provides sufficient discipline to organizations within them to keep access open and competition strong. In addition, attempting to interfere with undesirable outcomes arising from market processes through political action will generally lead to worse “distortions” and strengthen “the state” which has an inherent tendency to turn society into an organization governed from the top down. Because the state is an instrumental organization, it cannot have access to the information easily handled by the market’s dispersed coordinating process, and so, even with the best will in the world, its representatives cannot accomplish as good a job enabling people to be both free and prosperous. Instead, the state strongly tends towards imposing what can evolve into serfdom.

These assumptions were based on Hayek’s, and most of his followers’ belief that market liberal principles were self-regulating and self-reinforcing. The market depended on the rule of law, the rule of law generated a market, and in the absence of constructivist hubris, such a society would manage to provide a better life for its members than any conceivable alternative. All that was needed were stable laws protecting property rights, rules of contract and tort.

I agree that as a coordinating process the market is far superior in enabling economic transactions than any alternative, that the rule of law is vital to a free society, and that the state does in fact tend towards despotic forms of domination. I further believe Hayek’s concept of a spontaneous order is one of the most important insights in the social sciences, and his work constitutes an essential staring point for anyone seeking to understand complex adaptive processes in the social realm. It may seem odd, then, that I also believe the traditional classical liberal analysis I have just described is seriously misleading.

One problem with traditional liberal analysis informed by Hayekian insights is that there are a number of social spontaneous orders, and they relate with one another in interesting and but often not harmonious ways. I will explore these issues with regard to organizations involved in and exercising significant influence within multiple orders.

**Part I: Theoretical Arguments**

I. In a society with many spontaneous orders, no automatic harmony arises between their different coordinating processes.

Spontaneous orders are characterized by equality of status among participants, all of whom are subject to the same abstract procedural rules and all of whom are free to pursue any goal of their choosing compatible with those
rules. Spontaneous orders have been independently discovered in a number of fields. This is fortunate because it enables us to determine which features characterize spontaneous orders as such, and which apply to a particular variant. It alerts us to the possibility that relationships identified within one such order may have analogues elsewhere; that phenomena studied in one order may also exist in orders where we never looked for it. Our theoretical vocabulary is thereby enriched.

Two Distinctions

There are two basic initial distinctions to consider when analyzing relationships within and interrelationships between emergent orders. The first distinguishes biological emergent processes from social ones. Biological emergent processes’ coordinating signals manifest through successful or unsuccessful biological reproduction. They generate ecosystems and evolution.

Social emergent processes take place within a culture. Ideas live and die rather than genes. Human culture is the only culture we know where cultural adaptation normally overwhelms the power of biology, at least in the short term. While we have no reason to doubt the ultimate decisiveness of biological emergent processes, this “short term” is still long enough to encompass many generations across thousands of years. Today’s human beings are culturally different enough from those 200 years ago that if biology were the primary explanatory factor, we would be different species.

The second major distinction is between different kinds of social emergent processes. Some appear to be universal, such as language and custom. Others are unique to the modern world, where the role of social emergent orders has increased compared to pre-modern societies. Modern social emergent processes include spontaneous orders such as the market, democracy, science, and the internet.

Modern emergent processes result from institutionalizing liberal principles of equality of legal status and open-ended freedom of cooperation and association. The feedback processes most identified with the modern world are a fully monetized and impersonal market, mass democracy where votes reflect “bundled” issues, and science, which emphasizes what is measureable, predictable, and controllable. By contrast, pre-modern emergent processes have existed as long as there are human beings and often existed under quite illiberal conditions.

All social emergent orders are coordinated through feedback signals. However, modern feedback processes generate far more abstract signals than did older systems of cultural adaptation. All signals are abstractions and the more varied the concrete instances to which a given signal applies, the more abstract it necessarily becomes. In modern spontaneous orders the rich and
the poor, powerful and weak, have equal votes, equal freedom of speech, and equal legal rights to enter into contracts. Any person in principle can submit an article to a scientific journal and have it reviewed by an anonymous referee.

Prices and votes are the most abstract feedback signals of all, with qualitative distinctions among recipients represented purely quantitatively. They say nothing certain about why they are what they are, only that they are. By contrast, the feedback arising from custom can be quite differentiated among people, depending upon their status. Differences in age, gender, family, and much more can be involved. This distinction between modern liberal spontaneous orders and pre-modern emergent processes has important implications for my analysis.

**Systemic and Individual Success and Failure**

Among spontaneous orders feedback from prices, votes, words, precedents, citations and recognition cannot be reduced to any common denominator. This is why more than one such order exists in predominately liberal societies. In addition, none perfectly mirror the desires of these orders’ participants. All systemic feedback is simplified information compared to a person’s concrete encounters in his or her environment. This enables us to make a basic distinction between spontaneous orders and the individuals acting within them.

Therefore an important distinction exists between success defined systemically in terms of money, votes, or scientific recognition, and success defined by the individual actors who take these signals as guides in their actions. It is possible to succeed systemically and regard oneself personally as a failure. It is also possible to fail in terms of these modern social emergent processes and still regard one’s actions as successful. To be sure, if a system’s feedback signals were not valued by most acting within it, these processes would have never developed. Even so, it is going beyond the evidence, logic, or human experience to equate systemic success – success as defined by a system of impersonal feedback – and individual success. They are not the same.

Biological and cultural feedback also impact one another. Beavers had been hunted to the edges of extinction for their pelts to be made into hats. The same was the case for many species of whales, for their oil. Changes in fashion and technology proved lifesavers for those species. Disease and climate change has seriously disrupted or destroyed entire civilizations, as was the case for the Norse inhabitants of Greenland and for Native Americans as a whole. (Diamond 1999, 2005; McNeil 1977).

Complex and sometimes harmful relationships can also occur between only cultural emergent systems. For example, what might be economically most efficient is not necessarily considered the most scientifically accurate or
sophisticated. Newtonian mechanics guided our moon landings. It was good enough, and easier to use than more accurate calculations based on relativity. Similarly, what is economically most efficient might not be politically most desirable. If millions of Chinese and Indians could emigrate to America, economic production in the narrow sense would become more “efficient,” but the country would be seriously disrupted politically, and perhaps destroyed, as European immigration destroyed Native American societies. Similarly, rent control can be justified from a purely political standard, even though it is actually counter productive in addressing the problem of insufficient housing. Votes, money, and knowledge do not translate into one another without remainder. Each system leaves out or undervalues information regarded as important for facilitating coordination in the others. The more closely an organization is attuned to one system, the less it can respond to signals generated within another.

When we examine ecosystems and social emergent processes alike, we never see systems at equilibrium or with firm and impenetrable boundaries, nor do we observe a common standard of evaluation that applies to them all. Instead we see equilibrating tendencies and disequilibrating tendencies, in the Hayekian sense that some confirm a given set of relationships, others disrupt them. As Hayek saw, these tendencies exist within systems. They also exist between systems.

II. Organizations geared to feedback within an order will ultimately be dependent on that order and its coordinating feedback over the others. When conflict arises between orders, such that their different modes of feedback send conflicting signals, the most immediately dominant system will destroy or undermine the others. This problem appears to be particularly true with modern emergent orders.

To understand this point, we must get clear how an organization differs from an emergent process. In my opinion this is one of the most important but least carefully analyzed issues in developing the implications of emergent order analysis. I think few issues are more important in developing this theoretical paradigm.

Organizations and Spontaneous Orders

The fundamental difference between a spontaneous order and an organization is that an organization can be described teleologically. It succeeds or fails on its own terms, and can steer itself in pursuit of success. Because the rules generating spontaneous orders also have value orientations or biases they superficially can appear ‘teleological.’ (diZerega 1997). A closer look shows this is no teleology at all.
A spontaneous order exists as a framework within which many conflicting purposes can legitimately be pursued independently from one another. This is true in markets, democracies, the internet and science. For example, the rules of science gave us Newtonian physics followed later by relativistic physics, suggesting two very different kinds of ultimate reality. But this was a crisis for philosophers far more than it was for scientists. Then science gave us quantum physics, which now exists alongside relativistic physics even though the two have never been found theoretically compatible. There is no consensus as to what comes next, nor is there any assurance that whatever consensus might develop will survive into the future. The rules of science do not directly aid us in determining the nature of ultimate reality, even if reality corresponds to those rules, which it may not. All they can do is help eliminate possibilities. They have a clear bias and lead to broad patterns of results, but to no particular goal. One such result is not “better” than another in systemic terms.

This is not the case for an organization. A Hayekian organization is teleological. It can be described as having interests, purposes and goals. In an organization a person’s tasks are defined by how he or she is to serve its goals. Therefore in an organization, a person is only a resource whose value is determined by his or her service to the organization and their costs of replacement. In any but the smallest organization the person also stands in a hierarchical relation with other members. Divisions of labor and knowledge require this. Hierarchical relationships are intrinsic to organizations.

We find an analogous comparison in the biological world. An organization is the cultural equivalent of an organism in a biological system. An ecosystem is not teleological. An organism is. I therefore agree with those who claim evolution is not a teleological process because it gives us no clear predictive power as to what will emerge, though it can give us predictive power as to what has already happened but not yet been discovered. Evolution generated dinosaurs and it generated humans, but considered as an independent process, evolution did not lead from one to the other. The transition between them was made possible by extra-systemic factors, most likely an asteroid, volcanism, or perhaps both, that wiped out the dinosaurs other than their avian descendents, thereby making room for mammals.

An ecosystem is like a snapshot of evolutionary processes across many species in a single context over very limited time, whereas what we usually think of as evolution is the trajectory of change beginning with a single species and extending over vast periods of time. One is the warp, one is the woof, or as Aldo Leopold observed, they stand at “right angles” to one another. (Leopold 1966). But the details of ecosystems are not much more predictable over time than evolution. They give us “pattern predictions” in Hayek’s sense
that a pattern of relationships persists even as all concrete details of those relationships have been replaced by new ones. (Hayek 1964; Caldwell 2004: 382:388).

Teleology is largely a useless term when describing cultural or biological emergent orders of a Hayekian type. Therefore, in a spontaneous order the rules guiding behavior are only procedural, and people are free to get involved or not with the activities they shape. If they do get involved, they can pursue any project of their choosing that is compatible with the rules, including projects directly contradictory to others being pursued by other people using the same rules. This openness to contradictory projects eliminates teleological bias although not pattern bias.

In such orders mutually contradictory projects might all succeed in terms of the feedback generated by the spontaneous order within which they are pursued. For example, A publishes a book praising Pagan religion, B publishes a book attacking Pagan religion as Satanic, and C publishes a book criticizing both Paganism and Christianity from an atheistic perspective. All sell lots of books, make money, and get speaking engagements. They may even debate one another and be paid for it. All three might sincerely wish the others had not written their books, and believe their efforts were unsuccessful because the others continue to thrive in the market place. Even so, since all three received systemic feedback – money – from their efforts, they were successful from a systemic perspective.

The closest organizational equivalent I can envision to this situation would be something like a public bureaucracy or corporation employing independent research teams exploring different and perhaps contradictory approaches to the same project. The teams are evaluated by higher leadership, who judge how well they serve the organization’s goals. Insofar as the teams’ continued existence is concerned, that is the only definition of success that matters. The teams are internal to the organization and subordinate to its purposes, and so in terms of whether their work continues or not, many people are subject to the decision power of a few, whereas the “consumer sovereignty” of the market guarantees that no particular consumer is sovereign. Decentralization is not the same as independence within an emergent order.

Our previous theologically concerned authors may consider themselves personally successful or not, and be systemically successful or not, without depending on another’s judgment who is above them in a hierarchy. To succeed, entrepreneurs usually seek many purchasers. As a rule, in emergent processes no one’s success or failure depends on a single person unless they serve a single organization, in which case they are essentially subordinates, even if calling themselves independent contractors. In emergent orders ‘hierarchies’ like “consumer sovereignty” in relation to businesses result from decisions by
many independent equals who thereby generate the collective feedback to which individuals and organizations must attend. No concrete individual or organizations stands in a hierarchical relation to another. Neither the consumer nor the producer is sovereign. The same is true for voters in a democracy and individual scientists in science. They could only be sovereign if they organized so as to turn an emergent order into an organization.

If top leadership is incompetent organizations can lose their focus and perhaps even fragment into relatively independent groups pressing their own agendas in ways that do not contribute to the organization’s flourishing. But invigorated leadership will always be able to bring these groups back under control, or else the organization will dissolve. We repeatedly see both outcomes in businesses and in states, as well as in other organizations. Corporations form conglomerates, and then their divisions are later sold off. Empires arise, and then fragment. And these processes can then repeat themselves.

Whatever the goals of their personnel, organizations, especially large complex ones, usually have systemically defined goals. The average corporation is created to make money, and is most closely connected to the market. The average political party is created to get votes, and is most closely connected with a democracy. The average scientific research organization is most closely connected to the scientific community that will judge the success or failure of its work, and so is most closely connected to receiving peer recognition for its work.

This insight gives us another means to differentiate organizations from emergent orders. Systemic success is determined by an organization’s ability to obtain positive feedback from the system to which it is most thoroughly connected. A corporation is successful when it makes money, but the market itself does not make money. A political party is successful when it obtains votes, but democracies as such do not seek votes. A scientific research team is successful if it wins support for its claims, but science as such does not seek to support any particular claim.

In an important sense spontaneous orders, like other emergent processes are editing processes, eliminating activities that do not succeed in terms of their feedback. Creativity comes from individuals and organizations. Editing comes from the system. Very importantly, this editing can be influenced from the outside if organizational resources from outside the system can be converted into systemic resources. Think of politically provided subsidies to assist a failing business or bribes to obtain votes for a goal that would fail if left to purely democratic processes. There are plenty of both examples. Money is particularly useful in this regard because it can obtain the material resources necessary in other cultural emergent systems.
Boundary Straddling

The boundaries between emergent systems as defined by the systems of feedback that generate adaptive behavior. Many organizations are deeply immersed within more than a single complex adaptive system. When such an organization engages in strong interactions within more than a single emergent process, it will usually subordinate signals from other orders to the order on which it is most immediately dependent. Alternatively, it will seek to become independent of all emergent processes. This paper focuses mostly on the first issue, but the second is worthy of study as well.

Organizations can straddle systemic boundaries. For example, a farm must make a profit in the market and maintain the fertility of its soil by not overusing the land. Feedback from both sides of the boundary is essential if they are to successfully fulfill their task, or successfully engage in sustainable relationships across the even more fundamental divide between social and biological emergent orders. The problem is that we have no reason to believe such harmony exists, and much reason to believe it does not.

Elected officials or corporate executives can be charged with managing forests, which exist within, depend upon and emerge from the rules of an ecosystem, but can subordinate all other considerations to profit or votes, or run the risk of being ejected from their positions. Research scientists can work for a corporation or a government, and their choice of research topics, how the results are reported, and even the results themselves, can be dominated by market or political rather than scientific criteria. The media serves a wide variety of functions, from providing people entertainment, to reporting on new developments or the performance of responsible people in their role as serving citizens, but today media organizations either economic or political in nature, and these considerations may trump other criteria.

Critically, some institutions may be better suited to such straddling tasks than others. I will argue that a critical requirement for such institutions is that they not be too strongly wedded to any particular feedback system, so that any form of feedback will be interpreted more as signals than as commands. This only happens when organizations are able to reflect people’s integration of complex feedback signals based on criteria independent of any give system.

III. A system of spontaneous orders of the Hayekian type is not and cannot be sustainable based on their own internal characteristics.

The idea behind laissez faire economic policy is that the systemic characteristics of a spontaneous order requires feedback signals generate adequate information to harmonize as many projects as possible. Successes are
maximized compared to those likely by any other alternative. In systemic terms failures are minimized.

Because no common denominator exists for all emergent processes in society, there is no reason to believe this assumption is true. To take the simplest example, a corporation invests based on the rate of interest it must pay for borrowed capital and the expected return on the investment. The longer it takes for an investment to pay off the lower the interest rate must be for management to invest rationally, Because anything but profit is subordinated to profit in a well-run corporation, it must invest ‘rationally’ or risk a takeover challenge.

**The Ubiquity of Organizations spanning Emergent Orders**

A forest sustains itself on the basis of biological cycles. As a rule it reproduces far too slowly to repay investing in larger trees for economic reasons, and so we see plantations planted with “designer trees” that grow very rapidly. But these trees do not perform many of the ecological functions accomplished by a natural forest responding only to ecological feedback. To preserve a forest requires slower cutting than pure market place calculations will often consider “efficient.” At the same time, when only market criteria count trees of little economic value will be extirpated, regardless of their role in a forest ecosystem. Salmon farms illustrate the equivalent processes within another ecosystem.

In social emergent orders political and economic considerations are notorious for shaping and often distorting scientific research from what it would have been in the absence of political or economic oversight. By “distorting” I do not mean that the research went in different directions than it would have gone in the absence of political or business funding. These days almost all funding comes from outside science. All research by any but independent scientists is ‘distorted’ in this not very useful sense of the term.

The distortion that does concern me is pressure to find results that are politically or economically palatable to funders dependent on extra-scientific systems. For example, a current issue is control over publishing scientific findings. This issue is particularly controversial today as it relates to outside funded research in universities, where funders uninterested in science as such often control what material is published or not, using criteria unrelated to science. All organizations, even scientific ones, have incentives to control information. But scientific ones do so subject to the scientific system within which they exist, which ultimately requires openness of information. This need not be so with outside funders. In government the problem is called censorship, and the same principle holds in the private sector. Both kinds of distortion mean extra-scientific criteria intervene to prevent the full and free
functioning of the scientific process in letting the chips fall where they may, once research begins, as well as making the findings available to future researchers as easily as possible.

To give another example, when rent control, a political measure, is used to stabilize rents in a market economy, the results are notoriously counterproductive. New housing is not constructed and the problem of finding homes for people gets worse. When it had draconian rent control Berkeley, California was actually losing population while the rest of the San Francisco Bay area was gaining because landlords preferred renting to fewer tenants who caused less wear and tear on their property. (diZerega 2000: 311-312). Because renters comprised a large proportion of the voters, political feedback supported rent control despite the bad results in facilitating the creation of new housing.

In short, we see that there can be very real contradictions when an organization attuned to one emergent order is able to influence another by manipulating or distorting its feedback processes.

Part II: Getting More Concrete

I want to apply this analysis to two issues in greater depth, the media in a free society and the interrelationships between biological and cultural emergent orders as handled by institutions rooted in either the market or in traditional democratic political oversight.

Democracy the Market and the Media

The media is the society wide means for communicating knowledge that cannot be communicated through the price system, votes, or face to face. Even within the market and democracy, the media is a crucial element their in capacity to function smoothly, and are even more central to science and the internet. More generally, the media is the means for communicating concrete knowledge of particulars beyond what face to face communication can achieve. This is something more abstract communication systems such as bundled voting and prices cannot do.

Thomas Jefferson (1802) observed, "The press [is] the only tocsin of a nation. [When it] is completely silenced... all means of a general effort [are] taken away." I doubt that any founding father would have disagreed. Service to citizens is why the press is the only private business explicitly protected by the constitution. Its democratic purpose was to be the means by which citizens can keep tabs on their elected representatives. That is why it is protected.

In addition, the media also provides entertainment to people in their role as consumers, from gossip to sports to human interest and coverage of essentially private concerns such as personal health, gardening, automobiles,
and entertaining. Within the scientific community the media play a central role in helping scientists keep up with their fields while not being inundated with extraneous findings peripheral to their interests. The media plays crucial roles in democracy, the market, and science.

Historically the media has been largely owned by individuals or by organizations rooted in the political or economic order. Political parties, governments, and corporations have all owned newspapers, and the electronic mass media is almost entirely owned by very large corporations.

All these organizations have a hierarchy of goals that are not closely dependent on serving the systemic requirements of the order in which they exist. That is, all organizations can be threatened by the same processes that brought them systemic success, through losing popular support or customers. In addition, to the degree they are dependent on feedback from a particular order, there may not be a good “match up” with functions they play in other orders. These problems all exist with today’s corporate media.

While individual or family ownership can also be threatened by broader systemic developments, the more complex approach to values characteristic of human beings enables them more easily to address value issues important in more than a single order. Feedback for them is more often a signal providing information to be factored into decision-making than a near order to respond or be replaced. Individuals and groups rooted in civil society can evaluate a wide variety of feedback in ways difficult or impossible for corporations, governments, and political parties.

When the government owns the press, powerful forces push the media into becoming a servant of those in power. In democracies this problem seems less severe because those in power do not rule as they do in undemocratic societies. The good reputation of the BBC is evidence for this, because it has been deliberately protected from political manipulation. But the potential for abuse is always present because insofar as political management can be insulated from citizen awareness, they can turn the media into their servant rather than the servant of citizens.

The same problem exists when the media is corporate. In this case it is subordinated to corporations’ profit requirements rather than to politicians’ need for votes. But profit requirements also do not mesh well with the needs of citizens, though they do regarding the needs of consumers. A market driven media requires that information be sufficiently scarce that people will be willing to pay for it. For my purposes this means that three factors will interact complexly in a corporate owned media: seeking the largest possible market, seeking to serve specialized segments of the market, and keeping information scarce to those who do not pay.
This set of market incentives seems to have served people as consumers very well, as we might expect in organizations geared to respond to market feedback. Television and magazines have become very differentiated in the services and products they offer consumers. Products are available for relatively small and specialized audiences as well as providing products for mass audiences. This kind of happy outcome does not appear to be the case for media serving citizens.

Traditional economics treats all values as equally subjective and private. But the values we seek to realize are strongly influenced by the context of our choices. Consumers act in a context that favors purely personal considerations: what do I want to do that will satisfy me? Of course that can include helping others. Voters acting in their role as citizens are encouraged to choose within a different context: what do I think will be best for all of us as a community? That is, voters are asked to consider public values, and democracy is a means by which public values are evaluated and decided upon. Of course voters can choose selfishly, but many do not.

To act responsibly citizens often need to learn of things they do not wish to know. Accepted opinions need to be challenged, and most people do not regard challenges to their beliefs as consumer goods for which they will pay. Consumers do not have responsibilities to others or to their community in the way a citizen does because citizenship concerns my membership in the political community as a whole. When I vote or argue as a citizen, I am making judgments about the character and content of that relationship. This puts me into a different relationship to information and the media than when I approach it as a consumer.

Even though most of the time only some citizens are actively concerned with political issues, the information available to them needs to be easily available to people who become interested in a particular issue after learning something that grabs their attention. In other words, information must be available due not to consumer demand, but to relevance to citizenship issues. And this ideal is difficult to describe because what is relevant often becomes clear to many only after the fact. This requirement argues for a relative abundance of information being available at very small cost, contradicting market reasoning.

As the media has become increasingly corporatized, it has also become increasingly inept at serving citizens. I suggest this is inevitable, not logically inevitable. McClatchy News Service has so far escaped the collapse of standards that has afflicted the corporate media. But the pressure is inevitable and can only be counteracted by virtuous leadership because of how it shapes the context of decision making. Over time the pressure counts. Television news increasingly resemble tabloid journalism, and its content is continually
dumbed down. This process has been quantified, as studies of news broadcasting from the time of Walter Cronkite to recently evidence a progressive shortening of time allotted an issue, a diminishing in issues covered, and even shorter sentences and simpler words as the level of understanding addressed falls. We are not at the level of 1984’s “Oceana doubleplus good” broadcasts, but it is moving in that direction. (diZerega 2004). 

Today the best informed citizens who get their information from television get it from the Daily Show, not from mainstream news channels. (People-Press.org 2007). As I write these words the Daily Show has just proven blatant doctoring of video accounts of demonstrations in Washington, DC, by Sean Hannity. (Huffington 2009). This would be a national scandal had it happened 40 years ago, and other networks would have been covering it. Not so today. But simultaneously there was plenty of time and room to cover Tiger Woods’ many alleged mistresses.

**It gets worse** 

As media corporations become owned by even larger more inclusive corporations, such as GE or Disney, pressure arises to subordinate their media divisions to the larger economic interests of the corporate owners. Some years back the Los Angeles Times, having been bought by a corporation with little concern with news media except as investment opportunities, installed marketing representatives in the news room. Traditionally newspapers had kept their news divisions separate from the rest of the paper, thereby creating an environment that could serve both citizens and consumers. No longer. In a short time the news division was in a scandal over pushing the economic interests of its corporate owners in coverage of the Staples Center, the LA coliseum. (FranklinAvenue 2009; Elder 1999).

High salaries have given top ‘journalists’ more in common with those on whom they are supposed to report than with the rest of us, and inter marriage between elite media figures and the political and corporate elite they are called upon to cover is significant. The annual presidential dinner with big media figures perfectly symbolizes this evolution of the fourth estate.

In words that comfortably fit the role of ‘journalist’ in the old Soviet Union, David Gregory of NBC explained: (Willis 2008).

I think there are a lot of critics who think that . . . . if we did not stand up [in the run-up to the Iraq war] and say 'this is bogus, and you're a liar, and why are you doing this,' that we didn't do our job.

I respectfully disagree. It's not our role.

The similarity to state-run media increases upon closer inspection. Gregory argued the role of the media is to report ‘both sides’ and let the public decide.
But in practice this does not happen in many important cases. In the run up to the Iraq War some of the largest demonstrations in history took place against the looming conflict. They were rarely covered even though popular opinion before the war was sharply divided. Many experts on different aspects of the issue spoke out strongly against the rush to war. They received almost no coverage. Demonstrably, “both sides” were not covered. Men like David Gregory did not act as neutral stenographers, they actively facilitated creating an atmosphere conducive to aggressive war. This behavior did not serve citizens and had at best tangential value to consumers, but was in harmony with the larger groupings of organizations seeking to control society. Decades of corporate consolidation have led to a media that rather than playing a watchdog role over public affairs, is a wholly owned component of the financial/corporate/military sector that dominates our society.

This media elite also actively protects the business and political elite from the legal consequences of their actions. It is now clear to anyone who has paid attention that the Bush II administration broke established law on a massive scale. Yet NBC’s Chuck Todd, who otherwise proclaims a purely stenographic role, shifted from neutrality to advocating on behalf of the lawless, cautioning that all sorts of horrors will happen should any of our elite be called to account for their crimes. As Todd himself puts it (Greenwald 2009a)

. . . -this is a very dangerous aspect to go after, because these CIA guys will say, as you said Pat, we got the letter from these lawyers in the Bush Justice Department that said we can do this.

You can’t suddenly change the law retroactively because there’s another interpretation of this. I’m sure there are a legal minds that will fight and say I don’t know what I’m talking about here, but it seems to me that’s a legal and a political slippery slope.

That Todd admits “legal minds” will disagree with him is further proof that in his view he, a member of the media elite, is more qualified than courts of law, to make such judgments. This is very far from reporting “both sides.” Significantly, he is not challenged in the mainstream corporate media, which has largely abandoned any watchdog role.

Glenn Greenwald (2007b) quotes Richard Cohen who criticized Lewis Libby’s conviction for perjury, saying “government officials should not lie to grand juries, but neither should they be called to account for practicing the dark art of politics. As with sex or real estate, it is often best to keep the lights off.” Cohen would make a fine courtier for a King or Czar, but as an American newsman in the sense valued by our Founders when they incorporated the First Amendment, he is a disgrace, although hardly a unique one. There is virtually
no coverage of arguments for enforcing the law outside of specialized and non-corporate media, and occasional high brow magazines.

A more recent example is still more explicit. Ken Olberman and Bill O’Reilly are having a famous feud, and responsible citizens are the better for it. Olberman exposed many untruths O’Reilly broadcast. In response, O’Reilly exposed many controversial activities by GE, MSNBC’s corporate owner, especially in its dealings with Iran. Citizens benefited in both cases.

Brian Stelyter (2009) wrote in the *New York Times* “Over time, G.E. and the News Corporation concluded that the fighting ‘wasn’t good for either parent,’ said an NBC employee with direct knowledge of the situation.”

Gary Sheffer, a spokesperson for GE, explained "We all recognize that a certain level of civility needed to be introduced into the public discussion," He explained "We’re happy that has happened." Greenwald (2009b) wrote in a follow up piece:

Why is GE even speaking for MSNBC’s editorial decisions at all? Needless to say, GE doesn’t care in the slightest about "civility" in general. Mika Brzezinski can spout that people who dislike Sarah Palin aren't "real Americans" and Chris Matthews can say about George Bush that "everybody sort of likes the president, except for the real whack-jobs," and GE executives won't (and didn’t) bat an eye. What they mean by "civility" is: "thou shalt not criticize anyone who can harm GE's business interests or who will report on our actions." Thus: GE’s journalists will stop reporting critically on Fox and its top assets because Fox can expose actions of GE that we want to keep concealed.

Greenwald (2007a) wrote “here we have yet another example -- perhaps the most glaring yet -- of the corporations that own our largest media outlets controlling and censoring the content of their news organizations based on the unrelated interests of the parent corporation.”

To again cite from Greenwald’s research, the *Washington Times* found (Carney 2009)

General Electric spent more on lobbying in this year's first quarter than any other company, newly filed federal lobbying reports show. The company shelled out $7.2 million for lobbyists in April, May, and June--that's $160,000 each day Congress was in session.

The only other company to spend more than $6 million was Chevron, and GE almost equaled the Chamber of Commerce's lobbying budget.

GE is perennially atop this list, according to the Center for Responsive Politics. The company has spent $187
million on lobbying over the past decade, 44% more than runner-up Northrup Grumman.

Why? Because no other company is so intimately tied up with government -- a dynamic that has only intensified in the Obama administration.

Greenwald articles in their entirety are far more damning than these brief excerpts. Fortunately for Americans, Olbermann refused to back down, and was a big enough name to get away with it. How many lesser figures have tempered their reporting and commentary with an eye to management’s priorities, priorities having nothing to do with informing citizens?

Serving consumers and the values of the free press serving citizens are not compatible in the institutional format that dominates American media. The New York Times reports “Fox News is believed to make more money than CNN, MSNBC and the evening newscasts of NBC, ABC and CBS combined.” (Carr 2010). Fox viewers ranked last in being informed about national issues in objective studies of this issue. (People-Press 2007). There has been a negative correlation between profit in the market and being an informed citizen. The major counter-weight at this time has been the rise of the internet. Here, because capital costs are so low, both citizens and consumers are developing communication networks relatively independent of manipulation by corporate or political elites. Rooted primarily in civil society, the internet is proving a more reliable source of information particularly for citizens than is profit dominated media. However there is little evidence it is displacing the mainstream media for most Americans. (Benkler 2006).

Culture and Ecology: Forests

For many years northern California’s Pacific Lumber Company was both economically profitable and widely admired by the environmental community. A family owned company, Pacific Lumber logged coastal redwood forests in such a way as to serve both its owners’ the financial needs and the requirements of the ecosystem in which it existed.

Then, in 1985 Pacific Lumber sought to raise capital by going public. In doing so they crossed a fateful divide between a family owned operation where prices served as signals in helping to harmonize competing values to a purely market driven institution where prices played a far more coercive role that eliminated other options. Either share prices would be maximized, or the company would be vulnerable to a hostile take over by those who believed they could make more economically efficient use of the company’s resources.

Charles Hurwitz and his Texas based Maxxam Corporation acquired California’s Pacific Lumber Company in an unfriendly takeover because in
market terms the company was under valued. Because the family owned company had logged at a slow rate, maintaining healthy forests and logging communities, and simultaneously enjoying the support of the environmental community it had made a partial trade off of profit for other values. Moving into public ownership made it vulnerable to a takeover by Hurwitz, a takeover financed by high interest bonds. But to pay interest on the bonds, logging was accelerated to twice its former pace. All other considerations were set aside.

In purely economic terms, Hurwitz acted not only appropriately, he might be said to have acted in a way beneficial to the economy as a whole. Certainly an analysis by Charles McCoy (1993) in the Wall Street Journal claimed as much. And within the context of his analysis, McCoy was correct. Yet the ecological damage Hurwitz’s management imposed on northern California were substantial, from causing land slides and floods, to wiping out salmon runs and destroying the environment that had prompted people to live there. Once Pacific Lumber was forced by the law to take ecological interests into consideration, it spiraled into bankruptcy, filing for protection in 2007.

The case of Hurwitz and Pacific Lumber is not unique. Brett KenCairn describes an encounter with the chief forester of a timber company who explained “that one of the dilemmas he faced was trying to make forest systems with an intrinsic rate of return of around 6 percent compatible with financial systems that expected a minimum of 10 to 12 percent return. . . . he had no choice but to over harvest the forests . . . .” (KenCairn 1996: 276). Interestingly, this conclusion follows even if on balance the new technologies may lose money, so long as by destroying the resource they lose it more slowly.

Garret Hardin (1986: 74) wrote "At high rates of interest the present value of the distant future effectively vanishes." If we cut down all old growth redwoods, according to purely economic logic we could not afford to invest in a future old growth redwood forest. Hardin concludes his analysis by observing "He who finds ecstasy in the wonder of today's mature redwood forest benefits from a preservation a pre-Christian economist could not have justified." (75). The old growth redwoods we most treasure today are not 500 years old, the minimum standard for old growth trees of that species. They are 1500 or more years old. Markets and eco-systems are fundamentally disconnected in terms of their feedback signals, and an organization responsive to only one or the other will fail with respect to the other set of signals.

From a purely economic perspective, sustained yield of old growth quality timber makes no sense. It is better to cut them all down and invest in fast growing soft woods that can be harvested for pulp and biomass within a few decades. A true steward, motivated by love and respect for the land, as well as the need to make a living from it, and treating prices as signals may still prefer sustained yield. An impersonal corporation seeking to maximize shareholder
profits and treating prices as commands will level the lot. It is difficult to imagine a more clear example of the incompatibility of market and ecological feedback.

**Theory Blinds**

Terry Anderson and Donald Leal's discussion of forestry practices in the Great Lakes region is a good example of how taking too narrow a context distorts analysis. According to them, the Kingston Plains is a place in the upper Midwest where the soil is so poor that after the forest was clear-cut, there was no recovery. Nor is the land presently useful for agriculture or recreation. Using the same logic as McCoy, Anderson and Leal (1991) write:

> When the trees were cut, good timber stands in the Great Lakes area were selling for around $20 per acre. In order to determine whether it would have made more sense to invest in trees by forgoing the harvest, we must consider the return on other investments. Had the income from selling these trees been invested in bonds or some other form of savings at the time, it would now be worth approximately $110,000 per acre, or $2.8 billion for the forty square miles. . . . Because the land in this area is not worth anything close to this, we must infer that harvesting the trees was the correct choice.

A sharp distinction exists between industrial forests serving the market order and privately owned forests connected to more complex contexts of decision-making. The former rely more on fertilizers, herbicides, and GM products, and often form plantations of even aged trees planted in monocultures. The trees are young and fast growing, the faster the better. As of 1990, harvest levels in these forests had exceeded growth for 50 years, with trees cut at increasingly young ages, to re-coup invested capital. This dynamic is destructive to forest ecosystems. Aldo Leopold (76) put the point memorably some time ago when writing of the same North Woods ecosystems discussed by Anderson and Leal: “. . . foresters have excommunicated the tamarack because he grows too slowly to pay compound interest.” That in the fall the tamarack's needles briefly turn an incandescent yellow, and the tree itself becomes a pillar of living light, does not show in the bookkeeper’s ledger.

The same approach was taken to the Pacific Yew in Northwestern forests. Slow growing and small, it was regarded as an impediment to efficient economic exploitation. Most Pacific yew trees that grew in logged areas were burned in slash-disposal fires. It had never been common, and by the time scientists discovered it produced taxol, a substance effective in treating ovarian, breast, and some kinds of lung cancer, as well as Kaposi’s sarcoma, the tree had
become rare. Fortunately for cancer sufferers and for the yew, synthetic varieties are now becoming available.10

According to Constance Best's (2003: 213) research, non industrial owners, usually owners of much smaller plots, “typically have multiple motives for forest ownership. They often place wildlife habitat, recreation, natural or scenic preservation, and other non economic values at the top of their lists of reasons for ownership.” They constitute the realm of the market place as a part of civil society, and the distinction is clear by examining why they own land.

My point is not to argue that small scale ownership is the best form for sustainable forest ownership. Best provides a subtle analysis of both the strengths and weaknesses in industrial and private ownership. There are plenty of weaknesses in small scale ownership. But these weaknesses can be addressed, and she does. Industrial forestry, by comparison, is generally one-dimensional forestry. (209-226). Its weaknesses are intrinsic.

A Larger Context

Wisconsin’s Menominee Indian tribe offers an instructive example of a different perspective. Their small reservation is all that remains of the forest lands the tribe once considered home. After the rest of their land was seized, the US government put pressure on the Menominee to log their remaining forest and become farmers. For cultural and spiritual reasons, the tribe refused, deciding to make a living from the forest itself. While a profitable logging operation was necessary, the tribe subordinated this value to others they regarded as even more important. Their standard for logging is encapsulated in the following statement by a tribal elder: (Spindler 1984: 201)

[S]tart with the rising sun and work toward the setting sun, but take only the mature trees, the sick trees, and the trees that have fallen. When you reach the end of the reservation, turn and cut from the setting sun to the rising sun, and the trees will last forever.

Today the Menominee forest is richer in big trees, has more species, and is denser than the neighboring Nicolet National Forest. In fact, the Menimonee forest is the largest northern hardwoods-hemlock-white pine forest left in the US, the same kind of forest destroyed on the Kingston Plains. In his study of the Menimonee and their forest, Thomas Davis (2000: 23) writes that “its white pine stands were especially impressive because of the near impossibility of achieving white pine regeneration after the virgin white pine forests had been cut.”

This forest also produces more board feet of timber per acre than the neighboring National Forest. Davis observes: “The forest’s needs are considered more important than temporary economic realities, but at the same
time the free market is used to help increase harvest efficiencies while lowering harvest cost.” (178). In short, there is no contradiction between the market and the forest ecosystem once decision making power is no longer dominated by market feedback, when both kinds of feedback receive attention.

Nor is there any contradiction between collective control and forest preservation, so long as those who control it act through institutions able to reflect the complex values involved. The Menominee elect the people who oversee their forest, but they keep oversight separate from tribal governance. Apparently the forest never becomes a bargaining chip in tribal politics.

When the market system dominates the ecosystem, the conflict between them is fundamental. When the market is subordinated to natural processes the relationship can be sustained indefinitely. Similarly, when governments, even democratic governments, manage forests, the resource is degraded by political tradeoffs and corruption. But when the decision making process is carefully tailored towards reflecting the value of those concerned with the forest, the results outperform private ownership, pure market institutions, and traditional political governance. This superiority appears to be world wide. (Pearce 2009: 12).

My argument is not primarily that Hardin’s argument is more insightful than Anderson and Leal’s, although I think it is. Something even more interesting is going on. The liberal market and liberal political order and nature all speak different languages. They are mutually incommensurable. Only human beings able to balance and integrate complex competing values on a case by case basis are able to do so.

Cultural and biological systems of order march to different rhythms. Particularly when extensive capital investments have been made in technologies able completely to destroy a resource, the economically rational approach is often to go ahead and annihilate it in order to recoup as much of the investment as possible. Nature varies with the seasons, and through fluctuations in the climate. Times of drought are followed by times of flood and of plenty. Some years insects are abundant, other years plant diseases will devastate a forest or crop. Salmon runs will be abundant one year, scarce the next. The world of agriculture, forestry, and fisheries is a world in constant flux. The interest rate that governs investment is disconnected from these fluctuations. It values constancy and predictability.¹¹

Interest rates tell us nothing about how to operate sustainably within natural communities. They only tell us how to operate sustainably within the market order. To "let the market decide" can lead to the extirpation of a community which by its own criteria market society cannot afford to replace and that can even be sustained profitably, just not quite as profitably in the short run as if it were destroyed. From the logic of the market order, replacement costs of an
old growth forest are literally almost priceless, but it should be clear cut, and, once cut, is not worth replacing. This is very strange logic indeed. Once we consider a larger context context, the rational becomes irrational.

**A Bigger Context**

Recognition of the central role of emergent orders in liberal societies frees thinkers from the unproductive dichotomies of seeing almost every issue in terms of markets vs. governments. The internet in the media and the development of a new kind of gift economy documented by Yochai Benkler as well as the superior records of the Menominee, tribal peoples in general, and land trusts, all suggest we have just begun to scratch the surface to institutional approaches that maximize the promise inherent in liberal respect for human beings.

Associations and communities of care, as well as individuals, can make trade-offs between complex ethical values in ways that modern governments and corporations cannot. Both the family owned Pacific Lumber and the tribal Menominee handle forest management better than either publicly held corporations or the US Forest Service. Individually and family owned news organizations are better able to make the complex tradeoffs between serving consumers and serving citizens that the press needs to accomplish in a democracy. In this latter case rapid technological changes may be making beneficial changes as lowered capital costs give web based new sources an increasing advantage over traditional news media. (Benkler 2006).

The common classical liberal equation of the market with the realm of freedom is as much an error as the common egalitarian liberal and republican (in the philosophical sense) equation of freedom with participation in government. It does exist to some degree in both markets and governments, but its center, its core, is civil society, that realm of human cooperation that is based on equality of status and voluntary association, but is *not* dominated by any single system of systemic feedback. This is why civil institutions can successfully handle ethically complex decision making more easily than corporations nor governments can.

Liberals historically have sought to rely on invisible hand phenomena to do the heavy lifting regarding value choices. They assume that the market or democracy will do the job, even with less than good people. This is wrong, even in, *especially* in, liberal terms.

**Conclusion**

The implications of this analysis are important. They are that bridging organizations that control biological resources must either be public (but preferably not political) in nature, or private. They should not be corporate.
This argument extends to farmland, fishing, forestry, and any other use of natural living systems. In addition, media that serves citizens should not be corporate owned. It can also be privately owned or publicly administered (but not government owned for the same reason it should not be corporate owned). In short, the tradeoffs in different kinds of feedback are too complex for an organization rooted in only one such order to make consistently or successfully.

I believe this perspective shifts the focus of liberal thought away from equating freedom with “the market” towards a more nuanced appreciation that the market is part of a free society, but that the real substance of freedom can only exist when neither the market nor any other highly simplified feedback system that does not reliably reflect human choices is dominant.

No cultural emergent order is self-sufficient. All require some outside oversight. Democracy is that institution probably best situated to regulate those organizations that would destroy or cripple essential emergent processes in pursuit of their own goals. It is also best suited for establishing the common rules that all should follow. But who regulates democracy? For democracies also have organizations within them, organizations that often are concerned with no issues but their own flourishing, no matter what harm comes to the larger society. As our Founders recognized, this is a perpetual task, and one that never has a secure solution. The tasks of responsible citizenship are eternal.

But strengthening the ability of civil society to resist the imperial projects of the market and politics is a crucial piece of this task. When it is weakened by being incorporated into the market to an ever greater degree, as has been the case in particular over the past 25 years or so, neither freedom nor democracy, nor in the final analysis, even free markets, are secure.

Notes

1 For example, see New Scientist (14).

2 Jürgen Habermas (1979) has argued powerfully that equality of status and other liberal values are implicit within language.

3 Even traditional feedback processes within language and culture are simplifications compared to this situatedness. For example, poets use their skills to intimate what cannot quite be said in words alone. (Bringhurst 2008: 41). The lack of harmony between a culture and some who live within it has generated much of our greatest literature.

4 On equilibrating and disequilibrating tendencies in emergent orders, see diZerega (2008).
Tiktaalik, an organism midway between a fish and an amphibian, was discovered by looking for something like it but never found. Evolutionary theory guided the search. It would have existed in certain conditions, and so rocks reflecting those conditions and of the correct age were examined. This was a legitimate prediction. Not just a “just so” story. “What has the head of a crocodile and the gills of a fish?” (Understanding Evolution 2006).

See John Walcott’s remarks upon receiving the I. F. Stone Medal for Journalistic Independence from Bob Giles of the Nieman Foundation. (McClatchy, 2008).


The story of the deceptions employed in the takeover can be found in Harris (1996). The contradictions between corporate ownership and family ownership were also essentially admitted in Alston Chase’s In a Dark Wood, which attempts to blame the political problems that followed on the environmental community. See Chase (1995: 203-13).

Anderson and Leal leave unmentioned that this reasoning would probably doom every stand of old growth except for remnants close to major urban centers, such as “postage stamp” sized Muir Woods.


With respect to salmon farms, see Hume (2004: 58-59).

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