

Current Mythologies Driving Western Culture

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The Mythology of the “Free” Market

The **invisible hand** is a metaphor coined by the Scottish economist Adam Smith to illustrate how those who seek wealth by following their individual self-interest, stimulate the economy as a secondary effect and thus assist society as a whole. In *The Wealth of Nations*, Smith claims that, in capitalism, an individual pursuing his own good tends also to promote the good of his community, through a principle that he called “the invisible hand” of the market. Specifically, a free competitive market ensures that those goods and services perceived as most beneficial, efficient, or of highest quality will naturally be those that are most profitable. The mechanism for this, Smith saw as being the free price system. In his day, prices were largely set by the government.

“Smith argued that the English economy, would be wrecked if British capitalists were to invest abroad and import from abroad, but it would not be a problem, because “home bias” would lead them to invest at home and use domestically-produced goods, and therefore, by an “invisible hand,” Britain would be saved from the ravages of international markets. With respect to the division of labor, he insisted that in any civilized society, governments would intervene to constrain it, because it would turn working people into creatures as stupid and ignorant as a human creature can be.”¹

Nothing remotely like a “free market” exists anywhere. It is a mythology fabricated by those who want to grow rich at the expense of environment and the rest of society, with little or no constraint for the good of all. It is based on a universalising and expanding of Smith’s concepts, which he never intended or foresaw.

“Has great science, art, music, etc., been produced by people working for money? Is that what was driving Einstein when he was working on relativity theory in the Swiss patent office, or later at the Institute for Advanced Study? Or artists struggling for years on crusts of bread in garrets? Or artisans throughout history, and today, trying to create objects of beauty and perfection? Or parents devoting time and energy to raise their children properly (creating “human capital,” in the terminology of economists, a major factor in economic growth)? Or in fact just about anything worthwhile or constructive?”

“This is completely standard: people working very hard, all hours of the night, because they find their work fascinating and are passionately interested in finding out the answers to hard questions, just as artists labor often in penury to satisfy their inner creative needs, parents devote enormous efforts to “producing human capital” (in the familiar ugly terminology), etc. Most of human life, in fact, for anyone who has taken the trouble to observe or participate in the world.”²

So much for the “market” and its profit motive as the major driver of our culture, and of innovation within it.

The Nobel Prize-winning economist (2001) **Joseph E. Stiglitz** says: “the reason that the invisible hand often seems invisible is that it is often not there.” (*Making Globalization Work*, 2006). Stiglitz explains his position:

¹ Noam Chomsky, **Capitalism, an innovative and viable system?**; 2004; Z-net.

² *ibid*

“Adam Smith, the father of modern economics, is often cited as arguing for the “invisible hand” and free markets: firms, in the pursuit of profits, are led, as if by an invisible hand, to do what is best for the world. But unlike his followers, Adam Smith was aware of some of the limitations of free markets, and research since then has further clarified why free markets, by themselves, often do not lead to what is best. As I put it in my new book, Making Globalization Work, the reason that the invisible hand often seems invisible is that it is often not there.

Whenever there are “externalities”—where the actions of an individual have impacts on others for which they do not pay or for which they are not compensated—markets will not work well. Some of the important instances have been long understood—environmental externalities. Markets, by themselves, will produce too much pollution. Markets, by themselves, will also produce too little basic research. (Remember, the government was responsible for financing most of the important scientific breakthroughs, including the internet and the first telegraph line, and most of the advances in bio-tech.)

But recent research has shown that these externalities are pervasive, whenever there is imperfect information or imperfect risk markets—that is always.

The real debate today is about finding the right balance between the market and government (and the third “sector”—non-governmental non-profit organizations.) Both are needed. They can each complement each other. This balance will differ from time to time and place to place.”³

Despite its gross deficiencies, the mythology of the “free” market remains a major driver of Western culture, enabling the rich minority to grow obscenely richer, exploiting the environment, the less wealthy majority, the poor nations, and even each other. The mythology has brought curses more than blessings, as we find ourselves in an environmentally unsustainable culture, driving a dangerous imbalance of planetary wealth.

A Mythology from Science

“We are star-stuff” – Carl Sagan

The current standard model of cosmic evolution provides the backdrop for a powerful creation mythology, sometimes held alongside other religious mythologies, sometimes replacing them. It goes something like this:

In 1931, the Belgian priest Abbe Lemaitre proposed the universe began from a “creation event”, expanding in an explosion which has come to be called “The Big Bang”. With the expansion and cooling, matter and energy became differentiated, the universe became opaque, stars and galaxies formed, and the explosion of massive stars formed and scattered the heavy elements: “star-stuff” from which we and our world are made.

In our local setting, a combination of fortuitous circumstances have enabled life to appear: The presence of a star which is neither too big nor too small and therefore long lived – which has no stellar companion. The formation of a rocky planet within the zone around this star where water can exist in a free state. The breaking off of a large chunk of material by an impacting comet or meteor to form a huge moon, which has stabilized the spin of the earth. And the proximity of a near stellar-sized gas giant planet – Jupiter – which has vacuum cleaned the inner solar system, sweeping in or away much debris to give us a clearer space to be.

³Joseph E. Stiglitz; “Making Globalisation Work;” ©2006

Thus simple life was able to get established, emerging here on our planetary homet, possibly from complex molecules which arrived (panspermia) from Mars, or via cometary material. Once here life exploded: adapting to the cooling environment and interacting with the atmosphere to create what we now have. Mass extinctions punctuated the process, and very recently, primates emerged, from whose ranks Homo Sapiens have appeared, spreading across the planet, developing intelligence, consciousness, and reflective capacity, and modifying the environment so that the whole planetary ecosystem is now under grave threat of collapse into runaway greenhouse heating.

We do not need to be unduly worried about this threat, because technology, which has brought us such wonders of development, will enable us to deal with it in the future.

But this scientific mythology does enable us to see that we are not the pinnacle of creation, but an insignificant fleck on a tiny planet, in a quiet corner of a massive spiral galaxy. We have evolved as part of a complex process and are interdependent with other life forms, with the environment and habitat of which we are an intrinsic part. What we do to the environment, we do to ourselves. We must be careful not to saw off the branch we're sitting on. Science and technology can help us as we take over the process of evolution.

This mythology is based on current generally accepted science. But it is still a mythology: a story which helps to explain what we experience – to give pattern and meaning to life. As such it has enormous power over us, determining how we act, giving a framework for our hopes and dreams and fears.

The Green Movement

Another emergent mythology is that of the green movement, with its emphasis on curbing our activity and living more sustainably in harmony with the environment. It embodies such ideas as “back to nature,” and “the noble savage.” In its modern form it too rests largely on scientific understanding. But it also has powerful emotional overtones, and is beginning to change public perceptions of what “good progress” is. It is even beginning to curb the activity of market-driven economic development – but so far, only in minor ways.

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