

Fuzzy Thinking

BY WALTER E. WILLIAMS



George Orwell warned, “But if thought corrupts language, language can also corrupt thought.” That is the challenge—not allowing language and ill-defined terms to corrupt thought—that I face teaching economics to both graduate and undergraduate students. Terms that are widely used can have considerable emotional worth but little or no analytical value, ambiguous meaning, or unappreciated implications. In analytical usage precise, operational definitions must be found.

“Equality of opportunity” is a widely used term, but what does it mean? Sometimes I ask students if they are for or against equal opportunity. Most say they are for it. Then I ask how can they tell if equality of opportunity exists in a given activity. For example, does everyone in the class have an equal opportunity to earn an A? If not, how would they create equal opportunity? I ask them whether it is unfair when another is denied equal opportunity. Then I cite examples where I have denied others equal opportunity. For instance, not every woman was given an equal opportunity to marry me. I systematically discriminated against white and Asian women, handicapped women, women with criminal records, and women who did not bathe regularly. None of my criteria for setting up a long-term contractual arrangement would have met EEOC standards.

Occasionally, a student might rejoin by saying marriage and earning an A are different—equality of opportunity mostly refers to employment or college admission. At that point I ask whether they think every employer should give them equal opportunity to be hired or every college give them equal opportunity to

be admitted. Most often the reply is yes, at which point I ask whether they plan to give every employer equal opportunity to hire them or gave every college equal opportunity to admit them. Most often their answer is no; they plan to discriminate among employers, and they have already discriminated in choosing a college. I then ask them, if they’re not going to give every employer an equal chance to hire them, why should every employer give them an equal chance to be hired?

Part of the justification for various labor-market restrictions, such as minimum-wage laws, collective-bargaining legislation, and work-hour legislation is to protect workers from the alleged superior bargaining power of employers. What is meant by superior bargaining power? Let’s see. The president of George Mason University, where I am employed, has the power to tell me that the maximum wage he is willing to pay me is \$20,000 a year. I have the power to tell him how many hours I am willing to work at \$20,000 a year, namely, zero. So who has the superior bargaining power, me or the president? He has the power of price and I have the power

of quantity. Alternatively, I have the power to tell him that I refuse to work for less than \$500,000 a year. He has the power to decide how many hours he is willing to hire me at that price. Again, who has the superior bargaining power? I think it is impossible to say. What sets the minimum price the president pays for my labor services? If he wants my services, the minimum salary he can pay me is the salary I could earn at some other

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university. What sets the maximum salary I could get from him is the salary some other economist will accept to do the same job that I am doing. Bargaining power is a vacuous concept. What truly protects the worker is the number of employers competing for his services. Similarly, what protects the employer is the number of employees competing for his job.

The Perils of Majority Rule

Another example of fuzzy thinking involves the word “democracy.” So often we hear that our nation is a democracy. Somehow Americans have come to accept whatever our congressmen, state legislatures, or city council can muster a majority vote on. There is nothing benign about majority-rule decision-making. In fact, majority rule gives an aura of legitimacy to acts that would otherwise be deemed tyranny. Let’s look at it while asking ourselves how many decisions in our daily lives would we like to be settled through majority rule.

How many people would like the majority to decide whether we have turkey or ham as the main course for Thanksgiving dinner? If turkey won the vote, it would be illegal to serve ham.

What about the kind of car that we drive? If Lexus won the vote, it would be illegal to drive other cars. I am sure that if majority rule were the decision-making criteria in these and most other areas of our lives, we would deem it tyranny. Is it not the same when majority rule is used to dictate how we provide for our health care, how we prepare for retirement, or whether restaurants permit smoking, use trans fats, or serve foie gras?

In addition to majority rule being a form of tyranny, it is a major contributor to human conflict. The reason

is that majority rule can be a zero-sum game. One group of people has their wishes satisfied at the expense of another group of people who do not have their wishes satisfied. In the Thanksgiving-dinner example, turkey lovers have their wishes satisfied at the expense of ham lovers. Ham lovers then have high incentives to enter into conflict with turkey lovers because they know that if turkey lovers win it will be at their expense. There would be no conflict if, as it is now, the decision on what to have for Thanksgiving dinner is made by individuals. In general, decision-making at the individual or market levels is conflict-reducing,

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Our nation’s founders had absolute disdain for democracy and majority rule. James Madison, in Federalist 10, said in a pure democracy, “[T]here is nothing to check the inducement to sacrifice the weaker party or the obnoxious individual.” During the 1787 Constitutional Convention, Edmund Randolph said that “in tracing these evils to their origin every man had found it in the turbulence and follies of democracy.” John Adams

said, “Remember, democracy never lasts long. It soon wastes, exhausts, and murders itself. There was never a democracy yet that did not commit suicide.” Chief Justice John Marshall added, “Between a balanced republic and a democracy, the difference is like that between order and chaos.” The founders knew that a democracy would lead to the same kind of tyranny suffered under King George III. The term democracy appears in none of our founding documents. Their vision for us was a republic and limited government. [EE]