Underwriting Democracy

Encouraging Free Enterprise and Democratic Reform Among the Soviets and in Eastern Europe

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CHAPTER 11

Open and Closed Societies

In this chapter I shall present the framework of open and closed societies as I originally conceived it—that is to say, as a choice that confronts humanity at the present moment in history.

The constructs, being reflexive, have two aspects. One depicts the way people think, and the other, the way things really are. The two aspects interact in a reflexive fashion: the mode of thinking influences the actual state of affairs, and vice versa, without ever reaching a correspondence between the two.

I must point out a flaw in the construction of the models, as distinct from the distortions in the situations they depict. They are theoretical constructs and not historical ones, but the situations they describe are not timeless but evolutionary. There is a process of learning (and forgetting) involved, and it is not adequately dealt with. The solution I chose was to distinguish between changelessness in its original form (organic society and the traditional mode of thinking) and changelessness imposed later on in the evolutionary process (closed society and the dogmatic mode of thinking). Since then I have found a better solution, which I shall present in the next chapter.

Change is an abstraction. It does not exist by itself but is always combined with a substance that is changing or is subject to change. Of course, the substance in question is also an abstraction, without independent existence. The only thing that really exists is substance-cum-change, which is separated into substance and change by the human mind in its quest to introduce some sense into a confusing universe. Here we are concerned not with changes as they occur in reality, but with change as a concept.

The important point about change as a concept is that it requires abstract thinking. Awareness of change is associated with a mode of thinking characterized by the use of abstractions; lack of awareness reflects the lack of abstractions. We can construct two distinct

modes of thinking along these lines.

In the absence of change the mind has to deal only with one set of circumstances: that which exists at the present time. What has gone before and what will come in the future is identical with what exists now. Past, present, and future form a unity, and the whole range of possibilities is reduced to one concrete case: things are as they are because they could not be any other way. This principle tremendously simplifies the task of thinking; the mind needs to operate only with concrete information, and all the complications arising out of the use of abstractions can be avoided. I shall call this the traditional mode of thinking.

Now let us consider a changing world. Man must learn to think of things not only as they are but also as they have been and as they could be. There is then not only the present to consider but an infinite range of possibilities. How can they be reduced to manageable proportions? Only by introducing generalizations, dichotomies, and other abstractions. Once it comes to generalizations, the more general they are, the more they simplify matters. The world is best conceived as a general equation in which the present is represented by one particular set of constants. Change the constants and the same equation will apply to all past and future situations. Working with general equations of this kind, one must be prepared to accept any set of constants that conforms to them. In other words, everything is to be considered possible, unless it has proved to be impossible. I shall call this the critical mode of thinking.

The traditional and the critical modes of thinking are based on two diametrically opposed principles, yet each presents an internally consistent view of reality. How is that possible? Only by presenting a distorted view. But the distortion need not be as great as it would be if it applied to the identical set of circumstances, because, in accordance with the theory of reflexivity, the circumstances are bound to be influenced by the prevailing mode of thinking. The traditional mode of thinking is associated with what I shall call organic society, the critical mode with "open" society. This provides the starting point for the theoretical models I seek to establish.

THE TRADITIONAL MODE OF THINKING

Things are as they have always been—therefore they could not be any other way. This may be taken as the central tenet of the traditional mode of thinking. Its logic is less than perfect; indeed, it contains the built-in flaw we expect to find in our models. The fact that its central tenet is neither true nor logical reveals an important feature of the traditional mode of thinking: it is neither so critical nor so logical as we have learned to be. It does not need to be. Logic and other forms of argument are useful only when one has to choose between alternatives.

Changeless society is characterized by the absence of alternatives. There is only one set of circumstances the human mind has to deal with: the way things are. While alternatives can be imagined, they appear like fairy tales, because the path that would lead to them is missing.

In such circumstances, the proper attitude is to accept things as they seem to be. The scope for speculation and criticism is limited: the primary task of thinking is not to argue but to come to terms with a given situation—a task that can be performed without any but the most pedestrian kind of generalizations. This saves people a great deal of trouble. At the same time, it deprives them of the more elaborate tools of thinking. Their view of the world is bound to be primitive and distorted.

Both the advantages and the drawbacks become apparent when we consider the problems of epistemology. The relationship of thoughts to reality does not arise as a problem. There is no world of ideas separate from the world of facts. Even more important, there seems to be nothing subjective or personal about thinking; it is firmly rooted in the tradition handed down by generations. Its validity is beyond question. Prevailing ideas are accepted as reality itself, or, to be more precise, the distinction between ideas and reality is simply not drawn.

This may be demonstrated by looking at the way language is used. Naming something is like attaching a label to it.[18] When we think in concrete terms, there is always a "thing" to which a name corresponds, and we can use the name and the thing interchangeably: thinking and reality are co-extensive. Only if we think in abstract terms do we begin giving names to things that do

18 Ludwig Wittgenstein, *Philosophical Investigations*, 1.15.

not exist independently of our naming them. We may be under the impression that we are still attaching labels to "things," yet these "things" have come into existence through our labeling them; the labels are attached to something that was created in our mind. This is the point at which thinking and reality become separated.

By confining itself to concrete terms, the traditional mode of thinking avoids the separation. But it has to pay heavily for this supreme simplicity. If no distinction is made between thinking and reality, how can one distinguish between true and false? The only statement that can be rejected is one that does not conform to the prevailing tradition. Traditional views must be accepted automatically because there is no criterion for rejecting them. The way things appear is the way things are: the traditional mode of thinking cannot probe any deeper. It cannot establish causal relationships between various occurrences, because these could prove to be either true or false; if they were false there would be a reality apart from our thinking, and the very foundations of the traditional mode of thinking would be undermined. Yet if thinking and reality are to be regarded as identical, an explanation must be provided for everything. The existence of a question without an answer would destroy the unity of thinking and reality just as surely as would the existence of a right and a wrong answer.

Fortunately it is possible to explain the world without recourse to causal laws. Everything behaves according to its nature. Since there is no distinction between natural and supernatural, all questions can be put to rest by endowing objects with a spirit whose influence explains any occurrence whatsoever and eliminates the possibility of internal contradictions. Most objects will seem to be under the command of such a force, because in the absence of causal laws most behavior has an arbitrary quality about it.

When the distinction between thoughts and reality is missing, an explanation carries the same conviction whether it is based on observation or on irrational belief. The spirit of a tree enjoys the same kind of existence as its body, provided we believe in it. Nor do we have any reason to doubt our beliefs: our forefathers believed in the same thing. In this way the traditional mode of thinking with its simple epistemology may easily lead to beliefs that are completely

divorced from reality.

To believe in spirits and their magic is equivalent to accepting our surroundings as being beyond our control. This attitude is profoundly appropriate to a changeless society. Since people are powerless to change the world in which they live, their task is to acquiesce in their fate. By humbly accepting the authority of the spirits who rule the world, they may propitiate them; but to probe into the secrets of the universe will not do any good at all. Even if people did discover the causes of certain phenomena, the knowledge would bring no practical advantages unless they believed that they could change the conditions of their existence, which is unthinkable. The only motive for inquiry that remains is idle curiosity; and whatever inclination they may have to indulge in it, the danger of angering the spirits will effectively discourage it. Thus the search for causal explanations is likely to be absent from people's thoughts.

In a changeless society social conditions are indistinguishable from natural phenomena. They are determined by tradition, and it is just as much beyond the power of people to change them as it is to change the rest of their surroundings. The distinction between social and natural laws is one that the traditional mode of thinking is incapable of recognizing. Hence the same attitude of humble submissiveness is required toward society as toward nature.

We have seen that the traditional mode of thinking fails to distinguish between thoughts and reality, truth and falsehood, social and natural laws. If we searched further, other omissions could be found. For instance, the traditional mode of thinking is very vague on the question of time: past, present, and future tend to melt into each other. Such categories are indispensable to us. Judging the traditional mode of thinking from our vantage point, we find it quite inadequate. It is not so, however, in the conditions in which it prevails. In a society that lives by oral tradition, for instance, it can fulfill its function perfectly: it contains all necessary concrete information while avoiding unnecessary complications. It represents the simplest possible way of dealing with the simplest possible world. Its main weakness is not its lack of subtlety but the fact that the concrete information it contains is inferior to that which can be attained by a different approach. This is obvious to us, blessed as we are with superior knowledge. It need not disturb those who have

no knowledge other than tradition, but it does make the whole structure extremely vulnerable to outside influences. A rival system of thought can destroy the monopolistic position of existing beliefs and force them to be subjected to critical examination. This would mean the end of the traditional mode of thinking and the beginning of the critical mode.

Take the case of medicine. The tribal medicine man has a completely false picture of the workings of the human body. Long experience has taught him the usefulness of certain treatments, but he is liable to do the right things for the wrong reasons. Nevertheless he is regarded with awe by the tribe; his failures are attributed to the work of evil spirits with whom he is on familiar terms but for whose actions he is not responsible. Only when modern medical science comes into direct competition with primitive medicine does the superiority of correct therapies over mistaken ones become manifest. However grudgingly and suspiciously, the tribe is eventually forced to accept the white man's medicine because it works better.

The traditional mode of thinking may also come up against difficulties of its own making. As we have seen, at least part of the prevailing body of beliefs is bound to be false. Even in a simple and unchanging society, some unusual events occur that must be accounted for. The new explanation may contradict the established one, and the struggle between them might tear apart the wonderfully simple structure of the traditional world. Yet the traditional mode of thinking need not break down every time there is a change in the conditions of existence. Tradition is extremely flexible as long as it is not threatened by alternatives. It encompasses all prevailing explanations by definition. As soon as a new explanation prevails, it automatically becomes the traditional one and, with the distinction between past and present blurred, it will seem to have prevailed since timeless times. In this way, even a changing world may appear to be changeless within fairly wide limits. For instance, the primitive tribes of New Guinea have been able to accommodate themselves to the advent of civilization by adopting the cargo cult.

Traditional beliefs may be able to retain their supremacy even in competition with modern ideas, especially if they are supported by the requisite amount of coercion. Under these circumstances, however, the mode of thinking can no longer be regarded as traditional. It is not

the same to declare the principle that things must be as they have always been as to believe in it implicitly. In order to uphold such a principle, one view must be declared correct and all others eliminated. Tradition may serve as the touchstone of what is eligible and what is not, but it can no longer be what it was for the traditional mode of thinking, the sole source of knowledge. To distinguish the pseudo-traditional from the original, I refer to it as the "dogmatic mode of thinking. " I shall discuss it separately.

ORGANIC SOCIETY

As we have seen, the traditional mode of thinking does not recognize the distinction between social and natural laws: the social framework is considered just as unalterable as the rest of man's environment. Hence the starting point in a changeless society is always the social Whole and not the individuals who constitute it. While society fully determines the existence of its members, the members have no say in determining the nature of the society in which they live. That has been fixed for them by tradition. This does not mean that there is a conflict of interest between the individual and the Whole in which the individual must always lose out. In a changeless society the individual as such does not exist at all; moreover, the social Whole is not an abstract idea that stands in contrast to the idea of the individual but a concrete unity that embraces all members. The dichotomy between the social Whole and the individual, like so many others, is the result of our habit of using abstract terms. In order to understand the unity that characterizes a changeless society, we must discard some of our ingrained habits of thought, especially our concept of the individual.

The individual is an abstract concept and as such has no place in a changeless society. Society has members, each of whom is capable of thinking and feeling; but, instead of being fundamentally similar, they are fundamentally different according to their station in life.

Just as the individual as an abstraction has no existence, so the social Whole exists not as an

abstraction but as a concrete fact. The unity of a changeless society is comparable to the unity of an organism. Members of a changeless society are like organs of a living body. They cannot live outside society, and within it there is only one position available to them: that which they occupy. The functions they fulfill determine their rights and duties. A peasant differs from a priest as greatly as the stomach from the brain. It is true that people have the ability to think and feel, but as their position in society is fixed, the net effect is not very different from what it would be if they had no consciousness at all.

The term "organic society'' applies only to a society in which the analogy would never be thought of, and it becomes false the moment it is used. The fact that Menenius Agrippa found it necessary to propose it indicates that the established order was in trouble.

The unity of an organic society is anathema to another kind of unity, that of mankind. Since the traditional mode of thinking employs no abstract concepts, every relationship is concrete and particular. The fundamental similarity of one man to another and the inalienable rights of man are ideas of another age. The mere fact of being human has no rights attached to it: a slave is no different from another chattel in the eyes of the law. Privileges belong more to a position than to a person. For instance, in a feudal society the land is more important than the landlord; the latter derives his privileges only by virtue of the land he holds.

Rights and titles may be hereditary, but this does not turn them into private property. We may be inclined to consider private property as something very concrete; actually it is the opposite. To separate a relationship into rights and duties is already an abstraction; in its concrete form it implies both. The concept of private property goes even further; it implies absolute possession without any obligations. As such, it is diametrically opposed to the principle of organic society, in which every possession carries corresponding obligations. Indeed, private ownership of productive assets cannot be reconciled with organic society, because it would permit the accumulation of capital and introduce a potent source of change. Common ownership, by contrast, ensures that the property will be left unimproved, because every time a person invests his time and energy he bears all the costs but derives only a small part of the benefits. No

wonder that the enclosure of common lands marks the beginning of modern agriculture.[19]

Nor does organic society recognize justice as an abstract principle. Justice exists only as a collection of concrete rights and obligations. Nevertheless, the administration of law involves a certain kind of generalization. Except in a society that is so changeless as to be dead, each case differs in some detail from the previous one, and it is necessary to adapt the precedent in order to make it applicable. Without abstract principles to guide him, it depends upon the judge how he performs this task. There is at least a chance that the new decision will be in conflict with the precedent. Fortunately this need not cause any difficulties since the new ruling itself immediately becomes a precedent that can guide later decisions.

What emerges from such a process is common law, as opposed to legislative statutes. It is based on the unspoken assumption that the decisions of the past continue to apply indefinitely. The assumption is strictly speaking false, but it is so useful that it may continue to prevail long after society has ceased to be organic. The effective administration of justice requires that the rules be known in advance. In view of man's imperfect knowledge, legislation cannot foresee all contingencies, and precedents are necessary to supplement the statutes. Common law can function side by side with statute law because, in spite of the underlying assumption of changelessness, it can imperceptibly adjust itself to changing circumstances. By the same token organic society could not survive the codification of its laws, because it would lose its flexibility. Once laws are codified the appearance of changelessness cannot be maintained and organic society disintegrates. Fortunately, the need to codify laws, draw up contracts, or record tradition in any permanent way is not very pressing as long as tradition is not threatened by alternatives.

The unity of organic society means that its members have no choice but to belong to it. It goes even further. It implies that they have no desire but to belong to it, for their interests and those of society are the same: they identify themselves with society. Unity is not a principle proclaimed by the authorities but a fact accepted by all participants. No great sacrifice is involved. One's place in society may be onerous or undignified, but it is the only one available;

19 Roman Frydman and Andrzej Rapaczynski, *Markets and Institutions in Large Scale Privatizations* (New York: New York University, C. V. Starr Center, 1990).

without it, one has no place in the world.

Nevertheless, there are bound to be people who do not abide by the prevailing mode of thinking. How society deals with such people is the supreme test of its adaptability. Repression is bound to be counterproductive because it provokes conflict and may encourage the evolution of alternative ways of thinking. Tolerance mixed with disbelief is probably the most effective answer. Craziness and madness in all its variety can be particularly useful in dealing with people who think differently, and primitive societies are noted for their tolerance of the mentally afflicted.

It is only when traditional ties are sufficiently loosened to enable people to change their relative positions within society by their own efforts that they come to dissociate their own interests from those of the Whole. When this happens, the unity of organic society falls apart, and everyone seeks to pursue his self- interest. Traditional relationships may be preserved in such circumstances, too, but only by coercion. That is no longer a truly organic society but one that is kept artificially changeless, like the Soviet system. The distinction is the same as that between the traditional and dogmatic modes of thinking, and to emphasize it I shall refer to this state of affairs as Closed Society.

THE CRITICAL MODE OF THINKING

Abstractions

As long as people believe that the world is changeless, they can rest happily with the conviction that their view of the world is the only conceivable one. Tradition, however far removed from reality, provides guidance, and thinking need never move beyond the consideration of concrete situations.

In a changing world, however, the present does not slavishly repeat the past. Instead of a

course fixed by tradition, people are confronted by an infinite range of possibilities. To introduce some order into an otherwise confusing universe they are obliged to resort to simplifications, generalizations, abstractions, causal laws, and all kinds of other mental aids.

Thought processes not only help to solve problems; they create their own. Abstractions open reality to different interpretations. Since they are only aspects of reality, one interpretation does not exclude all others: every situation has as many aspects as the mind discovers in it. If this feature of abstract thinking were fully understood, abstractions would create fewer problems. People would realize that they are dealing with a simplified image of the situation and not the situation itself. But even if everyone were fully versed in the intricacies of modern linguistic philosophy, the problems would not disappear, because abstractions play a dual role. In relation to the things they describe they represent aspects of reality without having a concrete existence themselves. For instance, the law of gravity does not make apples fall to the ground but merely explains the forces that do. In relation to the people who employ them, however, abstractions are very much a part of reality: by influencing attitudes and actions they have a major impact on events. For instance, the discovery of the law of gravity changed people's behavior. Insofar as people think about their own situation, both roles come into play simultaneously, and the situation becomes reflexive. Instead of a clear-cut separation between thoughts and reality, the infinite variety of a changing world is compounded by the infinite variety of interpretations that abstract thinking can produce.

Abstract thinking tends to create categories which contrast opposite aspects of the real world against each other. Time and Space; Society and the Individual; Material and Ideal are typical dichotomies of this kind. Needless to say, the models I am constructing here also belong to the collection. These categories are no more real than the abstractions that gave rise to them. That is to say, they represent a simplification or distortion of reality in the first place but, through their influence on people's thinking, may also introduce divisions and conflicts into the real world. They contribute to making reality more complex and abstractions more necessary. In this way the process of abstraction feeds on itself: the complexities of a changing world are, to a

large extent, of man's own making.

In view of the complications, why do people employ abstract concepts at all? The answer is that they avoid them as much as possible. As long as the world can be regarded as changeless, they use no abstractions at all. Even when abstractions become indispensable, they prefer to treat them as part of reality rather than as the product of their own thinking. Only bitter experience will teach them to distinguish between their own thoughts and reality. The tendency to neglect the complications connected with the use of abstractions must be regarded as a weakness of the critical mode of thinking, because abstractions are indispensable to it, and the less they are understood, the greater confusion they create.

Despite their drawbacks, abstractions serve us well. It is true that they create new problems, but the mind responds to these with renewed efforts until thinking reaches degrees of intricacy and refinement that would be unimaginable in the traditional mode. A changing world does not lend itself to the kind of certainty that would be readily available if society were changeless, but in its less than perfect way thinking can provide much valuable knowledge. Abstractions generate an infinite variety of views; as long as a fairly effective method is available for choosing between them, the critical mode should be able to come much closer to reality than the traditional mode, which has only one interpretation at its disposal.

The Critical Process

Choosing between alternatives may then be regarded as the key function of the critical mode of thinking. How is this task performed?

First, since there is a divergence between thinking and reality, one set of explanations will fit a given situation better than another. All outcomes are not equally favorable; all explanations are not equally valid. Reality provides an inducement to choose and a criterion by which the choice may be judged. Second, since our understanding of reality is imperfect, the criterion by which choices may be judged is not fully within our grasp. As a result, people will not necessarily make the correct choice and, even if they do, not everybody will accept it as such.

Moreover, the correct choice represents merely the better of the available alternatives, not the best of all possible solutions. New ideas and interpretations may emerge at any time. These are also bound to be flawed and may have to be discarded when the flaws become apparent. There is no final answer, only the possibility of a gradual approximation to it. It follows that the choice between alternatives involves a continuous process of critical examination rather than the mechanical application of fixed rules.

It is to emphasize these points that I speak of "the critical mode of thinking." The expression should not be taken to suggest that in a changing world everyone maintains an open mind. People may still commit themselves unreservedly to a particular view; but they cannot do so without at least being aware of alternatives. The traditional mode of thinking accepts explanations uncritically, but, in a changing society, no one can say "this is how things are, therefore they cannot be any other way. " People must support their views with arguments. Otherwise they will convince no one but themselves, and to believe unconditionally in an idea rejected by everyone else is a form of madness. Even those who believe they have the final answer must take into account possible objections and defend themselves against criticism.

The critical mode of thinking is more than an attitude: it is a prevailing condition. It denotes a situation in which there are a large number of divergent interpretations; their proponents seek to gain acceptance for the ideas in which they believe. If the traditional mode of thinking represents an intellectual monopoly, the critical mode can be described as intellectual competition. This competition prevails regardless of the attitude of particular individuals or schools of thought. Some of the competing ideas are tentative and invite criticism; others are dogmatic and defy opposition. One could expect all thinking to embody a critical attitude only if people were completely rational—a contradiction of our basic premise.

Critical Attitude

It can be argued that a critical attitude is more appropriate to the circumstances of a changing world than a dogmatic one. Tentative opinions are not necessarily correct, and

dogmatic ones need not be completely false. But a dogmatic approach can only lose some of its persuasive force when conflicting views are available: criticism is a danger, not a help. By contrast, a critical attitude can and does benefit from the criticism offered; the view held will be modified until no further valid objection can be raised. Whatever emerges from this rigorous treatment is likely to fulfill its purpose more effectively than the original proposition.

Criticism is basically unpleasant and hard to take. It will be accepted, if at all, only because it is effective. It follows that people's attitude greatly depends on how well the critical process functions; conversely, the functioning of the critical process depends on people's attitude. This circular, reflexive relationship is responsible for giving the critical mode of thinking its dynamic character, as opposed to the static permanence of the traditional mode.

What makes the critical process effective? To answer this question, we must recall the demarcation line between near-equilibrium and far-from-equilibrium conditions introduced in the previous chapter. If there is a clear separation between thinking and reality, people have a reliable criterion for recognizing and correcting bias before it becomes too influential. But when the participating function is actively at work, bias and trend become hard to disentangle. Thus, the effectiveness of the critical process varies according to the subject matter and purpose of thinking. But even in those areas where the separation is not given by nature, it can be introduced by thinking.

Scientific Method

The critical process functions most effectively in natural science. Scientific method has been able to develop its own rules and conventions on which all participants are tacitly agreed. These rules recognize that no individual, however gifted and honest, is capable of perfect understanding; theories must be submitted to critical examination by the scientific community. Whatever emerges from this interpersonal process will have reached a degree of objectivity of which no individual thinker would be capable.

Scientists adopt a thoroughly critical attitude not because they are more rational or tolerant

than ordinary human beings but because scientific criticism is less easily disregarded than other forms: their attitude is more a result of the critical process than a cause of it. The effectiveness of scientific criticism is the result of a combination of factors. On the one hand, nature provides easily available and reliable criteria by which the validity of theories can be judged; on the other hand, there is a strong inducement to recognize and abide by these criteria: nature operates independently of our wishes, and we cannot utilize it to our benefit without first understanding how it works. Scientific knowledge not only serves to establish the truth; it also helps us in the business of living. People might have continued to live quite happily believing that the Earth was flat, despite Galileo's experiments. What rendered his arguments irresistible was the gold and silver found in America. The practical results were not foreseen: indeed, they would not have been achieved if scientific research had been confined to purely practical objectives. Yet they provided the supreme proof for scientific method: only because there is a reality, and because man's knowledge of it is imperfect, was it possible for science to uncover certain facets of reality whose existence people had not even imagined.

Outside the realm of natural phenomena the critical process is less effective. In metaphysics, philosophy, and religion the criteria are missing; in social science the inducement to abide by them is not so strong. Nature operates independently of our wishes; society, however, can be influenced by the theories that relate to it. In natural science theories must be true to be effective; not so in the social sciences. There is a shortcut: people can be swayed by theories. The urge to abide by the conventions of science is less compelling, and the interpersonal process suffers as a result. Theories seeking to change society may take on a scientific guise in order to exploit the reputation science has gained without abiding by its conventions. The critical process offers little protection, because the agreement on purpose is not as genuine as in the case of natural science. There are two criteria by which theories can be judged—truth and effectiveness—and they no longer coincide.

The remedy proposed by most champions of scientific method is to enforce the rules developed by natural science with redoubled vigor. Karl Popper has proposed the doctrine of

the unity of science: the same methods and criteria apply in the study of both natural and social phenomena. As I have argued in *The Alchemy of Finance*, I consider the doctrine misguided. There is a fundamental difference between the two pursuits: the subject matter of the social sciences is reflexive in character, and reflexivity destroys the separation between statement and fact which has made the critical process so effective in the natural sciences. The very expression "social science" is a false metaphor; it would seem more appropriate to describe the study of social phenomena as alchemy, because the phenomena can be molded to the will of the experimenter in a way that natural substances cannot. Calling the social sciences alchemy would preserve the critical process better than the doctrine of the unity of science. It would acknowledge that the criteria of truth and effectiveness do not coincide, and it would prevent social theories from exploiting the reputation of natural science. It would open avenues of investigation that are currently blocked: differences in the subject matter would justify differences in approach. The social sciences have suffered immeasurably from trying to imitate the natural sciences too slavishly.

Democracy

Having abandoned the convention of objectivity, how are social theories to be judged? The artificial distinction between scientific theories, which purport to describe society as it is, and political ones, which seek to decide how it should be, disappears, leaving ample room for differences of opinion. The various views divide into two broad classes: one contains those that propose a fixed formula; the other makes the organization of society dependent on the decisions of its members. As we are not dealing with scientific theories, there is no objective way of deciding which approach is correct. It can be shown, however, that the latter represents a critical attitude, while the former does not.

Definitive social schemes assume that society is subject to laws other than those enacted by its members; moreover, they claim to know what those laws are. This makes them impervious to any positive contributions from the critical process. On the contrary, they must actively seek to

suppress alternative views because they can command universal acceptance only by forbidding criticism and preventing new ideas from emerging—in short, by destroying the critical mode of thinking and arresting change. If, by contrast, people are allowed to decide questions of social organization for themselves, solutions need not be final: they can be reversed by the same process by which they were reached. Everyone is at liberty to express his or her views, and, if the critical process is working effectively, the view that eventually prevails may come close to representing the best interests of the participants. This is the principle of democracy.

For democracy to function properly, certain conditions must be met. They may be compared to those which have made scientific method so successful: in the first place there must be a criterion by which conflicting ideas can be judged, and in the second there must be a general willingness to abide by that criterion. The first prerequisite is provided by the majority vote as defined by the constitution, and the second by a belief in democracy as a way of life. A variety of opinions is not enough to create democracy; if separate factions adopt opposing dogmas the result is not democracy but civil war. People must believe in democracy as an ideal: they must consider it more important that decisions be reached by constitutional means than to see their view prevail. This condition will be satisfied only if democracy does in fact produce a better social organization than a dictatorship would.

There is a circular relationship here: democracy can serve as an ideal only if it is effective, and it can be effective only if it is generally accepted as an ideal. This relationship has to evolve through a reflexive process in which the achievements of democracy reinforce democracy as an ideal and *vice versa*. Democracy cannot be imposed by edict.

The similarity with science is striking. The convention of objectivity and the effectiveness of scientific method are also mutually dependent on one another. Science relies on its discoveries to break the vicious circle: they speak more eloquently in its favor than any argument. Democracy, too, requires positive accomplishments to ensure its existence: an expanding economy, intellectual and spiritual stimulation, a political system that satisfies man's aspirations better than rival forms of government.

Democracy is capable of such achievements. It gives free rein to what may be called the positive aspect of imperfect knowledge, namely creativity. There is no way of knowing what that will produce; the unforeseen results may provide the best justification for democracy, just as they do for science. But progress is not assured. The positive contributions can come only from the participants. The results of their thinking cannot be predicted; they may or may not continue to make democracy a success. Belief in democracy as an ideal is a necessary but not a sufficient condition of its existence. This makes democracy as an ideal very tricky indeed. It cannot be enforced by eliminating rival views; its success cannot be guaranteed even by gaining universal acceptance for the ideal. Democracy simply cannot be assured, because it remains conditional on the creative energies of those who participate in it. Yet it must be regarded as an ideal if it is to prevail. Those who believe in it must put their faith in the positive aspect of imperfect knowledge and hope that it will produce the desired results.

The Quest for Certainty

Democracy as an ideal leaves something to be desired. It does not provide a definite program, a clear-cut goal, except in those cases where people have been deprived of it. Once people are free to pursue alternative goals, they are confronted by the necessity of deciding what their goals are. And that is where a critical attitude is less than totally satisfactory. It is generally assumed that people will seek to maximize their material well-being. That is true as far as it goes, but it does not go far enough. People have aspirations beyond material well-being. These may surface only after the material needs have been satisfied; but often they take precedence over narrow self-interest. One such aspiration is the creative urge. It is likely that material wealth is being pursued in modern Western society long after material needs have been filled exactly because the pursuit gratifies the creative urge. In other societies, wealth has ranked much lower in the hierarchy of values and the creative urge has found other means of expression. For instance, people in Eastern Europe care much more about poetry and philosophy than do people

in the West.

There is another set of aspirations that the critical attitude is singularly ill-equipped to satisfy: the quest for certainty. Natural science can produce firm conclusions because it has an objective criterion at its disposal. Social science is on far shakier grounds, because reflexivity interferes with objectivity; when it comes to creating a dependable value system, a critical attitude is not much use at all. It is very difficult to base a value system on the individual. For one thing, individuals are subject to the ultimate in uncertainty, death. For another, they are part of the situation they have to cope with. Truly independent thought is an illusion. External influences, be it family, peer group, or merely the spirit of the age, are much more potent than one would care to admit. Yet we need an independent set of values if the perils of disequilibrium are to be avoided.

The traditional mode of thinking meets the quest for certainty much more effectively than the critical mode. It draws no distinction between belief and reality: religion, or its primitive equivalent, animism, embraces the entire sphere of thought and commands unquestioning allegiance. No wonder people hanker after the lost paradise of primeval bliss! Dogmatic ideologies promise to satisfy that craving. The trouble is that they can do so only if they eliminate conflicting beliefs. This makes them almost as dangerous to democracy as the existence of alternative explanations is to the traditional mode of thinking.

The success of the critical mode of thinking in other areas may help to minimize the importance attached to dogmatic beliefs. There is an area of vital interest, namely, the material conditions of life, where positive improvement is possible. The mind tends to concentrate its efforts where they can produce results, neglecting questions of a less promising nature. That is why business takes precedence over poetry in Western society. As long as material progress can be maintained—and continues to be enjoyed—the influence of dogma can be contained.

OPEN SOCIETY

Perfect Competition

A perfectly changeable society seems difficult to imagine. Surely, society must have a permanent structure and institutions that ensure its stability. Otherwise, how could it support the intricate relationships of a civilization? Yet not only can the perfectly changeable society be postulated, but it has already been extensively studied in the theory of perfect competition. Perfect competition provides economic units with alternative situations that are only marginally inferior to the one they actually occupy. Should there be the slightest change in circumstances, they are ready to move; in the meantime their dependence on present relationships is kept at a minimum. The result is a perfectly changeable society that may not be changing at all.

I am in fundamental disagreement with the theory of perfect competition, but I shall use it as my starting point, because it is relevant to the concept of a perfectly changeable society. By showing how I differ from the approach taken by classical economics, I can throw more light on the concept than if I tried to approach it independently. My basic objection to the theory of perfect competition is that it produces a static equilibrium, while I maintain that a static equilibrium is a theoretical impossibility.

Perfect competition is described by economic theory in the following way: a large number of individuals, each with his or her own scale of values, is faced with a large number of alternatives among which they can freely choose. If each man chooses rationally he will end up with the alternative most to his liking. Classical theory then goes on to argue that, owing to the large number of alternatives, the choice of one individual does not interfere with the alternatives available to others, so that perfect competition leads to an arrangement that would maximize everyone's welfare.

The argument itself will be dealt with later; let us first consider the assumptions. The theory assumes that there is a large number of units, each with perfect knowledge and mobility. Each unit has its own scale of preferences and is faced with a given scale of opportunities. Even a cursory examination shows that these assumptions are completely unrealistic. The lack of perfect knowledge is one of the starting points of this study, and of scientific method in general. Perfect

mobility would negate fixed assets and specialized skills, both of which are indispensable to the capitalistic mode of production. The reason economists have tolerated such unacceptable assumptions for so long is that doing so produced results that were considered desirable in more ways than one. First, it established economics as a science comparable in status with physics. The resemblance between the static equilibrium of perfect competition and Newtonian thermodynamics is no coincidence. Second, it proved the point that perfect competition maximizes welfare.

In reality, conditions approximate those of perfect competition only when new ideas, new products, new methods, and new preferences keep people and capital on the move. Mobility is not perfect: it is not without cost to move. But people are on the move nevertheless, attracted by better opportunities or dislocated by changing circumstances, and once they start moving they tend toward the more attractive opportunities. They do not have perfect knowledge but, being on the move, are aware of a larger number of alternatives than if they occupied the same position all their lives. They will object to other people taking their places, but, with so many opportunities coming up, their attachment to the existing situation is less strenuous, and they will be less able to align support from others who are actually or potentially in the same situation. As people move more often, they develop a certain facility in adjusting, which reduces the importance of any specialized skills they may have acquired. What we may call "effective mobility" replaces the unreal concept of perfect mobility, and the critical mode of thinking takes the place of perfect knowledge. The result is not perfect competition as defined in economics but a condition I shall call "effective competition." What sets it apart from perfect competition is that values and opportunities, far from being fixed, are constantly changing.

Should equilibrium ever be reached, the conditions of effective competition would cease to apply. Every unit would occupy a specific position, which would be less easily available to others for the simple reason that he would fight to defend it. Having developed special skills, moving would involve him in a loss.

He would resist any encroachment. If necessary, he would rather take a cut in remuneration

than make a move, especially as he would then have to fight someone else's vested interest. In view of his entrenched position and the sacrifices he would be willing to make to defend it, an outsider would find it difficult to compete. Instead of almost unlimited opportunities, each unit would then be more or less tied to the existing arrangement. And, not being endowed with perfect knowledge, they might not even realize the opportunities they are missing. A far cry from perfect competition!

Instability

The differences with the classical analysis of perfect competition are worth pursuing. To some extent I have already done so in *The Alchemy of Finance*, but I did not present my argument as strongly there as I could have. I did not insist that there is a flaw in the very foundations of economic theory: it assumes that the demand and supply curves are independently given, and that is not necessarily the case. The shape of the demand curve may be altered by advertising or, even worse, may be influenced by price movements. That happens particularly in financial markets, where trend-following speculation is rampant. People are buying futures contracts not because they want to own the underlying commodity but because they want to make a profit on them. The same may be true of stocks, bonds, currencies, real estate, or even art. The prospects for profit depend not on the intrinsic value of the underlying objects but on the intentions of other people to buy and sell as expressed by the movement in prices.

According to economic theory, prices are determined by demand and supply. What happens to prices when the demand and supply curves are themselves influenced by price movements? The answer is that they are not determined at all. The situation is unstable, and in an unstable situation trend-following speculation is often the best strategy. Moreover, the more people adopt it, the more rewarding it becomes, because the trend in prices acts as an ever more important factor in determining the trend in prices. Price movements feed on themselves until prices become totally unrelated to intrinsic values. Eventually, the trend becomes unsustainable and a crash ensues. The history of financial markets is littered with such boom and bust sequences.

This is far-from-equilibrium territory where the distinction between fundamentals and valuations is blurred, and instability reigns.

Clearly the contention that independently given supply and demand curves determine prices is not based on fact. On closer examination, it turns out to be a partially self-validating illusion, because its widespread acceptance can be helpful in fostering stability. Once it is recognized as an illusion, the task of maintaining stability in financial markets can get awfully complicated.

It can be seen that instability is an endemic problem in a market economy. Instead of equilibrium, the free play of market forces produces a never ending process of change in which excesses of one kind yield to those of another. Under certain conditions, particularly where credit is involved, the disequilibrium may become cumulative until a breaking point is reached.

This conclusion opens a Pandora's box. Classical analysis is based entirely on self-interest; but if the pursuit of self-interest does *not* lead to a stable system, the question arises whether individual self-interest is sufficient to ensure the survival of the system. The answer is a resounding "no." The stability of financial markets can be preserved only by some form of regulation. And once we make stability a policy objective, other worthy causes follow. Surely, in conditions of stability, competition must also be preserved. Public policy aimed at preserving stability and competition and who knows what else is at logger- heads with the principle of *laissez-faire*. One of them must be wrong.

The nineteenth century can be invoked as an age in which *laissez-faire* was the generally accepted and actually prevailing economic order in a large part of the world. Clearly, it was not characterized by the equilibrium claimed by economic theory. It was a period of rapid economic advance during which new methods of production were invented, new forms of economic organization were evolving, and the frontiers of economic activity were expanding in every direction. The old framework of economic controls had broken down; progress was so rapid that there was no time for planning it; developments were so novel that there was no known method of controlling them. The mechanism of the state was quite inadequate for taking on additional tasks; it was hardly in a position to maintain law and order in the swollen cities and on the

expanding frontiers.

As soon as the rate of growth slowed down, the mechanisms of state regulation began to catch up with the requirements made on it. Statistics were collected, taxes were gathered, and some of the more blatant anomalies and abuses of free competition were corrected. As new countries embarked on a course of industrialization, they had the example of others before them. For the first time the state was in a position to exercise effective control over industrial development, and people were given a real choice between *laissez-faire* and planning. As it happened, this marked the end of the golden age of *laissez-faire*: protectionism came first, and other forms of state control followed later.

By the beginning of the twentieth century the state was in a position to set the rules by which the game was played. And when the instability of the financial markets led to a general breakdown of the banking system, causing the Great Depression of the 1930s, the state was ready to step into the breach.

The principle of *laissez-faire* has enjoyed a strong revival in recent years. President Reagan invoked the magic of the marketplace, and Margaret Thatcher encouraged the survival of the fittest. Again, we are living in a period of rapid change, innovation, and instability. But the principle of *laissez-faire* just as flawed as it was in the nineteenth century.

The fact is that every social system, every human construct is flawed, and discovering the drawbacks of one arrangement ought not to be used to justify its opposite. Doing so is a common fault. One of the major lessons to be learned from recent experience is that narrow self-interest does not provide an adequate set of values for dealing with the policy issues confronting us today. We need to invoke broader values that relate to the survival of the system and not merely to the prosperity of the individual participant. This is a point to which I shall return when I consider the question of values.

Freedom

Effective competition does not produce equilibrium, but it does maximize the freedom

of the individual by reducing his dependence on existing relationships. Freedom is generally regarded as a right or a series of rights—freedom of speech, of movement, of worship—enforced by law or the Constitution. This is too narrow a view. I prefer to give the word a wider meaning. I regard freedom as the availability of alternatives. If the alternatives to one's current situation are greatly inferior, or if moving involves great effort and sacrifice, people remain dependent on existing arrangements and are exposed to all kinds of restraints, insults, and exploitation. If they have alternatives at their disposal that are only marginally inferior, they are free from these pressures. Should pressure be applied, they merely move on. Freedom is then a function of people's ability to detach themselves from their existing positions. When the alternatives are only marginally inferior, freedom is maximized.

This is very different from the way people usually look at freedom, but then freedom is generally regarded as an ideal and not as a fact. As an ideal, freedom is generally associated with sacrifice. As a fact, it consists of being able to do what one wants without having to make sacrifices for it.

People who believe in freedom as an ideal may fight for it passionately, but they do not necessarily understand it. Since it serves them as an ideal, they tend to regard it as an unmitigated blessing. As a matter of fact, freedom is not devoid of undesirable aspects. When the sacrifices have borne fruit and freedom is accomplished, this may become more apparent than it was when freedom was only an ideal. The aura of heroism is dispelled, the solidarity based on a common ideal dissipated. What is left is a multitude of individuals, each pursuing his own self-interest as he perceives it. It may or may not coincide with the public interest. This is freedom as it is to be found in an open society, and it may seem disappointing to those who have fought for it.

Private Property

Freedom, as defined here, extends not only to human beings but to all other means of production. Land and capital can also be "free" in the sense that they are not tied to particular uses but are provided with marginally graduated alternatives. This is a prerequisite of the

institution of private property.

Factors of production are always employed in conjunction with other factors, so that any change in the employment of one must have an influence on the others. As a consequence, wealth is never truly private; it impinges on the interests of others. Effective competition reduces the dependence of one factor upon another, and under the unreal assumptions of perfect competition the dependence disappears altogether. This relieves the owners of any responsibility toward other participants and provides a theoretical justification for regarding private property as a fundamental right.

It can be seen that the concept of private property needs the theory of perfect competition to justify it. In the absence of the unreal assumptions of perfect mobility and perfect knowledge, property carries with it not only rights but also obligations toward the community.

Effective competition also favors private ownership, but in a more qualified manner. The social consequences of individual decisions are diffuse, and adverse effects are cushioned by the ability of the affected factors to turn to alternatives. The social obligations associated with wealth are correspondingly vague and generalized, and there is much to be said for property being privately owned and managed, especially as the alternative of public ownership has worse drawbacks. But, in contrast to classical analysis, private ownership rights cannot be regarded as absolute, because competition is not perfect.

Social Contract

When freedom is a fact, the character of society is determined entirely by the decisions of its members. Just as in an organic society the position of the members could be understood only in relation to the Whole, now the Whole is meaningless by itself and can be understood only in terms of the individuals' decisions. It is to underscore this contrast that I use the term "open society. " A society of this kind is likely to be open also in the more usual sense that people are able to enter and leave at will, but that is incidental to my meaning.

In a civilized society people are involved in many relationships and associations. While

in organic society these are determined by tradition, in open society they are shaped by the decisions of the individuals concerned: they are regulated by written and unwritten contract. Contractual ties take the place of traditional ones.

Traditional relationships are closed in the sense that their terms and conditions are beyond the control of the interested parties. For instance, the inheritance of land is predetermined; so is the relationship between serf and landlord. Relationships are closed also in the sense that they apply only to those who are directly involved and do not concern anyone else. Contractual relationships are open in the sense that the terms are negotiated by the interested parties and can be altered by mutual agreement. They are also open in the sense that the contracting parties can be replaced by others. Contracts are often publicly known, and flagrant discrepancies between arrangements covering similar situations are corrected by competition.

In a sense, the difference between traditional and contractual relationships corresponds to that between concrete and abstract thought. While a traditional relationship applies only to those who are directly involved, the terms of a contract may be considered to have universal validity.

If relationships are determined by the participants, then membership in the various institutions that constitute civilized society ought also to be the subject of a contract. It is this line of reasoning that has led to the concept of a social contract. As originally expounded by Rousseau, the concept has neither theoretical nor historical validity. To define society in terms of a contract freely entered into by completely independent individuals would be misleading; and to attribute the historical genesis of civilized society to such a contract would be an anachronism. Nevertheless, Rousseau's concept pinpoints the essence of open society as clearly as Menenius Agrippa's allegory defined organic society.

Open society may be regarded as a theoretical model in which all relations are contractual in character. The existence of institutions with compulsory or limited membership does not interfere with this interpretation. Individual freedom is assured as long as there are several different institutions of roughly equal standing open to each individual so that he can choose which one to belong to. This holds true even if some of those institutions, such as the state, carry

compulsory powers, and others, such as social clubs, limit their membership. The state cannot oppress individuals, because they can contract out by emigrating; social clubs cannot ostracize them, because they can contract in elsewhere.

Open society does not ensure equal opportunities to all. On the contrary, if a capitalistic mode of production is coupled with private property, there are bound to be great inequalities which, left to themselves, tend to increase rather than diminish. Open society is not necessarily classless; in fact, it is difficult— although not impossible—to imagine it as such. How can the existence of classes be reconciled with the idea of open society? The answer is simple. In open society classes are merely generalizations about social strata. Given the high level of social mobility, there can be no class consciousness of the kind Marx spoke about. His concept applies only to a closed society, and I shall discuss it more fully under that heading.

Brave New World

Let me try to carry the concept of an open society to its logical conclusion and describe what a perfectly changeable society would look like. Alternatives would be available in all aspects of existence: in personal relations, opinions and ideas, productive processes and materials, social and economic organization, and so on. In these circumstances, the individual would occupy a paramount position. Members of an organic society possess no independence at all; in a less than perfectly changeable society, established values and relationships still circumscribe people's behavior; but in a perfectly open society none of the existing ties are final, and people's relation to nation, family, and their fellows depends entirely on their own decisions. Looking at the reverse side of the coin, this means that the permanence of social relationships has disappeared; the organic structure of society has disintegrated to the point where its atoms, the individuals, float around without any roots.

How the individual chooses among the alternatives available to him or her is the subject matter of economics. Economic analysis therefore provides a convenient starting point. All that is necessary is to extend it. In a world in which every action is a matter of choice, economic

behavior characterizes all fields of activity. That does not necessarily mean that people pay more attention to the possession of goods than to spiritual, artistic, or moral values, but merely that all values can be reduced to monetary terms. This renders the principles of the market mechanism relevant to such far-ranging areas as art, politics, social life, sex, and religion. Not everything that has value is subject to buying and selling, because there are some values that are purely personal and therefore cannot be exchanged (e.g. maternal love), others that lose their value in the process of exchange (e.g. reputation), and still others that it would be physically impossible or illegal to trade (e.g. the weather or political appointments). Still, in a perfectly changeable society the scope of the market mechanism would be extended to its utmost limit. Even where the operation of market forces is regulated by legislation, legislation itself would be the result of a process of haggling akin to economic behavior.

Choices arise that would not even have been imagined in an earlier age. Euthanasia, genetic engineering, and brainwashing become practical possibilities. The most complex human functions, such as thinking, may be broken down into their elements and artificially reproduced. Everything appears possible until it has been proved impossible.

Perhaps the most striking characteristic of a perfectly changeable society is the decline in personal relationships. What makes a relationship personal is that it is tied to a specific person. Friends, neighbors, husbands and wives would become, if not interchangeable, at least readily replaceable by only marginally inferior (or superior) substitutes; they would be subject to choice under competitive conditions. Parents and children would presumably remain fixed, but the ties that connect them may become less influential. Personal contact may altogether decline in importance as more efficient means of communication reduce the need for physical presence.

The picture that emerges is less than pleasing. As an accomplished fact, open society may prove to be far less desirable than it seems to those who regard it as an ideal. To put things in perspective, it should be remembered that any social system becomes absurd and intolerable if it is carried to its logical conclusion, be it More's *Utopia*, Defoe's imaginary countries, Huxley's *Brave New World*, or Orwell's *1984*.

The Question of Values

The great boon of open society, and the accomplishment that qualifies it to serve as an ideal, is the freedom of the individual. The most obvious attraction of freedom is a negative one: the absence of restraint. But freedom has a positive aspect, too, which is even more important. It allows people to learn to think for themselves, to decide what they want and to translate their dreams into reality. They can explore the limits of their capabilities and reach intellectual, organizational, artistic, and practical achievements that otherwise they might not have even suspected were attainable. That can be an intensely exciting and satisfying experience.

On the debit side, the paramount position enjoyed by individuals imposes a burden on them that at times may become unbearable. Where can they find the values they need to make all the choices that confront them? Economic analysis takes both values and opportunities as given. We have seen that the assumption is diametrically opposed to the principle of a perfectly changeable society. It is a contradiction in terms to expect an unattached individual to operate with a fixed set of values. Values are just as much a matter of choice as everything else. The choice may be conscious and the result of much heart-searching and reflection; it is more likely to be impulsive or based on family background, advice, advertising, or some other external influence. When values are changeable, changing them is bound to be an important part of business activities. Individuals have to choose their values under great external pressures.

If it were only a matter of consumption there would be no great difficulty. When it comes to deciding which brand of cigarette to choose, the sensation of pleasure may provide adequate guidance—although even that is doubtful in light of the amounts spent on cigarette advertising. But a society cannot be built on the pleasure principle alone. Life includes pain, risks, dangers, and ultimately the prospect of death. If pleasure were the only standard, capital could not be accumulated, and many of the associations and institutions that go to make up society could not survive, nor could many of the discoveries, artistic and technical creations that form a civilization, be accomplished.

Deficiency of Purpose

When we go outside those choices that provide immediate satisfaction we find that open society suffers from what may be termed a "deficiency of purpose/' By this I do not mean that no purpose can be found, but merely that it has to be sought and found by each individual for and in themselves.

It is this obligation that creates the burden I referred to. People may try to identify themselves with a larger purpose by joining a group or devoting themselves to an ideal. But voluntary associations do not have the same reassuringly inevitable quality as organic society. One does not belong as a matter of course but as a result of conscious choice, and it is difficult to commit oneself wholeheartedly to one particular group when there are so many to choose from. Even if one does, the group is not committed in return: there is constant danger of being rejected or left out.

The same applies to ideals. Religious and social ideals have to compete with each other so that they lack that inevitability that would enable people to accept them unreservedly. Allegiance to an ideal becomes as much a matter of choice as allegiance to a group. The individual remains separate; his adherence does not signify identity but a conscious decision. The consciousness of this act stands between the individual and the ideal adopted.

The need to find a purpose for and in themselves places individuals in a quandary. The individual is the weakest among all the units that go to make up society and has a shorter life span than most of the institutions that depend on him. On their own, individuals provide a very uncertain foundation on which to base a system of values sufficient to sustain a structure that will outlast them and which must represent a greater value in their eyes than their own life and welfare. Yet such a value system is needed to sustain open society.

The inadequacy of the individual as a source of values may find expression in different ways. Loneliness or feelings of inferiority, guilt, and futility may be directly related to a deficiency in purpose. Such psychic disturbances are exacerbated by people's tendency to hold themselves personally responsible for these feelings instead of putting their personal difficulties

into a social context. Psychoanalysis is no help in this regard: whatever its therapeutic value, its excessive preoccupation with the individual tends to aggravate the problems it seeks to cure.

The problems of the individual become greater the more wealth and power he or she possesses. Someone who can hardly make ends meet cannot afford to stop and ask about the purpose of life. But what I have called the "positive aspect of imperfect knowledge" can be relied on to make open society affluent, so that the quandary is likely to present itself in full force. A point may be reached where even the pleasure principle is endangered: people may not be able to derive enough satisfaction from the results of their labor to justify the effort that goes into reaching them. The creation of wealth may provide its own justification as a form of creative activity; it is when it comes to the enjoyment of the fruits that signs of congestion tend to appear.

Those who are unable to find a purpose in themselves may be driven to a dogma that provides the individual with a ready-made set of values and a secure place in the universe. One way to remove the deficiency of purpose is to abandon open society. If freedom becomes an unbearable burden, closed society may appear as the salvation.

THE DOGMATIC MODE OF THINKING

We have seen that the critical mode of thinking puts the burden of deciding what is right or wrong, true or untrue, squarely on the individual. Given the individual's imperfect understanding, there are a number of vital questions—notably those that concern the individual's relation to the universe and his place in society— to which he or she cannot provide a final answer. Uncertainty is hard to bear, and the human mind is likely to go to great lengths to escape from it.

There is such an escape: the dogmatic mode of thinking. It consists in establishing as paramount a body of doctrine that is believed to originate from a source other than the individual. The source may be tradition or an ideology that has succeeded in gaining supremacy

in competition with other ideologies. In either case, it is declared as the supreme arbiter over conflicting views. Those who conform are accepted, and those who are in conflict are rejected. There is no need to weigh alternatives: every choice is ready made. No question is left unanswered. The fearful specter of uncertainty is removed.

The dogmatic mode of thinking has much in common with the traditional mode. By postulating an authority that is the source of all knowledge, it attempts to retain or recreate the wonderful simplicity of a world in which the prevailing view is not subject to doubt or questioning. But it is exactly the lack of simplicity that differentiates it from the traditional mode. In the traditional mode, changelessness is a universally accepted fact; in the dogmatic mode, it is a postulate. Instead of a single universally accepted view, there are many possible interpretations but only one that is in accord with the postulate. The others must be rejected. What makes matters complicated is that the dogmatic mode cannot admit that it is making a postulate, because that would undermine the unquestionable authority that it seeks to establish. To overcome this difficulty, incredible mental contortions may be necessary. Try as it may, the dogmatic mode of thinking cannot recreate the conditions of simplicity which characterized the traditional mode. The essential point of difference is this: a genuinely changeless world can have no history. Once there is an awareness of conflicts past and present, precepts lose their inevitable character. This means that the traditional mode of thinking is restricted to the earliest stages of man's development. Only if people could forget their earlier history would a return to the traditional mode be possible.

A direct transition from the critical to the traditional mode can thus be ruled out altogether. If a dogmatic mode of thinking prevailed for an indefinite period, history might fade out gradually, but at the present juncture this does not deserve to be regarded as a practical possibility. The choice is only between the critical and the dogmatic modes.

In effect, the dogmatic mode of thinking extends the assumption of changelessness (which permits perfect knowledge) to a world that is no longer perfectly changeless. This is no easy task. In view of man's imperfect understanding, no explanation can be fully in accord with

reality. As long as observation has any bearing on what is regarded as incontrovertible truth, some discrepancies are bound to arise. The only really effective solution is to remove truth from the realm of observation and reserve it for a higher level of consciousness in which it can rule undisturbed by conflicting evidence.

The dogmatic mode of thinking therefore tends to resort to a superhuman authority such as God or History, which reveals itself to mankind in one way or another. The revelation is the only and ultimate source of truth. While men, with their imperfect intellect, argue endlessly about the applications and implications of the doctrine, the doctrine itself continues to shine in its august purity. While observation records a constant flow of changes, the rule of the superhuman power remains undisturbed. This device maintains the illusion of a well-defined permanent world order in the face of much evidence that would otherwise discredit it. The illusion is reinforced by the fact that the dogmatic mode of thinking, if successful, tends to keep social conditions unchanging. Yet even at its most successful, the dogmatic mode does not possess the simplicity that was the redeeming feature of the traditional mode.

The traditional mode of thinking dealt entirely with concrete situations. The dogmatic mode relies on a doctrine that is applicable to all conceivable conditions. Its tenets are abstractions which exist beyond, and often in spite of, direct observation. The use of abstractions brings with it all the complications from which the traditional mode was exempt. Far from being simple, the dogmatic mode of thinking can become even more complex than the critical mode. This is hardly surprising. To maintain the assumption of changelessness in conditions that are not fully appropriate, without admitting that an assumption has been made, is a distortion of reality. One must go through complicated contortions to achieve a semblance of credibility, and must pay heavy penalties in terms of mental effort and strain. Indeed, it would be difficult to believe that the human mind is capable of such self-deception if history did not provide actual examples. It appears that the mind is an instrument that can resolve any self-generated contradiction by creating new contradictions somewhere else. This tendency is given free rein in the dogmatic mode of thinking, because, as we have seen, its tenets are exposed to minimum contact with

observable phenomena.

With all efforts devoted to resolving internal contradictions, the dogmatic mode of thinking offers little scope for improving the available body of knowledge. It cannot admit direct observation as evidence because in case of a conflict the authority of dogma would be undermined. It must confine itself to applying the doctrine. This leads to arguments about the meaning of words, especially those of the original revelation—sophistic, talmudic, theological, ideological discussions, which tend to create new problems for every one they resolve. Since thinking has little or no contact with reality, speculation tends to become more convoluted and unreal the further it proceeds. How many angels can dance on the head of a needle?

What the actual contents of a doctrine are depends on historical circumstances and cannot be made the subject of generalizations. Tradition may provide part of the material, but in order to do so it must undergo a radical transformation. The dogmatic mode of thinking requires universally applicable statements, while tradition was originally couched in concrete terms. It must now be generalized in order to make it relevant to a wider range of events than it was destined for. How this can be accomplished is clearly demonstrated by the growth of languages. One of the ways in which a language adjusts itself to changing circumstances is by using in a figurative sense words that originally had only a concrete connotation. The figurative meaning retains only one characteristic aspect of the concrete case and may then be applied to other concrete cases which share that characteristic. The same method is used by preachers who take as their text a piece of narrative from the Bible.

A doctrine may also incorporate ideas originating in an open society. Every philosophical and religious theory offering a comprehensive explanation for the problems of existence has the makings of a doctrine; all it needs is unconditional acceptance and universal enforcement. The originator of a comprehensive philosophy may not have intended to put forth a doctrine that is to be unconditionally accepted and universally enforced, but personal inclinations have little influence on the development of ideas. Once a theory becomes the sole source of knowledge, it assumes certain characteristics which prevail irrespective of its original intention.

Since the critical mode of thinking is more powerful than the traditional mode, ideologies developed by critical thinking are more likely to serve as the basis of dogma than tradition itself. Once established, they may take on a traditional appearance. If language is flexible enough to permit the figurative use of concrete statements, it can also lend itself to the reverse process, and abstract ideas can be personified. The Old Testament God is a case in point, and Frazer's *Golden Bough* offers many other examples. We may find in practice that what we call tradition incorporates many products of critical thinking translated into concrete terms.

The primary requirement of dogma is to be all-embracing. It must provide a yardstick by which every thought and action can be measured. If one could not evaluate everything in its light, one would have to cast around for other methods of distinguishing between right and wrong; such a search would destroy the dogmatic mode of thinking. Even if the validity of the dogma were not attacked directly, the mere fact that the application of other criteria can have divergent results would tend to undermine its authority. If a doctrine is to fulfill its function as the fountain of all knowledge, its supremacy must be asserted in every field. It may not be necessary to refer to it all the time: the land can be cultivated, pictures painted, wars fought, rockets launched, each in its own fashion. But whenever an idea or action comes into conflict with a doctrine, the doctrine must be given precedence. In this way, ever larger areas of human activity may come under its control.

The other main characteristic of dogma is its rigidity. The traditional mode of thinking is extremely flexible. As tradition is timeless, any alteration is immediately accepted not only in the present but as something that has existed since time immemorial. Not so the dogmatic mode. Its doctrines provide a yardstick by which thoughts and actions are to be judged. Hence they must be permanently fixed, and no amount of transgression can justify a change. If there is a departure from the norm, it must be corrected at once. The dogma itself must remain inviolate.

In the light of our inherently imperfect understanding, it is clear that new developments may clash with established doctrines or create internal contradictions in unforeseen ways. Any change represents a potential threat. To minimize the danger, the dogmatic mode of thinking

tends to inhibit new departures both in thinking and in action. It does so not only by eliminating unregulated change from its own view of the universe but also by actively suppressing unregulated thoughts and actions. How far it will go in this direction depends on the extent to which it is attacked.

In contrast with the traditional mode of thinking, the dogmatic mode is inseparably linked with some form of compulsion. Compulsion is necessary to ensure the supremacy of dogma over actual and potential alternatives. Every doctrine is liable to raise questions that do not resolve themselves by mere contemplation; in the absence of an authority that defines the doctrine and defends its purity, the unity of the dogmatic view is bound to break up into conflicting interpretations. The most effective way to deal with this problem is to charge a human authority with interpreting the will of the superhuman power from which the validity of doctrines is derived. Its interpretations may evolve with time and, if the authority operates efficiently, prevailing doctrines can keep pace with changes occurring in reality to a considerable extent. But no innovation not sanctioned by the authority can be tolerated, and the authority must have sufficient power to eliminate conflicting views.

There may be circumstances in which the authority need have little recourse to force. As long as the prevailing dogma fulfills its function of providing an all-embracing explanation, people will tend to accept it without question. After all, the dogma enjoys monopoly: while there may be various views available on particular issues, when it comes to reality as a whole there is only one view in existence. People are brought up under its aegis and are trained to think in its terms: it is more natural for them to accept than to question it.

Yet when internal contradictions develop into ever more unrealistic debates, or when new events occur that do not fit in with established explanations, people may begin to question the foundations. When this happens, the dogmatic mode of thinking can be sustained only by force. The use of force is bound to have a profound influence on the evolution of ideas. Thinking no longer develops along its own lines but becomes intricately interwoven with power politics. Particular thoughts are associated with particular interests, and the victory of an interpretation

depends more on the relative political strength of its proponents than on the validity of the arguments marshaled in its support. The human mind becomes a battlefield of political forces, and, conversely, doctrines become weapons in the hands of warring factions.

The supremacy of a doctrine can thus be prolonged by means that have little to do with the validity of arguments. The greater the coercion employed to maintain a dogma in force, the less likely it is to satisfy the needs of the human mind. When finally the hegemony of a dogma is broken, people are likely to feel that they have been liberated from terrible oppression. Wide new vistas are opened, and the abundance of opportunities engenders hope, enthusiasm, and tremendous intellectual activity.

It can be seen that the dogmatic mode of thinking fails to recreate any of the qualities that made the traditional mode so attractive. It turns out to be convoluted, rigid, and oppressive. True, it eliminates the uncertainties that plague the critical mode, but only at the cost of creating conditions that the human mind would find intolerable if it were aware of any alternatives. Just as a doctrine based on a superhuman authority may provide an avenue of escape from the shortcomings of the critical mode, the critical mode itself may appear as the salvation to those who suffer from the oppression of a dogma.

CLOSED SOCIETY

Organic society presents some very attractive features to the observer: a concrete social unity, an unquestioned belonging, an identification of each member with the collective. Members of an organic society would hardly consider this an advantage, ignorant as they are that the relationship could be any different; only those who are aware of a conflict between the individual and the social Whole in their own society are likely to regard organic unity as a desirable goal. In other words, the attractions of organic society are best appreciated when the conditions required for its existence no longer prevail.

It is hardly surprising that throughout history mankind should have shown a yearning to return to its original state of innocence and bliss. The expulsion from the Garden of Eden is a recurrent theme. But innocence, once lost, cannot be regained—except perhaps by forgetting every experience. In any attempt to recreate artificially the conditions of an organic society, it is precisely the unquestioning and unquestionable identification of all members with the society to which they belong that is the most difficult to achieve. In order to re-establish organic unity it is necessary to proclaim the supremacy of the collective. The result, however, will differ from organic society in one vital respect: individual interests, instead of being identical with those of the collective, become subordinated to them.

The distinction between personal and public interest raises a disturbing question as to what the public interest really is. The common interest must be defined, interpreted, and, if necessary, enforced over conflicting personal interests. This task is best performed by a living ruler, because he or she can adjust his or her policies to the circumstances. If it is entrusted to an institution, it is likely to be performed in a cumbersome, inflexible, and ultimately ineffective manner. The institution will seek to prevent changes, but in the long run it cannot succeed.

However the common interest is defined in theory, in practice it is likely to reflect the interest of the rulers. It is they who proclaim the supremacy of the Whole, and it is they who impose its will on recalcitrant individuals. Unless one assumes that they are totally selfless, it is also they who benefit from it. The rulers are not necessarily furthering their selfish ends as individuals, but they do benefit from the existing system as a class: by definition, they are the class that rules. Since the membership of classes is clearly defined, the subordination of the individual to the social Whole amounts to the subordination of one class to another. Closed society may therefore be described as a society based on class exploitation. Exploitation may occur in open society as well, but, since the position of the individual is not fixed, it does not operate on a class basis. Class exploitation in Marx's sense can exist only in a closed society. Marx made a valuable contribution when he established the concept, just as Menenius Agrippa did when he compared society with an organism. Both of them, however, applied it to the wrong

kind of society.

If the avowed aim of a closed society is to ensure the supremacy of one class (or race or nationality) over another, it may fulfill its purpose effectively. But if its aim is to bring back the idyllic conditions of an organic society, it is bound to fail. There is a gap between the ideal of social unity and the reality of class exploitation. To bridge the gap, an elaborate set of explanations is needed, which is, by definition, at variance with the facts.

Getting the ideology universally accepted is the prime task of the ruling authority and the criterion of its success. The more widely an ideology is accepted, the smaller the conflict between the collective interest and the policies actually pursued, and vice versa. At its best, an authoritarian system can go a long way toward re-establishing the calm and harmony of organic society. More commonly, some degree of coercion has to be employed, and then this fact must be explained away by tortuous arguments, which render the ideology less convincing, requiring the use of further force until, at its worst, the system is based on compulsion and its ideology bears no resemblance to reality.

I have some reservations about the distinction that Jeane Kirkpatrick has drawn between authoritarian and totalitarian regimes, because she used it to distinguish between America's friends and enemies, but there is a point to it. An authoritarian regime devoted to maintaining itself in power can admit more or less openly what it is about. It may limit the freedom of its subjects in various ways, it may be aggressive and brutal, but it need not extend its influence over every aspect of existence in order to preserve its hegemony. On the other hand, a system that claims to serve some ideal of social justice needs to cover up the reality of class exploitation. This requires control over the thoughts of its subjects, not merely their actions, and renders its constraining influence much more pervasive.

The Soviet system is the prime example of a closed society based on a universal idea. There is not much point in discussing it in general terms when we have already studied it in detail. But a closed society need not embody a universal idea; it may be confined to a particular group or nation. In a way, a more narrow definition is closer to the spirit of an organic society than a

dogma that applies to all of humanity. After all, a tribe is concerned only with its members. Now that communism is dead, those who hanker after the security and solidarity of an organic society are more likely to look for it in an ethnic or religious community. As I have explained earlier, those who reject communism oppose it either because it is closed or because it is universal; the alternatives are either open society or fundamentalism of one kind or another. Fundamental beliefs are less easy to justify by rational argument, but they may have greater emotional appeal exactly because they are more primitive.

When we speak of fundamentalism, Islamic fundamentalism springs to mind, but we can observe the reawakening of fundamentalist tendencies throughout the erstwhile communist bloc. They combine national and religious elements. They do not have fully developed ideologies—indeed, they are not fully articulate—but draw their inspiration from a nebulous past. The struggle between the concepts of open and closed society has not come to an end with the collapse of communism. It is merely taking a different form. The mode of thinking currently associated with the concept of a closed society is probably better described as traditional than dogmatic, although, if the concept of a closed society prevails, the formulation of the appropriate dogmas will probably not lag far behind. In the case of Islamic fundamentalism it is already fully formed. In the case of Russian fundamentalism the groundwork has also been laid.[20]

20 See Alexander Yanov, *The Russian Challenge* (Oxford: Basil Blackwell, 1987).