

The Importance of Ideas

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Years ago as a college professor of economics, I posed a question to each crop of freshman students on or about the first day of class. "Can anyone tell me," I asked, "what determines whether society is organized along socialist, centrally planned lines or as a free enterprise, private property order?" The answer to that query, I suggested, would be the same as the answer to this corollary question: "What causes societies to occasionally change from one economic system to the other?" Rarely would I elicit the response I was looking for, in spite of all the hints I could come up with. The students' answers included the following: "the president," "the Congress," "the news media," "the unions," "the schools." Invariably, someone would suggest there was no determinant at all, that we were talking about mere random, chance events—a kind of irrational and unexplainable ebb and flow of history.

At some point, the guesswork would come to an end and I would reveal the answer I was seeking. "People or the institutions they establish play important roles, but neither one is fundamental enough because neither one explains why people behave the way they do. The correct answer is that which the French author Victor Hugo once called 'more powerful than all the armies of the world'-IDEAS!"

People, such as politicians, activists, clerics, teachers, can often be agents of change, but ideas are the instigators. In shaping public policy—including the larger question of free enterprise or socialism, democracy or dictatorship—ideas are of paramount, decisive importance. What people believe, in other words, says a great deal (maybe everything) about how they behave, for whom they vote, what laws and rules they embrace, what kind of system they'll work to achieve. Change ideas, and you can change the course of history.

Ideas can, indeed, be quite intoxicating, whether they are good ideas or bad ones. They invoke strong passions and spark revolutions. In the last century, we have witnessed first the rise of a world empire committed to the ideas of Karl Marx, followed by its swift dissolution and demise at the "hands" of a more powerful idea—that of freedom and free markets.

The late British economist John Maynard Keynes put it well in 1936 when he wrote, "The ideas of the economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back."

It will not come as a surprise that ideas hostile to liberal principles of limited government, rule of law, and free markets have had dramatic effect for much of the last century. An even more disturbing bit of evidence came from a study a few years ago of network television in America: only 3 percent of businesspeople depicted on television, the Media Institute found, were involved in "socially useful or economically productive" behavior.

The same study reported that more than half of all corporate chiefs on TV committed illegal acts ranging from fraud to murder. And a special PBS program entitled "Hollywood's Favorite Heavy: Businessmen on Prime-Time TV," declared, "By the age of 18, the average kid has seen businessmen on TV attempt over 10,000 murders."

Make no mistake about it—these developments reflect (and even nourish) a body of opinion, a complex of ideas, which at their root are inimical to free markets and private enterprise. They speak volumes about a void in our national economic education. And in a subtle but corrosive way, they have been undermining the philosophical and institutional pillars of our free society. "Ideas," Richard Weaver once said, have consequences!"

The war of ideas being as important as it is, no one can simply afford to ignore it. If whether you live in a command economy or a free society matters to you—and it absolutely does, even if you choose not to think about such things—then failure to commit time and resources to help shape the climate of opinion around you is shortsighted and probably suicidal.

Many think that they are supporting ideas when they fund political parties or candidates. Support for political activity is important in a democracy, but it's also akin to locking the proverbial door after the horse has already left the barn. Politicians usually reflect public opinion; what they can accomplish in office is defined and circumscribed by prevailing majority opinion. If you really want to make a difference and get the maximum bang for your bucks, then you should invest in ideas. Change public opinion, and the politicians will follow.

How does one invest in ideas? Fortunately, a superbly effective vehicle to do that has emerged in recent years—the public policy research institute, or “think tank.” Dozens of them are springing up all over world. They are the futures markets of the idea business—where one can hedge against unfavorable shifts in opinion and policy.

In any event, anyone who suffers from the illusion that ideas are too intangible to matter ought to wake up and smell the coffee. Ideas make all the difference in the world because they create the stage on which all of us perform.

Investing in ideas —the *right* ones, not just *any* ideas—is a long-term investment, but one that has a return every bit as tangible as the purchase of stock. If you want to be a player in the idea business, consider investing in the think tank movement, especially those groups committed to the free market. The return on that investment—a stronger, freer society—is the one yield that *won't* raise your tax bill and *will* go a long way to assure that your children live as free and prosperous citizens.

The article is adapted from LAWRENCE W. REED's piece in the Corporate Board magazine. Mr Reed is president of the Mackinac Center for Public Policy in Michigan.