

# Prohibiting the Pursuit of Happiness:

## - Lessons of Experience

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6 June 2016

The Centre for the Thought of John Paul II, Warsaw

### Start with 1776 United States' Declaration of Independence

Philosophers, religious scholars, writers, politicians and economists have constantly argued about the meaning of "happiness" and about private and institutional actions to achieve it. Many religious and philosophical writings about this term are about personal advice how to achieve it, what should people do in order to reach such blissful state of mind. In contrast to the voluminous literature on the meaning of happiness and how individuals can achieve it, there is less discussion about necessary features of society that allows its members to *pursue happiness and correct destructive behavior in time*.

My speech is about these necessary features: They turn out to be dispersion of powers, open debates and disciplined education from an early age, when families instill a strong sense of civic responsibility. A society failing to instill the latter becomes unstable, as it becomes prohibitively expensive to rely on courts and police for ex-post penalizing destructive behavior.

I start with the United States' *Declaration of Independence* (1776): It is there that the term "happiness" appears for the first time in an official government document including this principle as a guide for good government. True, decades and centuries later, the term also appears in documents such as the Constitutions of Japan, Korea, the preamble of the 1958 French one and in Declarations for Rights of Man. But by the 20<sup>th</sup> century the terms "pursuit of happiness" came to mean the search for self-gratification, and had little – if anything – in common with its original meaning in the 1776 document.

The July 4, 1776 Declaration states that:

*"When in the course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with one another, and to assume among the powers of the earth, the separate and equal station to which the Laws of Nature and of Nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them in the separation.*

*We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. – That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed. – That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying the foundation on such principles and organizing its powers in such a form, as to them shall seem most likely to affect their Safety and Happiness."*

The Declaration thus refers to the "pursuit of happiness" in the specific, political context of the times of separating the American colony from England, but it does *not* define "happiness." Instead, it defines the conditions that would allow people to engage in their pursuits, taking chances.

This, at the time unique, unprecedented principle of "pursuit of happiness," combined with separation of powers shaped over time the "American tribe" of the United States into one whose unique trait became: "*everything is allowed in the pursuit of happiness - unless explicitly prohibited.*" "Pursuit" means action, ability to execute, and to do so, laws, regulations, access to credit, must all be there to let it happen. But to be clear: the term "everything allowed" refers to laws and regulations, and not to "anything goes, permissive" society.

"Honor your Father and Mother" is one of the Ten Commandments, but there are no laws and regulations that can force people to fulfill it. Only education from early age, children observing their parents' morals and ethics, leads to fulfilling this commandment, and toward instilling both that "civic responsibility" I alluded to and which also determines what kind of behavior society rewards beyond the commercial realm. If children grow up without such teaching by the time they are in their teens, lectures about moral and ethics are useless, and when faced with adversity, such societies can be destabilized with relative ease.

In contrast to the above unique trait, most societies to these days are guided by the principle of "*everything prohibited - unless explicitly allowed.*" Whereas these societies may promise dispersion of powers in principle, in practice the dispersion is limited, in Islamic countries in particular, religion swamping politics and legal institutions. Whether or not the US will adhere to its unique, founding principle, time will tell. Discussing the "pursuit of happiness" is tough enough: what direction the American tribe will take is another tough issue, for another occasion, though I shall briefly touch upon the present problems of both the American and the European tribes in the "making" or in their "unmaking" (this text was written before Brexit).

## I. Pursuing Happiness and Taking Chances

In contrast to many academic tomes across countries and time debating various notions of happiness, the ordinary language of everyday life, in Europe in particular, reflects clearly and sharply what people meant by it, namely: "Let the government allow us to make our *luck!*"

Indeed, in English, the word "happiness" derives from "*hap*" which means chance, fortune, and is associated with randomness too. In Polish, the word used for "happiness" and "luck" is the same - "*szczęście*," – sharing roots with the Serbo-Croat "*sreća*," the latter being at the origins of the Hungarian "*szerencse*" (luck) and bearing affinity to the Czech terms too ("*stesti a stesti*"). In modern German the word is *Glück* for both happiness and luck, and in Dutch it is "*geluk*," sharing the German roots. In Estonian too the same word "*onne ja onne*" is being used for these two terms. In French, the word "*heureux*" – used today to mean "happy" - comes from "heur" which in ancient French meant chance, fortune, a meaning reflected to these days in the term "Malheur" meaning misfortune and unhappiness, the opposite of "Bonheur" – which means "happiness." And in Latin too, "*felix*" referred to both "happiness" and "luck."

The Declaration's use of the terms "pursuit of happiness" meant little more than committing formally, in writing, that the new US government would put laws and institution in place to let people "try and make their luck," allowing them to "try and live happily." The document does not dwell on the meaning of "happiness," what it might mean to "be happy." Neither is its pursuit identified with achieving material prosperity: You may try your luck being a musician, actor, writer, artist, priest, philosopher, a stay-at-

home mother or father raising kids – even a politician - though you may end up unsuccessful, broke and unhappy. Pursuits do not guarantee results. But at least you are allowed to *try, innovate, fail and try again*: The government puts rules in place so that people can pursue their happiness, however they interpret the term.

In contrast to the Declaration, the Massachusetts Constitution of 1780 echoes Adam Smith's *Theory of Moral Sentiments* (that preceded his *Wealth of Nations*), stating that "the happiness of a people and the good order and preservation of civil government essentially depend upon piety, religion and morality, and . . . these cannot be generally diffused through a community but by the institution of the public worship of God and of public instructions in piety, religion and morality." The Massachusetts document does reflect an opinion about "happiness" – but it has nothing to do with any "pursuit," nor does it oblige the US government to accept the Massachusetts' document viewpoint.

The obligation the government does have, according to the Declaration, is to let people holding the Massachusetts Constitution particular view of what constitutes "happiness" to act so as to achieve it – unless the actions were explicitly prohibited. But how do societies decide what are "legitimate" actions to pursue happiness? What criteria do societies use to sanction which pursuits are valid and which ones are not? And how do they change long-established criteria?

In order to shed light on these questions, I start the story going back to Antiquity and the Bible – of course.

## **II. How the Legitimacy of Actions to Pursue Happiness Changes with Times**

In antiquity, "being happy" or "being blessed" was not something you controlled, though people were told that by taking certain actions they may be granted comfort, if not during their lives on Earth, then in their afterlives. But societies differed significantly in their views about what were and were not legitimate pursuits to achieve such states of mind.

For the Jews, the pursuit was related to behavior required by their one and only God; for other tribes, the pursuit required compliance with the demands of a number of deities; for still others it implied consulting astrologers, since stars were believed to hold the secrets of what people should do and when. One society then rewards priests, another rewards astrologers, and still others, oracles.

Ancient documents also suggest that many people did not hold religious beliefs, but believed that the world was random, subject to wheels of fortune. For example, Pliny the Elder wrote that the worship of Fortune and of Fate in Greece started when the belief in the Olympian religion collapsed: "Throughout the whole world, at every place and hour, by every voice, Fortune alone is invoked and her name is spoken; she is the one dependent, the one culprit, the one thought in men's minds, the one object of praise, the one cause. She is worshipped with insults, counted as fickle and often as blind, wandering, inconsistent, elusive, changeful, and friend of the unworthy ... We are so much at the mercy of chance that Chance is our God." And where belief in chance comes to dominate, priesthood will be rewarded less, if at all.

In other words, people perceived the legitimacy of certain pursuits through such incompatible views of what determines their destiny, resulting not only in what we call these days "culture wars" but actual wars too. Such wars happened, and still do, when the "pursuit of happiness" acquired in a society one meaning only, a meaning then enforced by laws, police and the military, and rationalized by its "academics."

These days "Islamism," and during the 20<sup>th</sup> century "communism" and "fascism," have been examples of the kind of ideologies that swamped politics and rationalized "prohibiting everything – unless they allowed some things explicitly." By now Western civilization "permits everything – unless they explicitly prohibited some things," and ferocious disagreements became part of cultural wars, fought in the political, legal and academic arenas with words, rather than swords. How did we get to these two contrasting models of society with their radically opposed views about pursuits of happiness?

Demography is not destiny. But I shall show that one way to understand the evolution of these opposing views since Antiquity is by linking them to drastic demographic changes over centuries. We are now 7 billion roaming the Earth, whereas a century ago we were just 1 billion: Turns out that conceiving is easy. Adjusting parenting and institutions to allow pursuit of happiness for such much larger numbers, is not. It takes centuries, during which societies reward very different pursuits – with good reasons.

### III. Long Roads toward the Pursuit of Happiness

Let me start with the story of Cain and Abel. Cain, the farmer, kills his brother, the keeper of sheep, then he settles down, knows his wife, she conceives and "bore Hanokh; Cain became the builder of a city, and he named the city after his son."

There has been much philosophizing about Cain not being punished for the murder of his brother, and a murderer becoming a father of civilization. Yet, as far as I know, little attention has been paid to the fact that the Bible uses the word "city" in this story for the very first time. Also, commentators, lost in translations, did not take note of the fact that Cain's name is derived from the Hebrew word for "buying" ("kinyan" means "acquisition"), nor that the word "Hanokh" means "to train, to discipline, to educate, to civilize."

In Hebrew, and as metaphor, the story becomes simple, universal and identifies a pattern well documented around the world ever since. It is known that the transition to agriculture – a drastic innovation - did not happen randomly, but as a response to population growth. As population grew, hunters, gatherers and shepherds, who until then roamed the lands and let sheep to graze freely, encroached upon the emerging crop farmers, resulting in numerous conflicts since Antiquity. Not only does agriculture depend on protecting property, but if "commons" are not "privatized," they end up tragically depleting the land. Historians – and popular culture too – have documented the conflicts well into the 20<sup>th</sup> century – *Oklahoma*, the book and the musical based on it, being a well known recent incarnation.

Obviously, cities exist only when populations grew and became large enough: Few families – if people took the Cain story literally – did not constitute a "city." And only when population grows can there be "specialization": Farmers bringing their harvest and fruits to markets; Fairs rise; Merchants trade; Literacy spreads and courts settle disputes among immobile farmers and mobile "herders" in particular. People might have been happy being hunters, herders of sheep for millennia. The transition to agriculture and life in cities brought conflicts, illnesses, much unhappiness as people adjusted. But with populations growing (perhaps due to a change in climate, or immunization to some disease), the invention of agriculture allowed the survival of more people. The shift required political adjustments too and in the realm of ideas as well, those concerning the types of behavior to be rewarded in particular.

For, the main distinguishing feature of agrarian societies is their immobility. In these societies - as in almost all societies until the Industrial Revolution, and in much of the world still today - wealth is derived from the land. Farmers learned the minute details of cultivating the lands, of adjusting to changes in weather conditions and of the soil. To protect the acquired knowledge, the land had to be protected.

This knowledge is so place-specific that it is no surprise that farmers were severely taxed, the taxes paying for governments and army to defend the land. A farmer specialized in tropical plants and knowing the nuances of weather patterns in the tropics cannot do much in a snowy, agrarian Northern Europe.

In a world where wealth is derived not only from agriculture but from natural resources such as forests, coal, gold, diamonds, oil, the territory must be protected. Without such protection, another land or resource-based country's army would capture the place. The institutions, values, culture, the occupations held in high esteem – heroic defenses of the land in particular - indeed the whole outlook of these societies (and peasants being taxed to the limit too), were shaped by *immobility*, by becoming an agricultural society.

Feudal lords, aristocracies and landed gentry, armed forces and police, government bureaucracies provided protection and, at times, imposed threats on neighboring, similarly immobile societies. A weak king or a weak ruler left his mainly immobile subjects at the mercy of his rivals. That's why people paid taxes - call it protection money, if you wish. The amount people willingly pay for such protection bears relationship to the costs of moving to a different area, out of both the plunderer's and the tax authorities' reaches. When people could not escape, and taxes became exorbitant, the immobile people occasionally rebelled. I shall discuss below the central roles religion and families played in these still relatively small, immobile societies.

Anything that would allow people to move more easily from one place weakened the rulers' power - and their tax base. It is not surprising, therefore, to observe that rulers and governments of agrarian societies condemned trade or any group that drew its power from mobility. They were suspicious of merchants, bankers and financiers, even people dabbling in technology, unless these technologies addressed solving immediate problems, strengthening ruling immobile populations. But most "mobile" occupations had inferior status and their pursuit was discouraged or prohibited.

In agrarian, relatively immobile societies, some work the land, some go to the army, a fraction goes into either government or the Church, and a small fraction gets to trade. People are defined by their status: as serfs, as landowners, as soldiers, as priests, as traders. Rights and obligations are connected to one's status, are inherited, and are not subject to negotiation. People must stay content with their lot in life, stay within the status they were born.

The idea of "individual rights" - meaning the idea of "pursuing happiness" and negotiating rights and obligations that are unconnected to the status one was born in life, does not exist. True, occasionally rulers have changed one's status in life - but as a favor from "above". It is contractual law - equality before the laws; the ability to gain negotiating powers by extracting rights from competing powers (acquired gradually, starting in Northern Italy during the 13<sup>th</sup> century and on); the freedom to contract, backed by access to credit - that eventually allowed people from all walks of life to use their talents, abandon the status they were born to, and bring ideas to life without rulers' favors. Access to *independent sources of capital* was crucial ingredient to achieve this goal: it is such access insures dispersion of powers, (a point I shall come back to later when discussing changes in usury laws). Unless one has access to competing sources of capital as societies move away from immobile agricultural ones, "the pursuit of happiness" become mere words, free of concrete content.

After all, such pursuits depend on being able to borrow against imagined futures. In a world where government stays the sole source of capital there can only be one "official future" - the one imagined, and financed - by the political power. In other words, freedom to contract, backed by independent sources of capital makes one "mobile" - upward, or if one fails, downward - and also sideways, "voting with one's feet," moving to other places and trying one's luck there. These traits define a "mobile civilization" and are a necessary condition for pursuing happiness.

Why have so few societies succeeded in developing deep and open capital markets without which the terms "pursuit of happiness" and "freedom" lack concrete meaning?

#### IV. Trials and Errors

The answer to this question is that capital markets depend on a certain kind of trust - namely, the trust that the law will be applied equitably in the long term to parties to contractual agreements. A maze of complex institutions is required to generate and sustain this trust. It took centuries, accompanied by prolonged conflicts and a long sequence of trial and error, to stumble upon them.

One such event that stands apart is the Gregorian Reformation. This event in the West separated the Church from the secular world of politics and governance, freeing the clergy from the domination of lord, kings and emperors, and putting in place first two, and later more, competing powers. Pope Gregory VII reshaped the Catholic Church into a centralized bureaucracy of educated clergy, independent of local political control. This separation, as Harold Berman noted, "gave rise to the formation of the first modern Western legal system, the 'new canon law' ... of the Roman Catholic Church and eventually to new secular legal systems as well - royal, urban and others" (and did not happen in Byzantium). For centuries, the Church remained the only institution capable of standing up to royal and feudal authority, and, for a while, becoming one of the few channels of upward mobility for those born poor.

In addition to rediscovering Roman law and Greek philosophy, the new competing legal spheres created by Church, kings, cities, merchants allowed individuals to carve out rights. The notions of rule of law, of accountability, of balance of power, freedom from arbitrariness, the elaboration of the concept of "corporation", be it monasteries, merchant guild, universities, and eventually companies, all came to stand between the individual and the state, allowing a "mobile" civilization to develop. The long history of struggle, of rivalry between the highest political authorities and the Church, and eventually, with the Reformation within the Church, is a distinguishing feature of Western European history.

Places where such dispersion of powers did not happen, religion or ideologies swamped politics, restricting the "pursuit of happiness" to few venues: Be obedient, and you'll be rewarded. Deviate and be a "Solzhenitsyn," and you burn, are exiled or go to a gulag. This happened in Spain when the Inquisition ruled, in many Islamic states to these days, in Russia under both the czars and communism, and in European countries that reverted to fascism or communism.

James Franklin remarks in his book *Science of Conjecture*, that in Islamic law both the concept of "institution" is missing and that "the idea of contracts involving risk survived - but only for the purpose of prohibiting them". This happened in spite of the fact that initially traders did not have an inferior status in Islam - Mohammed after all was a merchant before becoming a prophet, inventing mass pilgrimage (tourism of the times: How else can locals survive in a desert?)

By the 10th century though, business became marginalized. This happened with the closing "of the gates of *Ijtihad*" (independent reasoning as applied to the sharia) in the 10th century, with some sects taking the Koran far more literally than others. To these days, ISIL is drawing on the ancient Sunni-Shia conflict, the first sect claiming that the second is responsible for the 1683 loss of the Battle of Vienna, preventing conquering Europe, Islam never having gone through the separation of powers Christian Europe did.

In sharp contrast, Christian scholars in Western Europe in the 11th and 12th centuries, rediscovered Greek classics and earlier Islamic scholars too. These discoveries, combined with increased trade and legal challenges, change the language of discourse in Western Europe, introduce the terms "probably" and "like" (from Greek), and start sophisticated discourses on probability, chance and risk, often linking

them to trade, profits and "usury". By the 18th century, Joseph Butler could conclude, "probability becomes the very guide of life."

Since pursuits linked to probability and usury have often been focus of major debates about the legitimacy of certain pursuits which are *directly linked to dispersing powers* and allow "pursuits of happiness" (and are directly linked to changing demographics too) - I shall examine misunderstanding surrounding them next. I shall illustrate with a few examples how some pursuits were legitimized and de-legitimized over centuries. This sequence of facts and events shed light on the sense of unhappiness, dissatisfaction, unease and confusion plaguing societies around the world today, struggling to answer the question: *What happens when the overlapping loyalties to family, ethnic and religious groups, nations come in conflict? How can societies "pursue happiness" when such overlapping loyalties are suddenly in conflict? What types of behavior to reward, and what to condemn, so as to stabilize society? These are questions I tackle next, the discussions bringing us to discuss some of today's major problems.*

## V. Family, Religion, Markets

When populations were small, relatively isolated and immobile, institutions that we now rely upon, life insurance companies being one - could not exist, by definition. Only in 1837, by which time Europe's population grew significantly, did Simeon Denis Poisson, a French statistician, even coin the term "law of large numbers." The mathematical study of risk began only in 1654, with Pierre de Fermat and Blaise Pascal, and insurance companies started using statistical tables for life insurance only at the end of the 18<sup>th</sup> century – the evolution of which being linked to the principle of "everything allowed unless explicitly prohibited" I discuss later.

For millennia before, the family, the tribe and the religious community were one's only insurance for old age, and against both misfortunes and aggression. In agricultural societies, that most societies have been until just few decades ago, children in particular, were the parents' main insurance against rainy days. *Beliefs* in these societies, and institutions enforcing them had to be such as to teach and enforce family values, religious and tribal loyalties, often dominating all other loyalties and severely ostracize violations of codes of behavior that these loyalties demanded. Law, customs and traditions defined and enforced fulfilling duties and honoring commitments among family members and members of a community and mitigated conflicts. Behaving according to these beliefs reflected moral behavior: showing up regularly in places of worship in particular, signaling commitments and sustained trust among members of the community.

Consider another well-known Biblical passage, the one condemning "lending upon usury to thy brother," though "unto a stranger though mayest lend upon usury." For centuries, usury laws were on many countries' books – some states in the United States too well into the 20<sup>th</sup> century. Yet close reading of the Biblical texts and subsequent laws (in Medieval Northern Italy) show that it made sense to have both this condemnation and the distinction between "brothers" and "strangers" in the relatively poor, agrarian societies, where few people were "mobile," though the text was seriously misinterpreted and was used to prevent pursuing careers in finance and establish financial institutions, never mind rewarding such pursuits.

After all, it makes perfect sense to prohibit giving loans at any interest to people with poor prospects and *no collateral*. Such unfortunate people should be given charities – not loans. Lenders cannot reasonably expect these people to pay interest, or if they somehow manage to scramble and pay it, there is no way they can return the principal: From what? Giving these people loans only leads to disputes, conflicts and get families and courts involved – all imposing significant costs on the community. The initial prohibitions prevented all these costly consequences.

However, while “brothers” in those relatively smaller and immobile communities knew of one’s unfortunate financial situation, they could have no such information about the few mobile “strangers” wandering in the midst of these relatively isolated communities. If these few strangers wanted to borrow, they had to post collateral. Such “collateral” could be assets of any person belonging to this “stranger’s” small group of fellow travelers, which explains why the interest had to be high: The slightest rumor of default of a “stranger” induced his few members to flee, so that their assets would not be confiscated. (In Northern Italy city states of the 12/13<sup>th</sup> century such arrangements were customary too).

Unfortunately, for centuries, the misreading of these original passages, as well as those concerning Cain and Abel, led to much confusion and bad laws, delegitimizing pursuits that were actually keys to dispersion of powers. For centuries, authorities failed to understand that lenders were loaning at high rates because they could face confiscation at moments’ notice. Siena’s Constitution of 1262 was among the first that authorized usury, stating explicitly that usurers were neither men of ill repute, nor having suspicious religious opinions. Yet, as I noted, in 20<sup>th</sup> century United States, usury laws were still on the books of some states, and Regulation Q was little more than ancient usury law under a new name.

Pity Washington politicians no longer read the Bible, or know basics of financial history: there would have been no subprime to start with. There may have been no NINJA (“No Income, No Jobs, No Assets”) loans preventing much hardship and unhappiness, and many lawsuits and political conflicts too. Even if Washington’s politicians and US citizens just knew the French word for “real estate” – “immobilier” – the crisis might have been mitigated. The French word captures the essence of the asset, whereas the English term does not: Things appeared to be “real.” But the perceived “solidity” melted into thin air in a flash. Would have Americans invest that much in housing if they understood that its essential characteristic was its immobility, not that it was more “real” than other assets? (The misguided Clinton policy of 1997, drastically lowering capital gains on real estate only, but not on stocks and bonds, might not have come into being either).

And in a world of 7 billion people, much hardship could have been prevented too if Argentina, Russia or Greece would have been considered to be “strangers,” rather than assuming that they would suddenly behave like disciplined borrowers (in Greece case, Germany – as fellow EU “stranger” picked up the bill). Trust but verify and ask for credible collateral, appears to be the forgotten Biblical lesson. If you don’t trust, and cannot enforce payment, better give charity and do not loan.

## V.1 Transitions from Family to “Markets”

The transition from reliance on family and community to reliance on both annuities offered by insurance companies and on changes in inheritance laws, are two other example I give below to show how societies respond to demographic changes – in the “everything is allowed – unless explicitly prohibited”-type societies; how some behavior patterns once condemned, get rewarded, and how the adjustments are linked to pursuing personal – and collective - happiness. However, the transitions take centuries.

Mathematicians who had developed probability theory up to the eighteenth century – Pierre Fermat, Jacob Bernoulli, and John Graunt (the latter built the first mortality table in his *Natural and Political Observation upon the Bills of Mortality*) among them – did not explain how probability applied to mortality. Wasn’t death a matter of divine will? The great mathematician, Gottfried Leibniz, objected to applying probability distributions to human affairs because he held such a religious outlook. The major objection to insurance, life insurance in particular, came from religious institutions who viewed insurance as sacrilegious, profiting from the death of loved ones, and as “a speculation repugnant to the law of God and man.” Becoming insurance salesmen was not particularly rewarded: Companies getting into life insurance had to work long and hard to establish legitimacy. They had to claim that life insurance was



“deterministic sharing” – a “tontine” kind of arrangement, rather than pricing drawing on probabilities that one would die at certain age.

Historians of this probabilistic revolution – for revolution it was - noted that:

“The extraordinary success of the Equitable [an insurance company] is the result not only of its exploitation of the mortality statistics and the mathematics of probability to fix premiums ... but also of its creation of an image of life insurance diametrically opposed to that of gambling ... Long-term life insurance was aimed at a growing middle-class of salaried professionals – clergymen, doctors, lawyers, skilled artisans – who were respectable but not of independent means. In a world where apparently even the clergymen could not count upon commercial charity, the sudden death of the provider could topple the family from the middling ranks of society to the very bottom. Such reversals of fortune were the proper fate of the gambler, not the good bourgeois.”

Let us go to the next example: the drastic changes in inheritance laws in Western Europe. Testamentary freedom, that is the right to disinherit one’s children though common in Rome, began to disappear under the rule of Justinian in sixth century A.D., when he established the “legitim” share for each child. This change happened Rome’s population diminished drastically by the sixth century, and started rising only in the tenth, and people had to rely on close family during rainy days. In such a world, the Justinian inheritance laws made sense, mitigating the burdens on the community when finding itself both with many penniless orphans.

It is not surprising either that both the Stoic approach to happiness appeared during the declining Roman empire (and its declining population), when individuals came to be at the mercy of tyrants, natural disasters and invading forces, and that during early Christendom people sought happiness in the after-life, as their daily routing could guarantee only the barest of subsistence living.

It is not surprising either that as Rome was weakening some writers attributed it to “the poisonous notion of chance [that] was weakening the fibre of the Roman,” paying attention to symptoms, rather than the declining population and inability to sustain Rome’s previous institutions. Every marketplace had an altar in Fortuna’s honor, and in the Forum a splendid temple was dedicated to her. (It was apparently the favored spot for women seeking to maintain their husband’s attentions). The writers contrasted the widespread belief in luck and worship of this goddess with the fact that the word “fortune” cannot even be found in the New Testament.

The transition back to testamentary freedom reappears in England during the 16<sup>th</sup> and 17<sup>th</sup> centuries, which is not surprising. As emphasized earlier, when societies consisted of few people who lived a relatively isolated, immobile existence, behavior sustaining family, tribal, ethnic and religious loyalties was rewarded. But the 16<sup>th</sup> century saw a rapid population growth in England, accompanied by migration from villages to cities.

The support of kin and neighbors in villages became insufficient to sustain the number of orphans, sick, aged and disabled left behind. One adjustment made at the time was of increased public bodies’ assistance to the unfortunate. Another adjustment was that inheritance laws were changed drastically: Whereas until the 16<sup>th</sup> century English laws *prevented* parents from disinheriting their children, after the 17<sup>th</sup>, the law *allowed* them to dispose of their property as they saw fit (except the aristocracy, but that is different story), even disinheriting their kids. Why this change?

In the sparsely populated societies, with low life expectancy and women dying during childbirth at young age, many children became orphans and many others got stepsisters and stepbrothers as their *father* remarried. (I emphasize “father” because, indeed, there were far more stepfathers than stepmother

because, as noted, women died young during childbirth). The community often would have to deal with both the orphans and the children from first marriages, treated not quite well by their stepmothers.

The stepmothers wanted the inheritance to go to *their* kids and not to the kids from the first marriage. After all, mothers expected their biological offspring to provide better insurance for their rainy days than children from a previous marriage. The many fairy tales about “wicked stepmother and stepsisters” drew on grains of truth: The numbers show that fathers’ remarriages drastically reduced the survival chances of the children born from his former marriage during these centuries.

But as population growth in England accelerated, the younger generation was leaving the villages. The older generation stayed behind – unhappy and with no help for rainy days. The existing Justinian-kind laws prevented them from disinheriting their now mobile kids who abandoned them. Gradually though, starting in the 15<sup>th</sup> century, England sidestepped the strict common law rule governing the disposal of one’s landed property by testament in various ways. Through number of legal appeals the right of parents to dispose of property was restored. By 1597, the change in law was complete, with Francis Bacon, the lord high chancellor declaring that “If the father has any patrimony and the son be disobedient, he may disinherit him.”

This is another illustration of adjustments individuals, families and communities must make to induce the younger generation to be “nicer” toward their parents who are old and sick (at the same time the adjustment mitigated conflicts). I am not saying that all kids would misbehave if the inheritance laws did not change. I do not want to say either that there are not many kids who genuinely love and honor their parents independent of any monetary expectations: Religious teachings, honoring parents in particular, plays a crucial role during decades and centuries while laws are slowly changing, and insurance companies and other institutions are still in their infancy. The option of disinheritance though adds to such teaching of moral behavior.

Perhaps this is the lesson Shakespeare wanted people to retain from his *King Lear*. Recall: Once the king’s “loving” daughters get their inheritance, they promptly throw him to the dogs. The too early, trusting disposition of all his assets starts a chain of events leading to many conflicts, much unhappiness and death.

Briefly the change in laws, first restricting parents’ freedoms to dispose of their savings and then getting the rights to do as they wish, shows that the building block for pursuing happiness is to allow open debates and an independent legal system, that eventually leads to the adjustments needed to apply to a more mobile world. But it takes centuries. Meanwhile, education, religious principles help sustain behavior patterns that stabilize societies while legal and other institutions are coming gradually to life, fitting the larger and more mobile populations.

Notice that for such changes to happen, and for insurance companies offering annuities to emerge, parents must also have a reasonable amount of *savings* with which they may both coax their children into better behavior or, in the case of insurance, to get the annuities. Tax away savings and tax away much inheritance in the name of socialized security for old age, socialized medicine, or socialized education – and the *weakening of family ties* is predictable.

Also, making more difficult for insurance companies to offer annuities (something that may soon happen with governments misguided policies forcing inducing low or even negative interest rates), force more generations to live under one roof, even if they were far happier living at a distance. Whereas the “socialization” of insurance for rainy days diminishes parents’ authority and their ability to discipline the younger generation, the lowering of the values of annuities and pensions create more conflicts among family members forced to live under one roof. Religious beliefs can mitigate the resulting unhappiness, but it is not clear for how long.

## **VI. Demography is Not Destiny, but....**

There was a time when humanity was at the "end of history", in the sense of arriving at very similar, stable patterns of living around the world, though not even having been in contact. People settled in what we now call "primitive tribes", which stayed stable for hundreds of thousands of years and, for a while, as population grew, replicating the same patterns as people settled in new territories. Family, kin, and the tribe provided insurance - with small numbers, there is no other alternative - and exchanges were based on trust, honor and reputation, family, custom and rituals providing the implicit collateral. The right to property - which was well defined and respected in these societies - was identified through personal acquaintance. The elderly settled disputes resulting from misunderstandings between parties. It was a compact, immobile world of small numbers.

By fits and starts, as Europe's population continued to grow both within its tribes and among neighboring ones, "nation-states" emerged as Europe's leaders gave up trying to unite Europe relying on religion as a main, linking force. While Europe was struggling to find solutions for re-uniting its growing population, the rest of the world had a relatively stable demographic history.

The sudden reversal during the last century, with Europe's population stagnating and the rest of the world's population growing fast, has been due to the introduction of medical and other Western innovations in the latter societies. However, these societies - Islamic ones prominent among them now, with their youth bulge - did not have the luxury of a few hundred years of experimentation with a variety of institutions to make the adjustment. They are mired in atavistic tribal institutions and religious sects, still adhering to notions of honor, loyalty and duty that fitted a world of smaller, less mobile population and weak governments. (Mind you, duels to sustain one's honor were legal and have been fought in Europe for centuries, though gradually just to draw blood, but not kill. Still, the last known duel in France took place in 1967, when a well known French politician (Gaston Defferre), insulted a Gaullist politician (René Ribière) at the French Parliament, screaming "Shut up, you idiot!" The latter was wounded. Considering the very low level to which political debates and the media has sunk these days, perhaps restoring dueling to save one's honor - OK, just to draw blood - could be welcome: Politicians, journalists and bloggers would think twice before talking and casually using four-letter words).

These observations bring me to the present.

Experience and language shape habits of mind. The terms "law," "religion" and "politics" mean something very different in a society that went through separation of powers than one - like Islam - that did not. For societies where religion or ideologies swamp laws, politics and the education from early age, there is no dispersion of powers, no matter what their Declaration of Independence or constitutions might say.

Consider Russia in the two centuries before the October Revolution of 1917. For those 200 years, the Russian Orthodox Church was governed by principles introduced by Peter the Great in 1721 in the Ecclesiastical Regulation. According to this regulation, the Church ceased to be an institution independent of government, and its administration became a function of the state. Peter's explicit goal was to abolish the possibility of domestic challenges to his power.

State control over the Church had a devastating effect. Although Russians could still find solace in orthodox services and the sharing of suffering in a Church community, the Church could not play the same roles in society as its Western counterparts. This powerless Church occupied itself with private spiritual matters and would not stand up to the government on behalf of Judeo-Christian values. As consequence, it soon lost the allegiance of the Russian groups who wished to move Russia toward a "mobile" civilization. Two centuries later, Vladimir Lenin merely tightened the screws: he established a puppet patriarchate, controlled by the state rather than the Holy Synod (the institution he abolished).

This new patriarchy never uttered a word of criticism against the regime. Author Alexander Solzhenitsyn was right when he declared that Russia would have developed a more civil society over the past centuries had the Church not surrendered its independence.

It is no accident either that Russia and the Islamic countries, like any others dominated for a long time by one authority, have much in common, both displaying the characteristic features of "immobile civilizations". These countries have had large and corrupt bureaucracies. They share a long history of arbitrary authority; of confiscation of property; of forcing people to buy goods at high prices and sell the products of their own labor cheaply (unsurprisingly, since laws and regulations immobilized the people), and, in general, forestalling the market - all while maintaining relatively powerful police forces and armies. They also share an attitude of fatalism - with occasional outbursts of revolutionary ardor.

What happens when members of societies with no history of dispersing powers come in contact with others who had such history, with two radically divergent views of "pursuing happiness" - a problem now facing Europe in particular?

## VII. Lost in Transmission, and the Lessons of Experience

History rhymes, even if it does not quite repeat itself. Where history does not rhyme, is where the separation of the two kind societies is concerned. Whereas in the past they could more easily live side-by-side, with fewer interactions, today, because of both population growth and technology, the two encroach on one another.

Yet there is no common ground between societies living still with atavistic, agricultural, "LAND" outlooks, be it "mother-," "father-" or "sacred-" (or Europe belonging to an imagined caliphate) and others where equality before laws, dispersion of powers, "Pursuit of Happiness" are dominating principles. Indeed, in a recent Foreign Affairs article, Camille Pecastaing notes that "Among the things that troubled [young Arab Muslims in France] was the contradiction between the liberal, egalitarian ideals of the West and the legacy of servitude they carried over from northern Africa. In the New World exiles could no longer rely on the comforting predictability of a traditional, hierarchical society; they were hit by the existential anxiety of choice and responsibility and the formidable risk of failure."

Much European and American torturing of language of "multiculturalism" notwithstanding, there is no reconciliation between the two cultures. There cannot be. The Osama bin Ladins of this world are somewhat in the ballpark: one of these societies must give up fundamental values - or fight. Although the Reagan/Thatcher coalition and "Star Wars" showed a better alternative to fighting: They speeded some atavistic societies into bankruptcy - and the latter is the Mother of Political Innovation.

But the "right people" at the "right time" are needed to achieve such peaceful transition. Unfortunately, when present President of the United States declares in a speech in Buenos Aires no less (Argentina being one of the most corrupt countries) that there is "*little difference between capitalism and communism*," and the statement does not provoke any reaction, inducing default does not seem to be on the horizon, and the West may be on the wrong path.

Still, to finish on some concrete notes, I venture to derive some conclusions. As with the Ten Commandments though, where there are 8 "no"s, these conclusions will be about what *not to do*.

- Don't impose "democracy" in societies that do not have institutions dispersing power. It does not work. One can write beautiful constitutions, set up courts, and let people vote. These will all turn into facades, pieces of paper signifying nothing at best, raising expectations and then leading to deep frustrations and political instability at worse. Recall that most Latin American countries and some Middle Eastern have become "democracies." With power staying centralized, the consequences were dismal, to put it mildly.

Without true dispersion of powers, the laws and institutions became facades, giving rise to "cargo cults". This term emerged on an isolated island in New Guinea. During World War II, airplanes would regularly arrive full of cargo, part of which was distributed to the natives. After the war, the planes stopped coming. Distressed, the natives built thatched-roof hangers, a beacon tower made of bamboo, and an airplane made of sticks and leaves. All prayed for the cargoes to return. And they waited. Many countries around the world, in the Middle East and Latin America in particular, practiced such cargo cults. The countries stayed unstable and poor (unless they stumbled on some natural treasures for a while).

- One may recommend Islam to go through a kind of Reformation, but that is not useful either. It would anyway fall on deaf ears. If and when it happens, the drastic change will have to come internally, and, as in Europe such separation state and religion could take centuries and bloody wars. There is no point saying, as many politicians now do, once again the present misguided president (Mr. Obama) of the United States among them, that what Islamists do these days, is not "true Islam." As if the US president knew what "true Islam" means: The Shias and Sunnis are ready to kill one another for centuries with abandon since they each believe *they* are and have been the ones who knew what "true Islam" was. Is the president of the United States the new prophet having found the light to a "third way"? Briefly: There is no way outsiders can impose institutions drawing on centuries of experience of dispersing powers on what are tribal cultures lacking such experience.

- Education? Forget about it as offering any short-cut to pursuit of happiness. I shall rely again on a Biblical metaphor, now of the Exodus to explain this "no-no." It is hard to take the Exodus story literally either, unless one believes in miracles. It is difficult to believe that any tribe could make the rounds of that relatively small, desert for forty years, even with some manna from Heaven, or water starting to flow after hitting some rocks. But if we ask: How long does it take to get rid of a "slave" mentality – which is what the story is really about, an escape to "freedom" - the answer may well be, two generations – roughly 40 years. So it well may be that the story is a metaphor for just that: People cannot hope having a country unless they escape their slave mentality. That makes sense, but it takes time.

However, while we cannot say much about how to educate, from much recent evidence we can infer something about what *not to do, how not to educate*. Surprisingly, the answer appears to relate to the much discussed topic of the dramatic decline in birth rates in Western countries to far below replacement levels. (In contrast, the decline of fertility in still-very-much agricultural, developing countries, where fertility rates nevertheless stand far above replacement levels of 2.1, is not hard to explain: In these countries children both help out on farms and are still the insurance and "social security" for rainy days and old age, in countries with weak governments in particular).

But why did the richer Western countries' last few generations gave up having kids? The answer appears to be about far more than people just relying now on insurance, pensions and promises of government programs of social security, needing fewer kids to play these roles, and women having joined the labor force. It has to do with how *not* to educate children.

## VIII. Parenting: Restoring Responsibility

Youngsters learn parenting skills from their parents through observation, not lectures. The last few decades though, kids had much fewer had options to acquire such skills. These decades saw the increase in the number of single parents; high percentage of marriages has been ending in divorce and most homes have both parents working full time. Children have had limited abilities to observe parenting skills: Single parents have been working one or two jobs; adolescents have been leaving parents' home at the hormone-raging age expecting assistance from ill-thought government programs. Rather than compromise with strict parents, hardly out of adolescence young women had kids and got on welfare from then on. Kids growing up in such households see themselves as having been a burden and they

can no longer observe the *disciplining* pleasures children's mere existence has been bringing in once traditional households since time immemorial.

After all, kids do not ask to be born. They do not owe anything to their parents: Parents decide to bring them to life, rationalizing this decision in many ways: some view them as gifts, others as their genetic footprint toward immortality. Independent of rationalizations though, the facts are that children are the biggest debt parents undertake in Western countries: They are no longer needed to help out on the farm, nor as insurance for rainy days. The impact of such self-imposed debt is though straightforward: it disciplines parents – and kids will observe such disciplined behavior.

The parents get up in the morning; they do not go out in evenings, week-ends or vacations on the spur of moments; they work hard – harder than others with no kids. Briefly: kids can observe that conceiving kids is easy, but parenting is not. Yet these days' schools have been teaching both techniques of sex education for hours and plenty of speculations what constitutes proper sexual behavior, but virtually nothing about "parenting." Not that there is any evidence that schools could do much if kids did not observe the practice of parenting skills at home from early age. It's like with ethics: If kids did not acquire such judgment by absorbing most of the Ten Commandments by the time they are 16, courses in "ethics" won't help. They fall on deaf ears. It is at home that the teaching for civic responsibility starts.

These recent facts from the US show why such we have been facing such increased deafness: In 2014, almost 25 million children in the US lived in single parents households. According to the 2012 Census, of the 65 million grandparents, 7 million, or 10 percent, lived with at least one grandchild, up from 7 percent in 1992. 4.2 million households, (3 percent of the total) contained both grandchildren under 18 and their grandparents, one third of them having no parents present. Even where some parents might have been present, the Census notes that in 2012, 2.7 million grandparents were raising their grandchildren; about 39 percent of these grandparent caregivers were poor, had low level of education and have cared for their grandchildren for five years or more. These numbers are not conducive for kids to absorb parenting skills, and an "anything goes" mentality comes into being.

Although we differ from the animal kingdom, old and recent experiences in that kingdom appear to bear on the above conclusion that parenting skills are acquired by observing parents in action and caring substitutes offer no substitutes.

It is well known that animals raised in zoos have problems surviving in the wild. It appears that not only they do not learn from their parents in the zoo, but with such parents not having had "natural parenting" either (after all, they do not have to search for food), the new generation is utterly disoriented. True, until recently, government biologists in the US claimed big success in having been able to teach Whooping Cranes to migrate, and cite this as example of "human social engineers" being able to set example of good parenting in the animal kingdom. The experience is now over, the government scientists admitting failure and closing the program. Here is what happened.

Scientists have been raising Whooping Crane chicks for 15 years, disguising themselves in Whooping Crane costumes. They tried to teach them to migrate to other humans in similar bird-disguise with pilots in disguise costumes too, flying ultra-light aircrafts leading the birds to the promised land of South of Florida. Peter Fasbender, the program's supervisor, admits that all the birds turned out to be lousy parents: "They copulate, they know how to lay eggs, but they are just incapable of parenting." They are just not learning how to be parents from other cranes, and after 15 years, Fasbender concludes, "they just do not get it." The birds wander from their eggs – like deadbeat fathers or mothers in the aforementioned Census statistics.

As far as parenting is concerned, perhaps we must remember not so much all the schmaltzy “let’s fall in love” lyrics, but perhaps more Stephen Sondheim’s lyrics: “*Careful the things you say; Children will listen, careful the things you do; Children will see and learn; Children may not obey but children will listen; Children will look to you for which way to turn; Learn what to be; Careful before you say ‘Listen to me.’*”

The pursuit of happiness takes an incredible amount of work, discipline and devotion to fulfill the duties. Children grow up observing their parents first: Parents must change before the children can be expected to.

To summarize: If I am in the ballpark with the above stories/and histories, we may conclude what *not* to do, rather than what to do. The main implication is to create and put as many obstacles in place to prevent centralization of power as possible, in matters of education in particular. No, one does not need a village to raise kids (to paraphrase the title of Hillary Clinton’s silly book). *One needs parents*. It is the institution of the “family” that Western government policies, perhaps with good intentions, managed to severely weaken. It is this institution that must be restored. After all, nothing would disperse powers more than letting “parents be once again bankers furnished by nature” (as an old French proverb goes), replacing these days’ Orwellian governments.

I started with the *Declaration of Independence*, and I shall finish with a quote from Thomas Jefferson: “I know no safe depository of the ultimate powers of the society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion by education. This is the true corrective of abuses of constitutional power.” --Thomas Jefferson to William C. Jarvis, 1820.

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Note from the author: The speech draws on my books: *History – the Human Gamble (Chicago, 1983); Betting on Ideas (Chicago, 1985); Labyrinths of Prosperity (1994), Force of Finance (Thomson/Texere, 2001); and World of Chance (the latter co-authored with Gabrielle A. Brenner and A. Brown, Cambridge, 2008), and “Unsettled Civilizations,” and “Oiling the Wheels of Tribal Societies.”* I thank Dennis Carlton and Krzysztof Nędzyński for their comments.

This text has been translated into Polish and published in *Człowiek w Gospodarce – Warunki Rozwoju – Wybrane Zagadnienia*, Kowalewska, E. & Wincewicz-Price, A (Eds.), Centrum Myśli Jana Pawła II, Warsaw, 2016.