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THE CULTURAL IMPLICATIONS OF THE SPREAD OF THE MARKET IN CONTEMPORARY ISRAEL

Jerry Z. Muller

The Israeli Transition to Capitalism / Potential Negative Consequences / The Culture of Indecency / The Impact of Competition on Israeli Television / The Absence of a Culturally Conservative Secular Intelligentsia

The Israeli Transition to Capitalism

Like many other nations in the contemporary world, Israel is in the midst of a transition from socialism to capitalism. Israel was never a socialist society in the same sense as the Soviet Union or other Communist nations, but during the Second and Third Aliyot (early waves of immigration), capitalist activity was delegitimized as immoral, unproductive, and incapable of creating the jobs necessary for the absorption of immigrants. In his recently published book, *The Political Economy of Israel: From Ideology to Stagnation* (SUNY Press, 1993), Jerusalem Center Fellow Yakir Plessner traces the extent to which many of the country's economic institutions were founded on an anti-market basis, either by the Histadrut or by the Labor-dominated governments of Israel's first three decades, and demonstrates the extent to which the behavior of even privately-owned companies was transformed in non-market directions by the policies of successive

governments.

The current transition toward capitalism in Israel is occurring despite the fact that, unlike the case in most European nations, neither of the two major parties in Israel has a strongly market heritage or orientation. This is obviously the case with the Labor party by virtue of its socialist heritage and labor constituency, but it also applies to the major party of the right, the Likud. That party (like its predecessor, Gahal) is made up of a fusion of nationalists (Herut) and Liberals. But the Liberal element has become marginalized since the fusion, and the party's rise to political power was due much more to its nationalist ideology, its populist economic appeal, and its success in appealing to the resentments of ethnic groups which felt paternalized by the Ashkenazim of Mapai. Its appeal to these groups, which included a substantial working-class component, was based in good part on policies aimed at protecting them from market competition. Time

and again, when some inefficient industrial plant, typically located in a development town with a population of North African or Middle Eastern origin, was about to close its doors or prune its work force in response to market competition, the Likud championed its subsidization. MK David Levy of Beit Shean is the representative figure of this tendency within the Likud. The news is filled with daily reminders of how far Israel remains from a market-based economy. Yet, if we step back and look at current developments, one cannot help but be struck by the extent to which Israel is in the *process* of becoming a *more* capitalist society.

In the 1980s there occurred a turn toward greater reliance on market mechanisms in many parts of world. This process began even before the fall of Communism, and of course it greatly increased after Communism's fall. The turn toward a greater reliance on the market occurred not only in governments headed by conservatives such as Thatcher and Reagan, but also by socialists like Mitterand in France and Philip Gonzales in Spain who, despite their ideological predilections, recognized the need to orient their economies toward the international market and to rely more on the market and the profit incentive. A very similar process now seems to be occurring within the leadership of the Israeli Labor party.

Today, under a Labor-led government, policies are being introduced to privatize many public companies and to break the Histadrut stranglehold on health services. So far these policies exist more on paper than in reality and they are meeting with tremendous resistance from entrenched interests, but the trend at least seems clear. In a departure from the historical pattern, some economically inefficient companies have been allowed to go bankrupt. Even

more significant is the growth of a high-tech sector of privately funded companies, traded on the Tel Aviv and New York Stock Exchanges, which functions largely outside the older regulated and subsidized economy. The process of the development of the stock market has been encouraged by both Likud and Labor governments, in part through changing the requirement that pension funds invest heavily in government bonds, and in part through new tax laws that favor financial investment.

Israel is visibly a more capitalist society, with a greater orientation toward the market in almost every sense. The most visible aspect of this transition is the proliferation of financial information that reflects wider participation in the stock market, that is, in the ownership of the means of production. Today, all three major dailies have substantial financial sections. In addition, there are two daily business papers, the evening television news now includes an economics section, and the late night news includes closing figures for Israeli companies on the New York Stock Exchange.

What are the likely effects, positive and negative, of this turn toward capitalism? The positive effects include a higher standard of living with greater day-to-day comforts, the greater availability of a wider range of commodities, and longer shopping hours that are more convenient for consumers. Theorists of capitalism since the eighteenth century have maintained that commerce itself is a civilizing agent in the sense of making people more oriented to the needs of others. Entrepreneurs make money by trying to anticipate what others want, and companies, faced by market competition, have an economic incentive to treat consumers better. Today these effects are

coming visible in the greater courtesy and solicitude of Israeli service personnel in commerce, due largely to the pressure of competition and the example of foreign companies. Another positive effect may be seen in the current processes of immigrant absorption and the prevention of emigration, which have always been high priorities in the Zionist vision. The recent aliyah from the former Soviet Union is the first since the Fifth Aliyah of the 1930s to be absorbed primarily through the private sector.

The movement of Israel from socialism toward capitalism is lamented by many older intellectuals of the Mapai and Mapam traditions, largely in terms of its legitimation of inequality. It now turns out that unless one values equality above all else, there are no good arguments left for socialism, now that the debate over the relative efficiency of capitalism and socialism has been resolved squarely in terms of capitalism. Since at least the time of Adam Smith, a major argument in favor of capitalism has been that it is more effective at raising the standard of living of the populace as a whole, and that inequality is acceptable as long as in the long run capitalism leads to a higher standard of living for all. This proposition is now increasingly accepted. For Israel, the great question of the future is not a choice between socialism and capitalism, but rather of what *kind* of capitalism it will have.

Potential Negative Consequences

But, in addition to its positive consequences, the spread of the market has many potential negative consequences, and a tradition reaching back as far as Adam Smith maintains that it is the role of intellectuals to try to anticipate those potentially negative consequences in order to take steps to obviate them. Many other nations have experienced the cultural effects — positive and negative — of the spread of the market; Israel may be poised to experience most of the negative effects.

One problem lies not in capitalism itself, which is compatible with a wide range of cultures and behaviors, but rather with a mentality promoted by the market in the absence of other strong institutions. Unfortunately, the language in which the market is frequently defended, and the very reasons often given for supporting capitalism, may very well create a mentality which may make society less decent in the long run. For there is a tendency to confuse an economic free market with *moral* laissez-faire, to believe that the great virtue of capitalism is that it permits what Matthew Arnold called "doing as one

likes." There is a belief that it is a violation of the liberty which capitalism is supposed to promote to insist that some ways of life are better than others and more worthy of government support; and a tendency to believe that it is a violation of the principles of capitalist society whenever government attempts to prevent us from acting on our urges and desires.

These beliefs are far from the reasoning of earlier defenders of capitalism. Adam Smith, for example, believed that one of the important roles of public policy intellectuals like himself was to draw moral distinctions between modes of behavior. Much of contemporary economics, by contrast, champions the opposite assumption. As one acute observer of the discipline, Steven Rhoads, has remarked, "Economists of the past thought it was part of their task to remind their readers that there are high and low pleasures, that many of the high ones require reason and the sometimes painful acquisition of knowledge, that we aspire to tastes better than our current ones, and that such aspirations are sometimes hindered by profit-seeking businesses that cater to vices and over-emphasize the importance of what money can buy. Today's economists are more likely to feel a professional obligation to combat such sentiments than to support them."

In studying the history of reflection on the cultural effects of capitalism, the most recurrent observation is that a capitalist society requires for its well-being institutions which function according to a logic very *different* from that of the market and which foster character traits which are at odds with the self-interest which motivates market activity. One such institution is that of the state, on which collective security depends. A society in which individuals are not willing to serve in the army, i.e., to risk being injured or killed, is in the long run incapable of defending itself. Yet the willingness to make the ultimate sacrifice is at odds with the logic of self-interest which fuels market activity. This potential danger does not seem to apply to contemporary Israel, precisely because Israelis are already conscious of this potential problem. There is ongoing concern about the willingness of individuals to serve in the army. By contrast, there is little attention among intellectuals or politicians to the effects of the market on other institutions.

Another institution which most intellectual analysts of capitalism have regarded as a necessary counter or complement to the market is marriage and the family. The family, Adam Smith believed, was the primary institution of moral education, upon which all subsequent moral development depended. For it was in the

family that children learned to curb their passions and accommodate their desires to those of other people. Hegel wrote that "Though marriage begins in contract, it is precisely a contract to transcend the standpoint of contract, the standpoint from which persons are regarded in their individuality as self-subsistent units." It was in the family, Hegel thought, that the individual first imbibed the experience of intense altruism toward a few which made him capable of the more diffuse altruism on which political citizenship ultimately depends.

To transcend the standpoint of contract means to transcend the logic of self-interest and the logic that says that when an agreement is not promoting immediate happiness, it ought to be abandoned. That logic might be called the *logic of consumerism*, which defines freedom as individual freedom of *choice*. Freedom, so understood, means freedom from permanently binding commitments. This consumerist mentality is perfectly appropriate in the marketplace. But when this mentality extends into other areas of life, it undermines the values of loyalty and permanence, and promotes a different set of values that is destructive of family — and much else besides. The paradox of capitalist society is that while it increases consumption, it depends on the cultivation of institutions and mentalities which are at odds with those of consumerism, in the sense of constant choice among possible alternatives.

This mentality, which promotes choice as an end in itself and sees the widening range of choices as *intrinsically* good, accords with the tendency of contemporary Western liberalism to value "doing as one likes," while resisting any attempt to instruct people as to what they ought to like to do. This perverse understanding of liberty makes contemporary liberalism largely incapable of offering resistance to the lowering of the common culture to the lowest in men and women.

The Culture of Indecency

In a capitalist democracy, what is bought and sold in the marketplace depends upon the balance of cultural forces. Unless countervailing pressures are provided either by the state or by the cultural institutions of civil society, cultural commodities will tend to appeal to the lowest in man. Entrepreneurs, after all, try to provide commodities that they believe people will buy. Entrepreneurs rarely ask themselves whether the commodity they provide is good for people, they ask whether there is profit to be made through appealing to human desires, whether those

desires are noble or ignoble. Since different people have different desires, tastes, and needs, there is more money to be made by providing to the noble and the ignoble, to the refined and the crude — but there is more money to be made by appealing to the low and the crude. In the United States — in which the process of market freedom in communications and the new understanding of liberalism as moral *laissez-faire* are now well advanced — as well as some other Western nations, we have seen the growth of a common culture in which children and adults are constantly exposed to the most debased views of how men and women ought to relate to one another. This culture, in which the content of radio, movie television, and popular music are increasingly focused on sexuality in its most animalistic sense, might be called a "culture of indecency."

This culture of indecency is due to the confluence of several factors, the first of which are commercial and technological. In the case of television, the increasing number of players and the intensification of competition has led to a greater emphasis on sex and violence. When there were only three networks, the content was, from a technical point of view, relatively easy to control through network censors. Moreover, the existence of relatively uniform standards across the three networks meant that programmers at each network did not have to fear the use of increasingly high levels of violence and sex from their major competitors. The situation is now very different. The fourth network, Fox television, entered the market and made its breakthrough through the use of greater sex and sensationalism. All four networks compete with cable television, which is entirely unregulated as to content, and which has channels that specialize in soft-core pornography such as Playboy. Cable television competes with video, which is even more sexually explicit and violent. The intensification of market competition, then, is one important element in the greater emphasis on sex and violence in television.

It is the height of intellectual naivete to think that such messages, created and produced with great technological and technical sophistication, will have an impact. And so, in addition to the potential dangers of a consumerist mentality in interpersonal relations, people are bombarded with technologically sophisticated messages urging them to act upon their more primitive instincts.

Does this mean that it is better to ban, censor, or prohibit programs? The standard answer to this question is that the very fact that such programs continue to be shown means that they are fulfilling a demand, and

at someone wants to see them. It is true that people are watching them. The question is, do we *want* people to watch them? Do the people who watch such programs really *want* to watch them? Or do they believe on some level that they should *not* watch them, but find that the very ease with which such programs are available makes it difficult to resist the temptation to watch them. This in turn raises the issue of whether it is a legitimate task of government to protect us from temptation. "Freedom of choice" is only good when balanced by institutions that encourage us to choose wisely. As Edmund Burke put it, "The effect of liberty to individuals is that they may do what they please; we ought to see what it will please them to do, before we risk congratulations which may be soon turned into complaints."

The Impact of Competition on Israeli Television

Within the last year, Israel has undergone two important changes in the cultural market — the coming of cable television, and the expansion of the first commercial station (Channel 2), ownership of which is in the hands of three private corporations.

Imagine the following television program. Five women sit around a television studio discussing for half an hour their experiences with one-night stands (i.e., sleeping with a man on the first meeting). The first issue discussed is "Is it important that the man wake up beside you the next morning?" One woman maintains that there is after all no relationship between marital happiness and sexual intimacy, so one might as well be married to an impotent man and have sex elsewhere. Another discusses her method of getting drunk in order to lower her inhibitions. The last participant informs us that she sleeps with men and women, and briefly compares the two experiences; she explains her philosophy that sex is a tool with which to gain employment, and whether one trades a look for a smile or sells one's body in prostitution, it is all the same thing. After half an hour the conversation comes to an end and the hostess concludes with the message "Just do it!" This program appeared not on the Playboy channel or on Fox television, but on Israel's Channel 2.

Channel 2 is offering viewers programs of a more sexually permissive nature because it is in competition for viewers, which translates into advertising revenue.

But we will also see more of this as well on Channel 1, the public channel of the Israel Broadcasting Authority, because of the effect of competition for viewers. The real competition for both channels is cable television, most of which is international. What

comes in on cable is the result of the uncontrolled, open market for entertainment in the U.S. and elsewhere. The most vulgar shows produced by Fox television in the United States (such as "Married, With Children"), for example, are available in Israel on the "Family Channel." The trend of programming is already visible. To compete with the popular talk show of Dan Shilon on Channel 2, Channel 1 has introduced a situation comedy set in Tel Aviv about an actress who shares an apartment with a homosexual graphic artist. Channel 1 increasingly broadcasts films that would not be shown on American network television because of their sexual content, and it typically broadcasts them on Friday night. Indeed, the fact that those of more religious sensibilities are assumed not to be watching has only strengthened this tendency in Friday evening programming.

Another predictable and already visible effect of greater competition on Israeli television is moronization — the proliferation of game shows which are cheap to produce and mindless. Channel 2, for example, has begun to produce and broadcast a number of game shows, including a Hebrew version of "Wheel of Fortune."

In view of the consequences — both visible and anticipated — of the increase of market competition on Israeli television, it is worth reconsidering recent government policy. The task of market-oriented public policy analysts and politicians ought to be to structure economic institutions to create competition to produce those goods which ought to be produced, but not to produce all goods for which there is a potential market. They ought to assume that entrepreneurs will do whatever they can to make money, and will be constrained only by self-interest and the law. One legitimate role of government is to protect us from commercial appeal to our own worst instincts, and that includes the maintenance of a decent public sphere. I suspect that the Israeli government made a serious error in allowing cable television to come into Israel in so unregulated a form, and that in Channel 2 it has created a monster which thoughtful people will come to regret. Today there are suggestions that the number of radio stations be expanded and privatized, but if the experience with television is any indication, the effect of such expansion may well be worse radio.

The Absence of a Culturally Conservative Secular Intelligentsia

Market competition, then, is a potential source of cultural enrichment, but it can also be a source of cultural degradation. Which one it will be depends in

part on the critical function of the press. To get a sense of how that function is exercised in Israel, let us return to the example of the talk show on quick sex. The response of the television critic of *Ha'aretz*, the most intellectually prestigious daily, to the show described above was entirely positive. Her only reservation was about another broadcast of the show in which a Haredi woman was interviewed about her sex life; the portrait of Haredi sex life was too positive, complained the critic for *Ha'aretz*. This response is typical of what one finds in the Israeli media, among those who might potentially serve as a counter to the lowering of cultural contents in the public sphere.

Among the least noted but most significant facts about contemporary Israel is that it has no culturally conservative secular intelligentsia capable of exerting any influence in this direction, or a religious intelligentsia effective in the public sphere. There is, to be sure, a secular intelligentsia which is "right-wing" on issues of national security, and there is a (much smaller) intelligentsia which is "right-wing" in terms of the principled advocacy of market institutions. But one looks in vain for public intellectuals for whom the public defense of the human ecology of institutions, such as monogamous marriage, is a priority. While there are religious intellectuals concerned with such issues, they have almost no impact on the formation of the broader general culture. In the National Religious camp, the attempt to create a positive culture in which to socialize children is based largely on creating self-enclosed institutions and communities (indeed, part of the appeal of settlements in the administered territories to such people is that they allow for the creation of a self-enclosed milieu). But intellectuals of such orientation make almost no attempt to influence the larger, non-religious public sphere. Those who do make such an attempt are the ultra-Orthodox Haredim, but they are almost the only ones who offer any opposition to the creation of an indecent public sphere. Last December, for example, there opened a photographic exhibit of "Radical Lesbians in San Francisco," at the Jerusalem Theater, an exhibit comprised in good part of photographs of naked women in leather. The photographs were on display in a public lobby outside one of the concert halls, where everyone would see them, including children attending a concert. On the Jerusalem City Council, the only objection to the display in Jerusalem's main concert hall came from the representative of Degel HaTorah, the Haredi party,

not from Labor and not from the Likud. For just as Israel does not have a major party committed to capitalism, it lacks a secular party devoted to cultural conservatism.

Within the secular intelligentsia, there is no articulate objection or debate regarding pornography, the promotion of sexual experimentation, or homosexuality, which is increasingly promoted in the public media.

Why is there no culturally conservative public intelligentsia in Israel? Perhaps just as national security issues have long overshadowed economic issues in Israeli public debate, so, too, have cultural issues been overshadowed. Some intellectuals of culturally conservative instincts may be unaware of the growing influence of the new media, or perhaps their disdain for mass culture may lead to indifference. In any case, among what was once the socialist Zionist leftist intelligentsia, the collapse of socialist ideology has led not to an embrace of capitalism, but to a rather uncritical attempt to embrace Western cultural fashions.

Issues such as sexual appeals in advertising and in entertainment are viewed as issues that "only Haredim could be concerned about." And since the Israeli secular intelligentsia increasingly defines itself in contrast to the Haredim (who have become "the Other" in Israeli secular culture), these issues receive no attention among Israeli secular intellectuals. Moreover, the objections of Haredim to the cultural phenomena they refer to as "*toevot*" (abominations) are voiced in religious terms rather than in a vocabulary easily accessible to the secular intelligentsia. As a result, the sorts of concerns about the content of public culture in a capitalist democracy voiced in the past by intellectuals such as Matthew Arnold, and voiced in contemporary America by culturally conservative intellectuals of both the right and left, find virtually no echo in Israel.

The spread of the market is conducive to a more decent society, but only if the cultural institutions of civil society foster values of self-restraint and commitment which may be at odds with the values promoted in the marketplace. Whether the cultural institutions of Israeli society are up to this task is an open question.

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Jerry Z. Muller is Associate Professor of History at the Catholic University of America in Washington, D.C., and Visiting Scholar in Residence at the Jerusalem Center for Public Affairs. His most recent book is *Adam Smith in His Time and Ours: Designing the Decent Society* (The Free Press, 1992).