

Does the free market corrode moral character?



Rick Santorum

No.

In fact, markets require moral character if they are to be truly free, and truly free markets, in turn, promote moral character. But free markets are no guarantor of moral character. As today's cultural environment shows, the free market tends to heighten certain moral risks.

As a politician, I might seem less qualified to answer this question than an economist. But as a politician, I have learned a great deal in the many years I've spent discussing freedom, morality, and economics with thousands of Americans. These experiences have taught me that the most important word in "free market" is "free" — that a free market is more of a political and moral reality than an economic one.

The free market depends on and rewards many human virtues. For example, market actors must develop the virtue of prudence — carefulness, foresight, and good judgment about the best way to apply a general rule in particular circumstances. Market actors must make and keep promises, even when an error in judgment means a particular promise is not profitable to keep. These habits result in increased social capital, which is the best lubricant for the free-market machine.

Success in the free market depends on industry and diligence. Lazy and unfocused participants don't last long in business. Moreover, direct participation in a free-market economy promotes self-reliance and healthy individualism. Participants develop the habit of seeing problems as opportunities and of solving them by their own effort.

But here we encounter our first check. Critics often charge that free markets and the profit motive promote an unhealthy, selfish individualism that elevates self-concern above all else and slights social obligations. But

individualism is perfectly compatible with social solidarity and charity toward others. In fact, healthy individualism — an individual's belief in his own power to provide for himself and his family and to bring about needed social change — is the necessary precondition of solidarity with peers and charity toward others in need. Indeed, as George Gilder has eloquently argued, actors in a market economy are inherently oriented toward service to others: they discover others' reasonable needs and satisfy them with useful goods and services.

Though market economies tend to promote and reward many virtues, we should not equate free-market economics with virtue and morality. First, markets cannot exist without underlying moral norms, rights and obligations such as private property and peaceful exchange. Many economists explain basic moral questions such as ownership, the illegitimacy of theft, and even the illegitimacy of slavery in terms of the supposed "efficiency" of such norms. They're welcome to do so. But it is impossible to derive the basic norms that make free markets possible from free-market principles themselves. The reason: "efficiency" analysis depends on voluntary and peaceful exchange, which depends on the social or legal enforcement of a preexisting moral order.

Second, while free markets can contribute to virtue and morality, they are by no means their guarantor. Market factors such as the profit motive can become unbalanced and over-prioritized, leading to greed and selfishness. The solution is not to condemn the market economy, but rather to teach its participants to focus on service to others both inside and outside of economic exchanges, and to keep profit and self-interest in balance with family, community needs, and the promotion of trust and other social goods. Also, the basic market principle of profiting by serving others' needs can lead to problems if the "needs" being met are vices. Though market actors must be careful not to impose a narrow

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Puritanism on their customers and clients, there are points where the pursuit of profit can cross clear moral boundaries.

This tension poses a broader question beyond free markets: does freedom itself corrode moral character? Looking at the dismal state of contemporary American culture, one might be tempted to answer “yes.” We are constantly bombarded with grim statistics about the state of moral decay, from pornography and marital infidelity to drug use and crime. This decay has resulted from the devolution of liberty, best defined as freedom with responsibility, into license, the freedom to do whatever you want irrespective of its effect on others.

The American founders’ conception of liberty as a purposeful freedom, oriented toward something more important than self, diverges sharply from today’s pop-culture view of freedom as a freedom from any restraint on immediate urges and desires. Pope John Paul II rightly distinguished between the true freedom of doing what you ought to do in a way that makes use of your unique situation and talents — the freedom of means — to the false freedom of doing whatever you want, however base the goal or desire — the freedom of ends. Human ends and human goods, given to us by our nature, are not things we can freely define and redefine. We thrive not when we do whatever we want in the moment but when we choose higher goods and longer-term goals. This kind of human thriving requires self-discipline and creativity.

Ultimately, as we find all too often today in the United States, the licentious view of freedom leads to a disregard for the moral and licit. This tendency actually leads to less freedom, because people become enslaved to their own passions and end up disregarding the rights and impinging on the freedom of others. This licentious understanding of freedom undermines the proper function of free markets, which depend on honesty, trust, responsibility, self-reliance, and setting and adhering to long-term goals.

Free markets do not corrode moral character, though they may increase the risk of certain kinds of moral problems. And while free markets undoubtedly play an important role in promoting virtue, strong families and communities are required to help foster individual virtue and the freedom this virtue allows. Like other aspects of a free and just society, free markets depend on individual morality — on taming our selfish passions and impulses and choosing the goals given to us by Nature and Nature’s God.

Rick Santorum, a U.S. Senator from Pennsylvania from 1995 to 2007 and a member of the U.S. House of Representatives from 1991 to 1995, contributes a twice-monthly column to the Philadelphia Inquirer and is a senior fellow at the Ethics and Public Policy Center in Washington, D.C.

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