

Does the free market corrode moral character?



Ayaan Hirsi Ali

Not at all.

There is little consensus on what is moral, let alone on what corrodes morality. A man of faith measures moral character by one's ability to abide by the demands of his God. A socialist might measure moral strength by one's dedication to the redistribution of wealth. A liberal—by which I mean a

classical, Adam Smith or Milton Friedman liberal, not a liberal in its American meaning of “pro-big government”—might be religious, and he might see the merits of income equality, but he will always put freedom first. This is the moral framework to which I subscribe.

According to this school of thought, freedom of the individual is the highest aim, and the ultimate test of a person's character is his ability to pursue his own chosen goals in life without infringing upon the freedom of others to pursue their own goals. From this perspective, free economic activity among individuals, corporations, and nations boosts such desirable qualities as trust, honesty, and hard work. Producers are compelled to continually improve their goods and services. The free market establishes a meritocracy and creates opportunities for better jobs for those students who work hard at school. The same mechanism pushes parents to invest more time and money in the education of their children. Producers invest in research and innovation to beat their competitors in the marketplace.

To appreciate just how effectively the free market strengthens moral character, it is helpful to glance at economic systems that undermine or openly reject it. Everywhere Communism has been tried, for instance, it has resulted not just in corruption and sub-standard products but also in fear, apathy, ignorance, oppression, and a general lack of trust. The Soviet Union and pre-reform China were morally as well as economically bankrupt.

Or consider the feudal order typified by Saudi Arabia. There we see an absolute monarch, a religious hierarchy that reinforces the ruling family's hold on power, and several classes of serfs: the oppressed Shi'a minority, the vastly exploited underclass of immigrant workers, and women, who are confined and abused. The stagnation and oppression of Saudi society make it utterly immoral in the eyes of a classical liberal. Unlike Communism, it cannot even proffer the fig leaf of greater “fairness.”

Free markets have their moral flaws. I can see why critics find it difficult to detect morality in a market system that allows young girls to earn vast wealth for swaying and warbling on TV and young men to become obscenely prosperous because they can hip-hop to drug-induced rhythmic heights. A legitimate debate also exists between proponents of entirely free markets and those who suggest that vital services such as healthcare and education require a measure of government oversight.

To my mind, the extent of government welfare services in Western Europe is excessive and counterproductive; it discourages innovation and rewards dependency, corroding moral fiber and individual responsibility by encouraging people to become lazy and dependent on the state for things they could (and should) do for themselves. In a free-market society, where liberty comes first, individuals tend to be more creative and to innovate; in welfare states that assign priority to equality, the natural resourcefulness of human beings is perverted. To become successful, you must learn how to “work the system” rather than how to develop a better product. Risk is avoided, and individual responsibility is thwarted. Although superficially the system may appear fair, it promotes mediocrity and a sense of victimhood, and it discourages those who want to excel.

Free-market societies are under fire from environmentalists today for supposedly ruining the planet. But the passionate debate about global

(continued)

warming and the moral implications of waste and pollution has arisen only in politically free societies. Moreover, as governments debate whether global warming is really man-made, economic actors have already begun to incorporate these concerns into their production and investment. They have begun taking measures to build more fuel-efficient cars and to create affordable systems to provide alternative sources of energy. Greener-than-thou marketing is a strong force among a certain sector of consumers. Corporations and firms do this because they are rational economic actors. Companies that are greener may actually make more profits than those that ignore environmental morality.

Are the rich always greedy? There are many wealthy, decadent, and vapid people in America. But there are also many very active philanthropists, and indeed, thanks to some of the wealthiest people in the country, there is a marked improvement in public awareness in the fight against various epidemics. The goal of wiping out malaria, for instance, might sooner be achieved by private investors than by states or UN bureaucrats.

These fortunate men and women also take pride in their contributions to such cultural goods as libraries, concerts, museums, and, lately, a cleaner planet. The very active individual philanthropy

that characterizes America may be a function of the tax code, but that is interesting in itself: a well-framed free market can be more effective in improving the common good than a bloated international bureaucracy operated by governments.

For those seeking moral perfection and a perfect society, a free market is not the answer. In the course of history, the search for perfect societies—that is, the failure to acknowledge human imperfection—almost always ended in one or another form of theocracy, authoritarianism, or violent anarchy. But for those who seek to work with human flaws of every stripe, and to increase the sum total of individual happiness, the free market, combined with political freedom, is the best way.

America is imperfect, chaotic, sometimes decadent, and often rough on the weak. But its moral standards are far higher than those of history's other great powers.

*Born in Somalia, Ayaan Hirsi Ali emigrated in 1992 to the Netherlands, where she served as a member of parliament from 2003 to 2006. She is the author of the bestseller *Infidel* and a research fellow at the American Enterprise Institute.*

JOHN TEMPLETON FOUNDATION

SUPPORTING SCIENCE ~ INVESTING IN THE BIG QUESTIONS

THIS IS THE FOURTH IN A SERIES OF CONVERSATIONS AMONG LEADING SCIENTISTS, SCHOLARS, AND PUBLIC FIGURES ABOUT THE "BIG QUESTIONS."

For the previous three questions, visit www.templeton.org/bigquestions.