

# *Does the free market corrode moral character?*



*Robert B. Reich*

## **We'd rather not know.**

Most of us are consumers who try to get the best possible deals in the market. Most of us are also moral beings who try to do the right things in our communities and societies. Unfortunately, our market

desires often conflict with our moral commitments. So how do we cope with this conflict? All too often, we avoid it. We would rather the decisions we make as consumers not reflect upon our moral characters. That way we don't have to make uncomfortable choices between the products and services we want and the ideals to which we aspire.

For example, when the products we want can be made most cheaply overseas, the best deals we can get in the marketplace may come at the expense of our own neighbors' jobs and wages. Great deals also frequently come at the expense of our Main Streets — the hubs of our communities — because we can get lower prices at big-box retailers on the outskirts of town. As moral actors, we care about the well-being of our neighbors and our communities. But as consumers we eagerly seek deals that may undermine the living standards of our neighbors and the neighborliness of our communities. How do we cope with this conflict? Usually by ignoring it.

Similarly, as moral beings we want to think of ourselves as stewards of the environment, intent on protecting future generations. But as consumers, we often disregard this moral aspiration. Many of us continue to buy cars that spew carbon into the air, and some of us spend lots of time flying from one location to another in jet airplanes that have an even greater carbon footprint. And we often buy low-priced items from poor nations in which environmental standards are lax and factories spill toxic

chemicals into water supplies or pollutants into the air. How do we square our moral stand on the environment with our purchasing habits? Beyond buying the occasional "eco-friendly" product, we typically don't even try.

Our market transactions have all sorts of moral consequences we'd rather not know about. We may get great deals because a producer has cut costs by setting up shop in poor nations and hiring children who work twelve hours a day, seven days a week, or by eliminating the health and pension benefits of its American employees, or by cutting corners on worker safety. As moral beings, most of us would not intentionally choose these outcomes, but as seekers of great deals we are ultimately responsible for them.

We usually avoid addressing the conflicts between our market impulses and moral ideals in two ways. First, if we learn of morally objectionable outcomes such as those I have described above, we assign responsibility for them to producers and sellers rather than to ourselves as consumers. We believe, for example, that big-box retailers are wholly responsible for giving their employees low wages and for draining business away from Main Streets, or that automakers are responsible for producing cars that emit so much carbon pollution.

Yet this logic is flawed. Producers and sellers usually have little choice but to cut costs as low if not lower than their competitors. Our own incessant demands for great deals require them to do so. They know that if they fail to offer us what we want, we're likely to take our money to their competitors. The morally objectionable outcomes we blame them for are often the inevitable side effects of their attempts to respond to our own demands for great deals.

The second way we avoid facing up to these conflicts is by compartmentalizing our market desires from our moral visions. We in effect "launder" our money through the market mechanism. When we buy from a seller who is

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the local franchisee of a giant retailer, and that giant retailer obtains the product through a distribution network that gets it from a manufacturer, and that manufacturer assembles specialized components from contractors who employ subcontractors all over the world, the ultimate social consequences of our purchase are so far removed from it that we can easily shield ourselves from moral responsibility. We simply don't see the connection between our consumer choices and, for example, the child laboring in a poor nation or our neighbors losing their jobs and wages.

To be sure, some consumers do shop with an eye to these far-removed moral consequences, and some companies pride themselves on selling goods and services produced in socially and morally responsible ways. But the evidence shows that most consumers want only the great deals. Even if we like to associate ourselves with responsible brands, most of us don't want to pay any extra for responsible products.

The market does not corrode our character. Rather, in these two ways it enables us to shield ourselves from any true test of our character. It thereby allows us to retain our moral ideals even when our market choices generate outcomes that would otherwise violate them.

If the market mechanism were so transparent that we could not avoid knowing the moral effects of our buying decisions, presumably we would then have to choose either to sacrifice some material comforts for the sake of our ideals or to sacrifice those ideals in order to have the comforts. That would be a true test. Absent such transparency, we don't need to sacrifice either. We can get the great deals and simultaneously retain our moral scruples without breaking a sweat.

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