

Controversy:

Does the Free Market Undermine Culture?
A Response to Patricia Donohue-White

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Despite the “controversy,” Donohue-White and I have much common ground. I especially enjoyed her pre-conclusion remarks about finding a balance between a stringent critique and a blind embrace of markets. Indeed, “market transactions must be analyzed against the backdrop of human culture.” I also agree with her that markets allow a variety of harmful effects to occur. In that sense, I am more a critic of (most) government intervention than a defender of markets per se. The key question, then, is whether, in any given context, political markets are an ethical alternative to economic markets and whether such interventions practically yield fewer such harmful effects.

Before I address that question, I should note that my original essay was meant as a defense of economic analysis in light of certain critiques for which Donohue-White apparently has little sympathy. In that sense, I had defined economic analysis simply as rigorous analysis. As such, embracing economic analysis should be a moot point, but unfortunately, it is often eschewed in delicate arenas or denigrated for political purposes.

Economic analysis can also be seen as the study of factors typically within the pale of economics. But, as I noted in the opening paragraph of my original essay, economics can easily be defined far more broadly. Unfortunately, in practice, many economists define the relevant set of variables too narrowly and, as Donohue-White concurs, they should be criticized for this myopia. That said, it is also a mistake to define economic analysis too narrowly (e.g., she argues that “a consumerist mindset” is “the application of the economic way of thinking to non-economic areas”).

The Virtues and Vices of Economic and Political Markets

Donohue-White attributes certain virtues and vices to the market, but later notes that the market is “a neutral instrument.” Although it may seem contradictory, I agree with her on both counts. In one sense, a market system seems to develop certain virtues and vices relative to non-market settings. And in another sense, the market is neutral, simply allowing virtues and vices to be acted out within a context of freedom.

In trying to determine the particular virtues and vices of economic markets, we must be careful that our comparisons are to the alternative—political market solutions—rather than to a utopia. To run with Donohue-White’s concerns about economic markets, one should note that government solutions can also easily stifle human development, cause breakdowns in community, foster vicious competition, allow people to be treated as means to an end, promote idolization of wealth, and so on. In a word, it is not at all clear that political markets are any better on these counts. In any case, blaming economic markets alone is insufficient, and to the extent that economic and political markets yield similar outcomes, the cause would seem to be something other than economics and politics.

Likewise, the attribution of individualism and consumerism to economic markets alone is too narrowly placed. For instance, those who advocate income redistribution to the poor and the non-poor often pose next to the banner of community while embracing individualistic policies—those that benefit some individuals at the expense of others. Moreover, the voluntary, mutually beneficial trades of economic markets typically promote social cooperation; in contrast, non-market, non-voluntary activities promote contention between individuals and groups. And it can easily be argued that government policies promote discontent, envy, and consumerism.

Donohue-White argues that markets contribute to individualism, and thus, to isolation and detachment. Although this may be true for some of the means by which people engage in market activity, ironically, it is economics that is famous for emphasizing the flaws of the Robinson Crusoe model of sociability. It is in our comparative advantages that we find it beneficial to engage in all sorts of trades with other individuals—whether buying widgets or participating in a Bible study lesson. And again, it is not at all clear that markets fare any worse on this count than the stereotypical “faceless bureaucrats” of government.

It is also noteworthy that in her discussion of “structures of sin” and “abuses within the marketplace,” Donohue-White appeals to examples, all of which either stem directly from, or are heavily influenced by, government

intervention. Of course, if one is troubled by the implications of black-market activity, blame the government, not economic markets. Moreover, this further illustrates that individualism and consumerism are alive and well in political market settings.

Donohue-White appropriately argues that the market is a neutral mechanism—it simply allows virtues and vices to be acted out within a context of freedom. In contrast, government is a non-neutral force—pushing and prodding people to avoid or engage in a variety of activities. Too often, people miss the point that virtue and vice require the freedom to engage in those activities. There is less virtue in avoiding vice X if it is taxed or prohibited by law than if one has the more complete freedom to choose X. Likewise, there is less virtue in choosing virtue Y if it is subsidized or mandated by law. People interested in morality—properly defined—should, thus, hesitate before invoking non-market solutions to behavioral problems.

Finally, one could argue that markets are ultimately desirable even if they are neutral or even less than neutral in a given context—if invoking non-market solutions is an inappropriate means to agreed-upon ends. In a word, freedom leads to many undesirable outcomes, but under what conditions should one invoke government force to limit that freedom? Of course, that is a topic for another day.