Economic Liberty

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> "For this is the will of God, that by doing good you may put to silence the ignorance of foolish men—as free, yet not using liberty as a cloak for vice, but as bondservants of God. Honor all people. Love brotherhood. Fear God. Honor the king" (1 Peter 2:15-17).

It is the conviction of many economists that economic liberty is essential to human progress. However, such freedom is often viewed negatively by moralists who tend to regard such liberty as a license to oppress the poor. The conflict between these views has resulted in a great deal of political debate as various factions struggle to implement policies consistent with their different visions of the world. Is there a perspective that can reconcile the establishment of economic liberty within the framework of morality?

The nineteenth-century French economist Frederic Bastiat wrestled with this very question in his book *Economic Harmonies.*[1] In that work, Bastiat took the position that "All men's impulses, when motivated by legitimate self-interest, fall into a harmonious social pattern."[2] For the moralist, this pronouncement might seem like a brazen disregard of one's personal moral duty. However, a more complete assessment of what Bastiat meant will reveal that that is not the case.

Bastiat's position was similar to that taken by Adam Smith in *The Wealth of Nations*. Namely, if self-interested human action were constrained to the context of civil liberty, it would tend to promote the harmonization of the actions of all people. Bastiat's concept of civil liberty was common to his day and can be defined as the condition in which all people are free from the arbitrary dictates of others. That is, a situation where the laws of society are used to restrain the actions of every man from injuring or controlling his neighbor. When applied to the realm of economics, the establishment of civil liberty implies that a person is free to engage in any mutually agreeable exchange of goods that might legitimately be traded. These goods include tangible commodities such as wheat and bread, and intangible goods such as advice and labor services. In addition, it includes the exchange of future claims on goods.

While it is generally recognized that these conditions give rise to the advancement of material well-being, it is often argued that they may be at odds with moral well-being. Bastiat took the opposite position. Bastiat argued that the final interests of human beings are harmonious rather than antagonistic. As such, he saw liberty as the ultimate answer to the social problem. In presenting his case, Bastiat appealed to the fundamental problems inherent in the alternative view. If human interests are forever at odds, then coercion is the only option. But, among the infinite variety of plans that employ coercion to organize society, which is best? Furthermore, even if the "best" plan could be identified, why would we expect people to submit to it since our first premise is that the interests of individuals are always at odds with each other? And, finally, "If you consider individual self-interest as antagonistic to the general interest, where do you propose to establish the acting principle of coercion?"[3] With regard to this last question, it would have to be located beyond humanity if it were to escape the main premise, because arbitrary power entrusted to human beings will always explode into corruption. As a result, the "antagonistic" view has no place to end but in despair.

Bastiat rejected that position and focused on another option. He began with the assumption that God made the person as he is, a being motivated by self-love and naturally interested in social arrangements that better himself. With this as a starting point, Bastiat sought to examine how the social order would progress if people interacted freely with each other. It was that study that led Bastiat to assert that human interests are harmonious rather than antagonistic, because he discovered that such activity would give rise to human flourishing. Toward this end, he observed that people do not consider moral and intellectual issues of life until the basic conditions needed to sustain life are secured. Therefore, he argued that affluent societies tend to be more virtuous than those that are poor.

In the modern age, this conclusion likely seems astounding. However, as C. S. Lewis has pointed out, it should not be surprising. The problem is that modern moral philosophers have substituted the Kantian notion of virtue for the older Christian understanding. As Lewis wrote:

> If there lurks in most modern minds the notion that to desire our own good and earnestly to hope for the enjoyment of it is a bad thing, I submit that this notion has crept in from Kant and the Stoics and is no part of the Christian faith. Indeed, if we consider the unblushing promises of reward and the staggering nature of the rewards promised in the Gospels, it would seem that our Lord finds our desires not too strong, but too weak. We are half-hearted creatures, fooling about with drink and sex and ambition when infinite joy is offered us, like an ignorant child

> who wants to go on making mud pies in a slum because he cannot imagine what is meant by the offer of a holiday at the sea. We are far too easily pleased.[4]

With this in mind, we can begin to understand that there must be something to Bastiat's assertion. Bastiat did not mean to suggest that wealthy people have no vices. He was certainly well-aware of those. In fact, in commenting on the ever-present nature of evil, Bastiat pointed out its harmonizing role in human affairs:

> Deny evil! Deny pain! Who could? We should have to forget that we are talking about mankind. We should have to forget that we ourselves are men. For the laws of Providence to be considered as *harmonious*, it is not necessary that they exclude evil. It is enough that evil have its explanation and purpose, that it be self-limiting, and that every pain be the means of preventing greater pain by eliminating whatever causes it.
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> Society is composed of men, and every man is a *free* agent. Since man is free, he can choose; since he can choose, he can err; since he can err, he can suffer... Now, all error breeds suffering. And this suffering either falls upon the one who erred, in which case it sets in operation the law of responsibility; or else it strikes innocent parties, in which case it sets in motion the marvelous reagent that is the law of solidarity. The action of these laws, combined with the ability ... of seeing the connection between cause and effect, must bring us back, by the very fact of suffering, to the path of righteousness and truth... But if evil is to fulfill this purpose … the freedom of the individual must be respected.
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> Now, if man-made institutions intervene in these matters to nullify divine law, evil nonetheless follows upon error, but it falls upon the wrong person. It strikes him whom it should not strike; it no longer serves as a warning or a lesson; it is no longer self-limiting; it is no longer destroyed by its own action; it persists, it grows worse, as would happen in the biological world if the imprudent acts and excesses committed by the inhabitants of one hemisphere took their toll only upon the inhabitants of the other hemisphere.[5]

In this way, Bastiat pointed out a significant fact about liberty. When people are free, they are also responsible to bear the consequences of their actions. Moreover, those consequences, good or bad, are likely to fall primarily upon the one who acts. As the apostle Paul wrote, "Do not be deceived, God is not mocked; for whatever a man sows, that he will also reap."[6] In addition, when those consequences overflow to others, it will elicit the response of human solidarity. This reality establishes boundaries to human behavior. When a person acts foolishly or immorally, it often results in hardship and suffering. This suffering is a warning from God that he should change his behavior. Likewise, prosperity and success generally serve as signals that one's actions please our Lord. However, these signals will work well as long as people are unable to

impose the costs of their actions upon others. If human institutions are constructed in a way that allows people to transfer the costs of their behavior, then immorality can spread as the less-principled people among us seek to impose the costs of their immorality upon others. For this reason, the existence of material success is not the sufficient sign of moral living, and the occurrence of poverty is not the sufficient sign of immorality. To discern the issues of morality, we have to look more closely at the institutional structures and the human action that resulted in the prosperity or the poverty to make that assessment.

I believe that Bastiat was on the right road in his analysis. After all, consider the alternative. If the privilege of living a virtuous life is only possible for the poorest people among us, and the bane of immorality is the inevitable outcome for those who are well-off, what kind of society would be best? "We should therefore have to say that humanity is faced with the terrible alternatives of either remaining eternally poverty-stricken or of moving toward ever-increasing immorality. In accordance with this logic, all the forces that lead to wealth, such as enterprise, thrift, orderliness, skill, [and] honesty, are seeds of vice; whereas those that hold us back in poverty, like improvidence, idleness, dissipation, [and] negligence, are precious buds of virtue. Could a more discouraging discord be imagined in the moral world?"[7]

We know that suffering and hardship will end in heaven. Therefore, virtue and poverty cannot be linked. However, rather than rely on civil liberty as the foundation for human progress, societies everywhere have adopted various forms of coercive government. In each of these schemes, people are allowed to transfer the negative consequences of their immoral behavior. It was this point that caught the attention of Richard Weaver in his book, *Ideas Have Consequences*.[8] He compared the situation to that of a spoiled child. As Weaver put the matter:

> The spoiled child has not been made to see the relationship between effort and reward. He wants things, but he regards payment as an imposition or as an expression of malice by those who withhold for it. His solution ... is to abuse those who do not gratify him... The truth is that he has never been brought to see what it is to be a man. That man is a product of discipline and of forging, that he really owes thanks for the pulling and tugging that enable him to grow... This citizen is now the child of indulgent parents who pamper his appetites and inflate his egotism until he is unfitted for struggle of any kind... [If he could realize the reality that something greater than himself exists, if he could recognize the virtue of God] and not simply respond to coercion—he might genuinely realize human progress.[9]

Sadly, the hardship and suffering, brought on humanity by pandering to spoiled children has only led to further calls for more aggressive intervention.

The romantics and socialists among us point to such hardship as the sufficient reason to extend their favorite versions of coercion. In many of the Western societies these policies are promoted under the guise of securing the greatest happiness for the greatest number of people. "Demagogic leaders have told the common man that he is entitled to much more than he is getting; they have not told him the less-pleasant truth that, unless there is to be expropriation—which, in any case, is only a temporary resource—the increase must come out of greater productivity. Now all productivity requires discipline and subordination; the simple endurance of toil requires control of passing desire."[10] Of course, the demagogues rely almost exclusively on expropriation as their main means of providing the benefits that they promised when they were seeking election. As a result, their policies are largely destructive of the general welfare. Thus, the abandonment of liberty undercuts the chief means by which people actually recognize their own failings. Furthermore, since this hampers the ability of people to see their own sins, it also hinders their ability to repent of them. Beyond this fact, it also results in the situation where those who are more righteous are burdened more heavily by the suffering of the immoral actions of others. This world will always result in some imbalance because of sin; however, it ought not be the goal of man to extend it needlessly. Such an extension of human suffering would be tantamount to an attempt to crucify the Son of God again. Heaven forbid!

That this is indeed the case is borne out in the experience of the former Soviet Union. In that society, socialism was pervasive and coercion was the chief means of obtaining desirable ends. However, the system failed as greater immorality spread throughout the culture. Corruption of all sorts was rampant in the Soviet system and this immorality continues to hamper economic progress in Russia today. "Western economists have simply taken for granted the moral capital of the West. They have accepted it as a free lunch, as if it came without cost, like air and water. In fact, Russia's religious and moral capital was built up by one thousand years of patient development, but under seventy years of Communist mockery and abuse, such cultural capital has been covered with filth and sludge. In three generations, Russia's moral tradition has been buried so thoroughly that not more than a tiny flock of living persons has had full access to the moral knowledge possessed by their grandparents."[11]

J. Gresham Machen, a Presbyterian theologian of the early twentieth-century, saw the importance of liberty in promoting spiritual growth. He also understood the consequences that would follow the spread of socialism in all its forms. In his classic defense of traditional Christianity against the liberalism of his day he wrote:

> The whole development of modern society has tended mightily toward the limitation of the realm of freedom for the individual man... It never seems to occur to modern legislatures that although 'welfare' is good, forced welfare may be bad. In other words, utilitarianism is being carried out to its logical conclusions; in the interests of physical well-being the great principles of liberty are being thrown ruthlessly to the winds. The result is an unparalleled impoverishment of human life. Personality can only be developed in the realm of individual choice. And that realm, in the modern state, is being slowly but steadily contracted… When one considers what the public schools of America in many places already are—their materialism, their discouragement of any sustained intellectual effort, their encouragement of the dangerous pseudo-scientific fads of experimental psychology—one can only be appalled by the thought of a commonwealth in which there is no escape from such a soul-killing system... The truth is that the materialistic paternalism of the present day, if allowed to go on unchecked, will rapidly make of America one huge 'Main Street,' where spiritual adventure will be discouraged and democracy will be regarded as consisting in the reduction of all mankind to the proportions of the narrowest and least gifted of the citizens.[12]

Notes

1. Frederic Bastiat, *Economic Harmonies* (Irvington, N.Y.: Foundation for Economic Education, 1979).
2. Ibid., xxi.
3. Ibid., xxiii.
4. C. S. Lewis, "The Weight of Glory," In *The Weight of Glory and Other Essays* (Grand Rapids: Wm. B. Eerdmans Publishing Company, 1965), 1–2.
5. Bastiat, *Economic Harmonies*, xxx–xxxi.
6. Galatians 6:7.
7. Bastiat, *Economic Harmonies*, 38.
8. Richard M. Weaver, *Ideas Have Consequences* (Chicago: University of Chicago Press, 1948).
9. Ibid., 113–15.
10. Ibid., 124–25.
11. Michael Novak, *Business As a Calling: Work and the Examined Life* (New York: Free Press, 1996), 97.
12. J. Gresham Machen, *Christianity and Liberalism* (New York: Macmillan, 1934), 10–15.

Reply to Paul Cleveland's "Economic Liberty"

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I want to thank Professor Cleveland for his work in preparing such a helpful and theologically informed treatment of economic liberty. I found his analysis of Bastiat's divine pedagogy of suffering to be particularly insightful. However,