

## CHAPTER 6 — ANTIMARKET ETHICS: A PRAXEOLOGICAL CRITIQUE

### CHAPTER SUMMARY

Praxeology is a value-free science; economics alone cannot imply value judgments. However, praxeology can demonstrate that certain ethical values either (1) rely on *false* propositions concerning cause and effect or (2) are *conceptually impossible* of fulfillment.

If we can demonstrate that X is an impossible and hence absurd goal, then it follows that any attempts to move *toward* X are likewise absurd, because the means derive their justification (value) from the sought end.

The advocate of laissez-faire does not assume that all people always act in their interest; it asserts rather “that everyone should have the right to be free to pursue his own interest as he deems best.” Once one admits that consumers’ preferences may be overridden due to immoral tastes, there is no limit to government control of “evil” or “dangerous” books, newspapers, etc. It is entirely useless to use force to (attempt to) achieve moral behavior, because without an uncoerced choice people cannot be moral.

Another straw man critique assumes that the market would work only if men were angels. On the contrary, regardless of one’s views concerning human nature, the market—which penalizes evil and rewards good—is far preferable to the government, which promotes those individuals most adept at wielding coercion.

Considering the diversity of human skills and their different locations in time and space, “equality” is an obviously nonsensical goal. Beyond that, it is not clear why intellectuals, who ostensibly favor the autonomy and full development of the individual, would at the same time champion equality.

The alleged tradeoff between freedom and security is a false one. The future is uncertain and hence absolute security is impossible. However, the free market provides security through savings, entrepreneurship, insurance, and charity.

It is a myth that medieval craftsmen and peasants were perfectly happy, until modern capitalism “alienated” them from their labor. The status society forced workers to remain in very specific occupations, regardless of aptitude or interest.

The market doesn’t deal in “material” goods so much as *exchangeable* goods (and services). To the extent that the market provides ever greater quantities of exchangeable goods, it lowers their marginal utilities and hence raises the relative importance of *non-exchangeable* goods.

Many allege that the unregulated market would implement Social Darwinism in which the strong destroyed the weak. Yet this biological analogy overlooks the criterion of “fitness” in a marketplace: serving the wishes of the consumers.

References to “robber barons” and “economic royalists” are inappropriate. The market economy is a positive sum game, in which there is a harmony of interests. As man’s power *over nature* grows, civilization develops. Yet a rise in one man’s power *over another man* retards growth and represents a net loss.

It is pointless to argue that “human rights” should trump property rights, for *all* rights are ultimately property rights. Moreover, they are property rights *of humans*.

## CHAPTER OUTLINE

### 1. *Introduction: Praxeological Criticism of Ethics*

Praxeology is a value-free science; economics alone cannot imply value judgments. However, praxeology can demonstrate that certain ethical values either (1) rely on *false* propositions concerning cause and effect or (2) are *conceptually impossible* of fulfillment. Thus praxeology cannot indicate the correct value judgments, but it *can* “veto” absurd ones.

If we can demonstrate that X is an impossible and hence absurd goal, then it follows that any attempts to move *toward* X are likewise absurd, because the means derive their justification (value) from the sought end.

### 2. *Knowledge of Self-Interest: An Alleged Critical Assumption*

The advocate of laissez-faire does not, contrary to popular belief, assume or require that all or even most people always act in their interest; it asserts rather “that everyone should have the right to be free to pursue his own interest as he deems best.” The consumers are admittedly not experts in all fields, but they can always hire experts to advise them. And if they are too ignorant to do so successfully, how then can they vote for wise politicians to choose for them?

### 3. *The Problem of Immoral Choices*

Once one admits that consumers’ preferences may be overridden due to immoral tastes, there is no limit to government control of “evil” or “dangerous” books, newspapers, etc. It is entirely useless to use force to (attempt to) achieve moral behavior, because without an uncoerced choice people cannot be moral.

### 4. *The Morality of Human Nature*

Another straw man critique assumes that the market would work only if men were angels. On the contrary, regardless of one’s views concerning human nature, the market—which penalizes evil and rewards good—is far preferable to the government, which promotes those individuals most adept at wielding coercion.

### 5. *The Impossibility of Equality*

Considering the diversity of human skills and their different locations in time and space, “equality” is an obviously nonsensical goal. Beyond that, it is not clear why intellectuals, who ostensibly favor the autonomy and full development of the individual, would at the same time champion equality.

### 6. *The Problem of Security*

The alleged tradeoff between freedom and security is a false one. The future is uncertain and hence absolute security is impossible. However, the free market provides security through savings, entrepreneurship, insurance, and charity.

7. *Alleged Joys of the Society of Status*

It is a myth that medieval craftsmen and peasants were perfectly happy, until modern capitalism “alienated” them from their labor. The status society forced workers to remain in very specific occupations, regardless of aptitude or interest. In any event, a return to the institutions of the Middle Ages would require the starvation of a large portion of the world’s present population.

8. *Charity and Poverty*

Before charity can occur, prior *production* is necessary. The unhampered market is far more productive than any rival system and hence can create the most goods for everyone. It is also not truly “charity” to take property and distribute it to others at gunpoint. The government has no interest in solving the problems of those who (allegedly) need its help, but prefers that they remain indefinitely dependent.

9. *The Charge of “Selfish Materialism”*

Another typical objection is that the market, though it may be very productive, causes people to focus on material ends, rather than spiritual concerns. This criticism relies on the empty notion of an “economic” end. Yet economy is simply the application of means to achieve desired ends; there are no separate “economic” ends to be contrasted with idealistic or spiritual ends.

Even if we believe people should adopt altruistic ends, it still does not follow that the market is objectionable. Indeed, someone who seeks maximum monetary income is precisely the person catering to the wishes of others (the consumers)! In contrast, if someone forgoes a high-paying job in order to work in a more pleasant environment, this worker is selfishly placing his utility above the desires of others.

The market doesn’t deal in “material” goods so much as *exchangeable* goods (and services). To the extent that the market provides ever greater quantities of exchangeable goods, it lowers their marginal utilities and hence raises the relative importance of *non-exchangeable* goods.

10. *Back to the Jungle?*

Many allege that the unregulated market would implement Social Darwinism in which the strong destroyed the weak. Yet this biological analogy overlooks the criterion of “fitness” in a marketplace: serving the wishes of the consumers. Those who feel the market has been too harsh with particular people are free to setup assistance programs.

11. *Power and Coercion*

## A. “OTHER FORMS OF COERCION”: ECONOMIC POWER

Those who claim that government must counterbalance private economic power (such as that wielded by an employer) mischaracterize the situation. If an employer refuses to hire a worker, he is merely exercising his property right; i.e. he is simply refraining from exchanging his money for the worker’s labor services. If the government can justly use violence to compel an exchange, then the individual worker would likewise be entitled to take the employer’s money through force.

## B. POWER OVER NATURE AND POWER OVER MAN

References to “robber barons” and “economic royalists” are inappropriate. The market economy is a positive sum game, in which there is a harmony of interests. As man’s power *over nature* grows, civilization develops. Yet a rise in one man’s power *over another man* retards growth and represents a net loss.

12. *The Problem of Luck*

It is true that the uncertainty of the future allows some to prosper and others to suffer through “luck.” However, this alone does not prove that market outcomes are unfair. After all, it is possible that all of the rich are actually earning less than their true DMVPs, while all of the poor are currently enjoying excellent luck and really would be paid much less if entrepreneurs had correctly forecasted the future.

13. *The Traffic-Manager Analogy*

In a free society all roads would be privately owned, and the profit-maximizing rules would be established on them. It is a complete *non sequitur* to argue that the need for traffic regulations somehow proves the necessity of government.

14. *Over- and Underdevelopment*

The critics contradict themselves when it comes to “backward” countries. On the one hand, they say that advanced economies are now so complex that they require planning. On the other hand, they maintain that underdeveloped nations need the guiding hand of the State in order to catch up to the West.

15. *The State and the Nature of Man*

It is common to observe that man is a social animal and hence requires a government. Yet this conflates *society* with the *State*. If private legal and police services are indeed feasible, then society can flourish without coercive government.

16. *Human Rights and Property Rights*

It is pointless to argue that “human rights” should trump property rights, for *all* rights are ultimately property rights. Moreover, they are property rights *of humans*. (If a man has a property right in a chair, it is not the chair that possesses the right, but the human being.)

The classic examples of crying fire in a public theater etc. can all be resolved by a specification of property rights. There is no need to weigh one abstract right against another; it is all a matter of contracts.

## APPENDIX PROFESSOR OLIVER ON SOCIOECONOMIC GOALS

### A. THE ATTACK ON NATURAL LIBERTY

Oliver rightly criticizes watered-down versions of laissez-faire, but he fails to seriously consider the Rothbardian position. Many of Oliver's alleged inconsistencies in the doctrine are due to his straw man construction.

### B. THE ATTACK ON FREEDOM OF CONTRACT

Oliver again dismisses the radical position of unfettered freedom of contract, and focuses his attacks on versions that are either patently silly or marred by unnecessary and confusing caveats. Rothbard provides a sound formulation of freedom-of-contract that deals with Oliver's concerns and is fully consistent with unbridled laissez-faire.

### C. THE ATTACK ON INCOME ACCORDING TO EARNINGS

Oliver wrongly states the position he wishes to attack as, “A man acquires a right to income which he himself creates.” Rothbard offers a better formulation as, “A man acquires a right to the *property* that he himself creates.” Oliver goes on to question marginal productivity theory, but this is entirely irrelevant to the ethical problem of property rights: When a capitalist employer hires someone's labor, the employer is the just owner of the resulting product.

### NOTABLE CONTRIBUTIONS

- Beyond using value-free economics to rule out ethical goals that rest upon false beliefs concerning a market economy, Rothbard explicitly relies on praxeology (p. 1298) when explaining why movements *toward* an impossible goal are also objectionable. Although most people would likely agree with this position, it would be hard to justify (to those for whom it was not self-evident) without the praxeological argument.
- Rothbard’s defense of market “monopoly” in the case of Crusoe and Friday (p. 1299) is particularly clever.

### TECHNICAL MATTERS

- By an “existential criticism” (e.g. p. 1298), Rothbard means a criticism that involves a value judgment, but also relies on beliefs about how the world works. Thus if someone criticizes the free market because it leads to famine, this involves the value judgment that “starvation is bad.” However, there is no need to argue over ethics, because praxeology demonstrates that the free market does *not* lead to famine.
- When Rothbard criticizes utilitarianism (p. 1304), he does not necessarily mean the doctrine of Jeremy Bentham, but rather has in mind a *consequentialist ethics* of the type espoused by Ludwig von Mises. In this conception, ultimate value judgments really are “arbitrary” in the sense that no one could possibly prove them to be correct or incorrect. However, Mises thought that (coupled with praxeology and other value-free sciences) rational individuals would realize that their (admittedly subjective) goals would best be satisfied by obeying the standard tenets of morality. For example, to the extent that the vast majority prefer wealth to poverty, health to sickness, and so on, then they would understand that they had to refrain from murder and theft.
- When Rothbard declares, “There is but one way that morality can spread from the enlightened to the unenlightened—and that is by rational persuasion” (p. 1305), he is not advocating pacifism. He would think it perfectly acceptable for a private agency to use force, say, to stop a man from killing his neighbor. However, the point of such force would not be to create a moral man, but rather to prevent a crime.

STUDY QUESTIONS

- (1) Does Rothbard think the end justifies the means? (p. 1298)
- (2) Name three typical objections to the market, and give Rothbard's responses. (pp. 1299-1300)
- (3) Why does Rothbard say that "each man should have X" is a much clearer rule than "all men should be equal in X"? (p. 1312)
- (4) What was Clara Dixon Davidson's observation on Herbert Spencer's famous Law of Equal Freedom? (p. 1312, fn 13)
- (5) Rothbard claims (p. 1324) that the market's increased output of exchangeable goods would foster the opposite of "material" values. Give an example.
- (6) Explain Nock's distinction between social and State power. (pp. 1331-1332)
- (7) How does gambling fit into Rothbard's discussion of luck? (pp. 1333-1334)
- (8) In a free society, how would people settle the conflict between movie stars' desire for privacy and the tabloid customers' desire to see candid photos? (p. 1339)
- (9) Oliver claims that natural rights connote a concept of property consisting in "things" rather than abstract "rights." What is Rothbard's response? (pp. 1342-1343)
- (10) What does Rothbard say in response to Oliver's contention that marginal productivity cannot be applied within a corporation? (p. 1353)