

Morality of Free Markets

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By Walter Williams

FAIRFAX, Va.—Dr. Richard Ebeling, professor of economics at The Citadel, The Military College of South Carolina, and my longtime friend and colleague, has written an important article, "Business Ethics and Morality of the Marketplace," appearing in the American Institute for Economic Research.

Its importance and timeliness is enhanced by so many of America's youth, led by academic hacks, having fallen prey to the siren song of socialism.

Possessing rights

In a key section of his article, Ebeling lays out what he calls the ethical principles of free markets. He says: "The hallmark of a truly free market is that all associations and relationships are based on voluntary agreement and mutual consent. Another way of saying this is that, in the free market society, people are morally and legally viewed as sovereign individuals possessing rights to their life, liberty, and honestly acquired property, who may not be coerced into any transaction that they do not consider being to their personal betterment and advantage."

Ebeling says that the rules of a free market are simple and easy to understand: "You don't kill, you don't steal, and you don't cheat through fraud or misrepresentation. You can only improve your own position by improving the circumstances of others. Your talents, abilities, and efforts must all be focused on one thing: what will others take in trade from you for the revenues you want to earn as the source of your own income and profits?"

Notice true villain

For many people, profit has become a dirty word and as such has generated slogans such as "people before profits."

Many believe the pursuit of profits is the source of mankind's troubles. However, it's often the absence of profit motivation that's the true villain.

For example, contrast the number of complaints heard about profit-oriented establishments such as computer stores, supermarkets and clothing stores to the complaints that one hears about nonprofit establishments such as the U.S. Post Office, the public education system and departments of motor vehicles.

Computer stores, supermarkets and clothing stores face competition and must satisfy customers to earn profits and stay in business.

Postal workers, public teachers and department of motor vehicles employees depend on politicians and coercion to get their pay. They stay in business whether customers are satisfied with their services or not.

Not taken, but earned

In a free market society, income is neither taken nor distributed. Income is earned by serving one's fellowman.

Say I mow your lawn. When I'm finished, you pay me \$50. Then, I go to my grocer and demand, "Give me two pounds of sirloin and a six-pack of beer that my fellowman produced."

In effect, the grocer asks: "Williams, what did you do to deserve a claim on what your fellowman produced?"

I say, "I served him."

The grocer says, "Prove it."

That's when I pull out the \$50. We might think of dollars as "certificates of performance," proof of serving our fellowman.

Free markets are superior

Free markets are morally superior to other economic systems. To have a claim on what my fellowman produces, I'm forced to serve him.

Contrast that requirement to government handouts, where a politician says to me: "You don't have to get out in that hot sun to mow your fellowman's lawn. Vote for me and I'll take what your fellowman produces and give it to you."

Ebeling says that those deserving condemnation are those who use government coercion to gain at the expense of others. There are thousands of such examples.

- Government subsidies at taxpayers' expense.
- Paying farmers not to grow crops or guaranteeing them a minimum price paid for through tax dollars and higher prices for consumers.
- Regulations that limit entry into various professions and occupations.
- Regulations that limit consumer choice.
- Corporate handouts and bailouts.

Crony capitalism

In a word or so, our protest should not be against capitalism. People should protest crony capitalism, where people use the political arena to buy government favors.

If millennials and others want to wage war against government favors and crony capitalism, I'm with them 100%.

But I'm all too afraid that anti-capitalists just want their share of the government loot.