

# Selfishness and the Market Economy

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I want to address the question obliquely to help us focus on what the implications of the relationship between selfishness and the market economy might be for our thinking about the relationship between the market economy and the state.

First of all, selfishness is not caused by a market economy. Selfishness, a disregard for the needs of others, does not emerge from the pages of a textbook by Friedman or Hayek. Churchmen who criticise the institution of the market because it fosters selfishness, and they frequently do, are very much looking at the wrong target. They should be converting the human heart away from selfishness because if in a free, capitalist society, people are choosing selfishness it is not the capitalist system that is at fault but the human heart.

It should be mentioned, in case there is any doubt, that selfishness is not at all the same as self interest, the pursuit of which is essential for a market to work. Selfishness is a human weakness, not an institutional failing of a capitalist system. If it were an institutional failing of a capitalist system, certain features of the world around us would not make sense. American philanthropy would not make sense. Every single US state has a higher level of charitable giving as a proportion of personal income than every single province in soggy socialist Canada. US citizens also, of course, put the British and Europeans to shame in that regard. That remark is probably casual empiricism at its worst but it is important to note that one does not give money away if one has a selfish disregard for others. Of course, if selfishness and the capitalist system go hand in hand, the attempts to perfect man through its destruction by the imposition of Marxist Socialism would have succeeded: it evidently did not.

The point about a market economy is that it allows people to pursue their objectives purposefully, whatever those objectives might be. Personal objectives could involve selfish motivations, but the great joy of a market

economy is that they allow the pursuit of all sorts of other objectives too – and our free society is made all the more rich, in the non-material sense of the word – because of the activities of all the many people who put other values and pursuits before their own material wellbeing.

If markets do not lead to selfishness, in any meaningful sense of the word, might they help foster it in some way? They may do so with regard to the selfish acquisition of material things – though selfishness manifests itself in other ways in non-market economies. Just as it is hard to be a glutton as a subsistence farmer in the midst of a famine, it is difficult to be greedy in the absence of the opportunity to acquire material goods. But if the best that can be said for socialism is that it might make the vice of selfish greed less likely because there is nothing to acquire in a socialist economy, then the case against the market economy is pretty weak. We should not criticise a system that produces goods in abundance just because it gives people the opportunity to be greedy.

Importantly, a market economy also attenuates the adverse affects of selfishness – indeed, it can put selfishness to creative use. In general a selfish man in a capitalist society can only attain his ends by providing something of value to somebody else: such is the characteristic of a system based on freedom of contract. This contrasts with a socialist system where people achieve their own selfish aims at the expense of others. Nobody gained when the selfish Soviet apparatchik managed to get himself promoted by reporting his neighbours to the secret police. Yet, if selfish greed were to lead me out of the IEA’s door say to set up a professional financial training institution that might make me a millionaire, it would only make me a millionaire if I were any good at providing the training and if people wanted to pay for it. You might counter by citing people like Rachman and associate them with selfish greed in a market economy. But Rachman made his money precisely because of socialist regulation of the housing market.

Perhaps we can have a third way. We could have an economy with a market operating in many sectors, but with a kind of Blairite soggy socialism or

Cameronian high Toryism, where the state takes responsibility for certain things and thus leads us to be more socially aware citizens at the same time. What a good idea: the best of both worlds! But, when we mix systems up, how do we know we are going to get the best of both worlds and not the worst of both worlds? H. B. Acton mentioned that when we give the state responsibility for housing, education, health, welfare, pensions, contingent insurances and so on, we are actually taking away from people decisions that relate to those products and services, responsibility for which helps the human person grow. We also make the market look materialistic because it is only allowed to produce material things. In this country, about 30% of people have housing, education *and* health provided by the state; about 80% of people have education and health provided by the state. If only the people who live on housing estates in the catchment areas of appalling state schools had the opportunity to express their self interest by choosing a better school for their children. But those opportunities are cut off by the state. Worse than that, with all the really important things done by the state and with so much of our income taken away to finance health, education and so on, life even for most people in this room, involves earning money to spend on overt material possessions. For relatively poor people, if they do a bit of overtime, it is for the extra holiday, the playstation or the television. Certainly the focus is on the here and now: there is no point saving it (it will be means-tested away) and probably no possibility of spending extra money on extra education or health care - things that broaden our social horizons away from getting and spending. The third-way state, supported by all major political parties, systematically focuses people's attention on earning for spending on material goods. No wonder it makes the market look selfish.

Finally, if we do not have a market economy, we must have an alternative. Would the alternative be better? I would argue that a socialist economy institutionalises envy and that envy is a far worse vice than selfishness. As former Archbishop of London, Graham Leonard, said envy is far worse because it focuses the attention of a person upon himself and produces discontent. This discontent then spills over into relationships with others. Socialism institutionalises envy because it rides roughshod over property

rights and encourages people to use the political system (whether it be democratic or not) to redistribute what is not rightly theirs to themselves – as Hayek said, group selfishness can exist alongside individual selfishness in a socialist society. What is the support for protectionism but group selfishness? Socialism also encourages envy by encouraging an erroneous belief that, in a capitalist system, people become rich at the expense of others.

Thus, to sum up, the focus of those who object to selfishness should be on changing the human heart not jettisoning the capitalist economic system. We cannot, in the words of T. S. Elliott, create a “system so perfect, that nobody needs to be good.” In a world of plentiful material goods, one may get more of certain types of selfishness, in the same sense that in a fertile country you get more gluttony than in a drought-stricken one but that is a pretty dumb reason to reject capitalism. How about the third way? Well, Vaclav Klaus famously said that the third way is the quickest way to the third world. Perhaps I can put it differently – the third way is the quickest way to the worst of all worlds.

Perhaps I can just finish with a quote about the effect of socialism. It is this:

“The door would be thrown open to envy, to mutual invective, and to discord; the sources of wealth themselves would run dry, for no one would have any interest in exerting his talents or industry; and that ideal equality about which they [socialists] entertain pleasant dreams would be in reality the levelling down of all to a like condition of misery and degradation.”

If I were to ask you the author of the quote, I suspect many of you might say it is Churchill in the 1945 election campaign. In fact, it is Pope Leo XIII in 1891, in the so-called workers encyclical, *Rerum Novarum*. It is true that Pope Leo had some harsh words to say about factory owners mistreating workers and so on. But he certainly provided no succour to those who would replace the market economy with socialism on the grounds that it would raise the level of human values. As you might expect, I agree with him.

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