

# Questions for Free Market Moralists? Some Answers\*

By Mario Rizzo

A philosopher, Amia Srinivasan, fellow in philosophy at All Souls College, University of Oxford, writing in the [New York Times Opinionator](#) (online commentary) says that in order to be a consistent defender of Robert Nozick, the free market and classical liberalism, one must answer “yes” to all four questions below. And she believes that such consistent yes answers are not plausible. She is wrong that we are required to answer yes to all four and she is wrong that yes answers on any are implausible. She also misconceives the task of liberalism as a political philosophy.

Let us start with the last point. As Ludwig von Mises constantly reminded us, *liberalism is not a philosophy of life*. It does not deal with the ultimate questions of man’s place in the universe and the full range of choices human beings must make both in dealing with others and in guiding one’s own life. It is a philosophy about the role of the state in a world in which people differ in their life-philosophies or in the concrete application of a philosophy to different circumstances of time and place.

With this in mind we can briefly answer her questions:

1. Is any exchange between two people in the absence of direct physical compulsion by one party against the other (or the threat thereof) necessarily free?

Has she considered fraud? Fraud is recognized by all liberals as interfering with freedom of contract. But, aside from that, what does she mean by “freedom”? Clearly she means some kind of “deep” or moral freedom as her later criticisms of putative liberal answers make clear. What do we require for contractual freedom? A complete knowledge of all the options available is not on the table. Even exchange arising out of the ignorance of one party (say, of the full array of prices available) conveys information to the market as errors are eliminated by profit makers. If I think X is only worth \$5 and I am prone to use it for purposes that are relatively unimportant, the profit maker “exploiter” can buy it from me at \$5.05 and resell to someone who values it more and will use it for other purposes.

So is it “necessarily free”: Yes by a meaning of freedom that solves the fundamental knowledge problem of society – how to mobilize decentralized knowledge for a social use.

2. Is any free (not physically compelled) exchange morally permissible?

Not if it causes harm to other protected interests. Can two individuals engage in a free exchange in weapons to be used to kill innocent people? I think not. Can I use my property to pollute the environment? This is complex question to which the answer is both yes and no. What is meant by pollution? How much? What harms?

Often, Progressives (so-called) think that if a person lacks attractive alternatives an exchange is not free. So if a poor person in Bangladesh is offered a low wage or poor working conditions and

accepts it because his alternatives are worse, this is not a free exchange. Should we ban it and make him even worse off? Should we be blind to the international process of trade and exchange that tends to raise wages as it increases the demand for labor in poor countries?

3. Do people deserve all they are able, and only what they are able, to get through free exchange?

Life is not a nursery. I am reminded of parents to tell young children that if they are good they will deserve a treat. Life is not a Platonic universe in which human beings are authorized to assign to each what they “deserve.” As Hume warned us, in the realm of law and politics “desert” is an invitation to “avidity” and “partiality.” The man of merit who returns a great fortune to a miser may be thought by some to deserve the fortune. No matter; justice must be done.

When I buy a nice bottle of champagne, I do not ask “Do I deserve it?” I am not God. How do I even know what this means? I gave a dollar to a homeless person. Does that mean I deserve the champagne? In my mind, the only relevant question for political philosophy is: Does anyone have the right to take the champagne from me by force? With the usual liberal caveats, no. That is it, then.

4. Are people under no obligation to do anything they don't freely want to do or freely commit themselves to doing?

No. I am not permitted (nor should I be) to steal, murder, rape and pillage. Of course, I am under no moral obligation to obey laws that violate the principles of just conduct. Were Germans obligated to obey Nazi laws on the Jews and so forth?

Of course, questioner seems to mean: Do I have an obligation to be kind, merciful, and beneficent? Obligation in conscience or obligation in law? Liberals are concerned with obligations in law. Recall the old distinction between duties of imperfect obligation and duties of perfect obligation. The former, like beneficence, are underdetermined as to their appropriate time, place and extent. The latter, like keeping to your contractual obligations, are much more precise and determinate. As Adam Smith argued in his *Lectures on Jurisprudence*, the duties of perfect obligation belong to law; the others do not. Does Dr. Srinivasan advocate that the State take up the role of moral dirigiste? Instead of making us keep holy the Lord's Day, the modern progressive dirigiste wants to make sure that we love our neighbors sufficiently and in the “right” way.

Unfortunately, there is much more in her article and I cannot deal with all of the examples and nuances of her view. Yet, for any classical liberal, she seems hopelessly confused, and naïve about economics and political processes.

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