

The Ethics of Free Markets

The two most obvious ways in which free markets appear to be ethical are in the freedom they embody and the efficiency they provide. Freedom and efficiency are good things. Anyone who wanted to challenge the claim that free markets are ethical would have to argue (1) that these good aspects are outweighed by other bad ones, or (2) that freedom and/or efficiency are not really good in this particular case, or (3) that (a) freedom and (b) efficiency are not really features of free markets after all. I'll address these ideas in turn, in reverse order.

3b. Are free markets efficient, or more efficient than the alternatives? History suggests that free market economies deliver what people want more successfully than controlled ones.

3a. Are free markets really free? They are free in the sense that people's behaviour in them is constrained only by the law, and I suppose we have to assume relatively liberal laws. One objection, though, might be that liberal laws allow advertising, and advertising makes us want things we wouldn't want otherwise, or makes us want things *more* that we would want *less* otherwise. We are not free, the argument goes, to resist its allure.

2. Are freedom and efficiency, while undeniably good in general, somehow not good in the case of markets? The real issue here, it seems to me, is whether it is good that people tend to get what they want at prices they are willing to pay? That might sound like a ridiculous question but people don't always want good things.

Finally, 1, what bad aspects might free markets have that could outweigh the goodness of freedom and efficiency? One is that with freedom there are no guarantees. If people are free to hire other people or not then there is no guarantee of a job for everyone. Nor is there any guarantee that what jobs are available will pay a decent wage. Similarly there are no guarantees regarding healthcare, education, housing, and food.

Another kind of question concerns justice or rights. The most plausible defence of property rights is (in my opinion) on the basis of utility, and utilitarian considerations certainly suggest that some of some people's property should be taken to help those who need it. To the extent that we redistribute wealth or income our economy is less free. At least in one sense of 'free'. Freedom from taxes is a form of one kind of freedom (often called negative) and freedom to do things is another kind (generally called positive). Both are undoubtedly good, but it's possible that less of the former might lead to more of the latter. If that's true then negatively free markets might not be as ethical as other kinds.

I am not advocating socialism. I'm not really advocating anything here so much as I am raising questions. But the suggestion behind these questions is that the kind of system we have now is on roughly the right lines. It is good that we don't allow the buying and selling of slaves. It is at least reasonable that we don't allow the unrestricted buying and selling of all drugs, weapons, secrets, and uses of human bodies. It is reasonable that we don't allow unrestricted advertising. And it is good that we have measures in place to ensure that people aren't left to die if they slip between the fingers of the invisible hand. Freedom is a great thing. My interest is in how we can have as much of it as possible.