The Political Theory of Conservative Economists

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Chapter Six

The Good Society:
Justice, Morality, and Community

We are firmly convinced, and we act on that conviction, that with nations, as with individuals, our interests soundly calculated, will ever be found inseparable from our moral duties.
—Thomas Jefferson, Second Inaugural Address, 1805.

Where this school of public spirit does not exist, scarcely any sense is entertained that private persons...owe any duties to society, except to obey the laws and submit to the government...The man never thinks of any collective interest, of any objects to be pursued jointly with others, but only in competition with them, and in some measure at their expense...Thus even private morality suffers, while public is actually extinct.
—John Stuart Mill, Considerations on Representative Government, chap. 3.

All social philosophies, social myths, political theories, and most religions are concerned with justice and morality within a community. Justice, morality, and political community are closely interwoven, each delineating the others. Sophisticated analysis of their meaning and interconnection began when the ancient Greeks invented systematic political speculation. For Plato and Aristotle, justice defined the nature of community and made the good life possible. Then as now, contending systems of justice and community shared a common goal: to regulate interpersonal relations in a way satisfactory to whoever counts—citizens, gods, the warrior class—by whatever standards—utility, natural law, philosophy, will—that could command sufficient accord. However, attempts to achieve agreement on the meanings of justice and community, and warfare over the failure to do so, has been continuous throughout human history, because rival pictures of justice support incompatible political, social, and economic systems. Viewed from the outside, justice, morality, and community are highly problematic, but from within systems that claim objective truth, they present few difficulties. The firmer the belief that one's system furnishes inescapable answers, the less apparent need there is for discourse, for weighing and balancing rival claims, or for admitting the possibility of alterna-
tives. In that case, justice and community are ensured by following the system's rules and procedures.

This chapter samples the conservative economists' arguments about justice, morality, and community, briefly noting policy implications. For these theorists, the market provides answers to questions that have animated public discourse for millennia. In a seemingly positivist argument, they claim that there are no applicable exogenous sources of justice or morality and that the market defines the scope of community and common interest. As in other theories postulating a system independent of human wishes—such as Marxism—proper behavior is determined by system needs. The conservative economists' concepts of justice, morality, and community are indivisible from their pictures of spontaneous order and human nature. People are separate, with few ties, and generally follow narrow self-interest. Justice and morality are defined by and limited to behavior necessary for spontaneous market order. Community flows from this order, and human nature prevents development of truly common or collective purposes. As with freedom, equality, and democracy, justice and community putatively lack substantive content, being limited to marketlike procedures.

This perspective contrasts strongly with traditional concepts of justice, morality, and community. The National Conference of Catholic Bishops' pastoral letter, *Economic Justice for All*, is a contemporary example of traditional religious-based arguments about justice, morality, and community within political economy. Based on Aristotelian and Thomistic philosophical assumptions, and extending papal encyclicals dating to 1891, this letter represents an argument that was once common in western religious and philosophical thought.

The bishops claim that market and economy are not separate, autonomous spheres of morality. Rather, "[M]ost of the policy issues generally called economic are, at root, moral and therefore require the application of moral principles." Given the market's importance, the bishops assert that it is legitimate to analyze and criticize economic relations from an external moral perspective: "to measure this economy, not only by what it produces, but also by how it touches the dignity of the human person." Economic relations are morally significant because they have profound social and political impact, deeply affect human interaction, are sources of conflict as well as accord, structure people's ability to develop, can frustrate and isolate or fulfill individuals, and shape family life. People are not equally able or free to act or not act in the economy, ensuring inequality of bargaining position and uneven results. "Serious economic choices go beyond purely technical issues to fundamental questions of value and human purpose."

The bishops assert that human dignity is one of the most important moral
components of the economy. Although wholeheartedly agreeing with conservative critics that poverty destroys dignity, the bishops reject the claim that market relations are always fair and must be accepted. Human dignity means treating people as ends, not means. Human dignity requires economic and social justice, community, respect for persons, solidarity with others, promotion of human rights, participation, and protection of the poor and vulnerable. Material and spiritual well-being are interrelated. Each sustains the other and coalesce into a pattern of supportive community. A sense of citizenship, a common good beyond individual pursuit of self-interest, and a justice embodying more than ensuring that people keep what they earn in the market develop only within such a supportive community.5

Socioeconomic arrangements are neither inexorable nor inherent in a natural economic system. Public policies are not neutral. People can choose how to interact. A free economy and negative freedom are valuable, but people must “recognize the inescapably social and political nature of the economy.” This requires accepting responsibility for all actions, even those filtered through markets. If economics is not autonomous, it can and must be judged and guided by customary moral criteria and commutative, distributive, and social justice. The bishops insist that traditional religious values require economic justice beyond procedural safeguards ensuring people the right to compete. The economy communicates and embodies morally significant values and has an impact on fundamental human relations. Social and political results are morally significant and must be considered in evaluating economic policies. Community and common interest do exist, and although they include individualism, they cannot be reduced to self-regarding pursuit of self-interest. The bishops propose numerous policies that might realize their norms of justice and human dignity. Whether domestic or international, there is a “fundamental moral criterion for all economic decisions, policies and institutions” which requires that “[t]hey must be at the service of all people, especially the poor.”6

Most traditionalist arguments agree that work is an integral part of human development and that external criteria must guide socioeconomic relations. These arguments share with classical liberalism the belief in “a law beyond the law,” that is, a standard to which all rules and behavior must conform.7 Thus from the same perspective as the Catholic bishops, Richard Regan insists that the justice of modern economic systems must be judged by “the general acceptability of distributions, and the compatibility of distributions with the human development of all contributors,” as well as by the gross national product.8 From a different conservative perspective, Russell Kirk insists that social justice exists and must enter into calculations, though he tends to identify it with charity rather than active government. Kirk claims that economic liberalism—meaning conservative economics—has degenerated to the point where its economic
abstractions endanger real freedom, community, and the myths by which people live and interact. In part, he calls for efforts “to humanize the industrial system” to the extent possible, reducing monotony and lack of pride in work. Graham Walker wants to accept Hayek’s economic arguments but finds himself deeply troubled by rejection of the transcendent.

Buchanan, Friedman, and Hayek do not seem to have directly addressed the bishops’ letter, but the anguished denunciation of the document by other economic conservatives is compatible with their position. These authors’ rejection of the bishops’ claims is founded on the effort to give economics scientific status and goes back to the origins of classical political economy. Although it is not possible to measure accurately the influence of classical and neoclassical theorists on Buchanan, Friedman, Hayek, and other conservative economists, early writers provide a background against which current political-social ideas may be explicated. Classical economics and its descendants attempted to create an objective system of analysis, based upon deductive statements about real-world relations, that denied the relevance of and would not depend upon transcendent principles, moral criteria, or prescription. That it was only partially successful is shown by Malthus’s assimilation of the laws of political economy to the laws of God; that is, his claim that intervention in socio-economic relations based on popular pictures of morality or justice offended both nature and God and his denial of the need for moral choice and responsibility for others outside one’s own family.

Malthus exemplifies a widespread tendency among social-political-economic theorists. Moral judgment often enters description and analysis. Whether individual theorists explicitly embrace it or not, political economy has a longstanding concern with justice and morality. Smith, Malthus, Marx, Alfred Marshall, Keynes, and the authors in this book illustrate that political economists persistently employ the language of good, bad, moral, just, and so forth in reference to political-economic relations. Marshall (1842–1924), arguably the most important of the neoclassical economists, believed that economic science should be employed for moral ends and purposes. This belief may have influenced Keynes’s claim that economics is also a moral science because it prescribes behavior and people choose outcomes. The essential point is that economists often make claims that have moral content, involve justice, or employ the language of more traditional concerns.

Simultaneously, these and many other theorists have attempted to make economics a positive science or at least base it on objective criteria. This effort to establish the autonomy of economic analysis from philosophy and morality reaches deep into the history of political economy. Classical theory, and the later, more refined neoclassical theory, emphasized relations thought to be based on fundamental human motivation—adjustment of prices to marginal
costs and changes in purchasing power, self-correcting mechanisms, full employment of resources, naturalness of economic relations, and the autonomy of economics. Following Malthus, Ricardo, and Mill, William Stanley Jevons (1835–1882) attempted to reestablish economics on what he considered an exact, scientific foundation, stressing collection and analysis of statistics, in an effort to move economics from the moral to the natural sciences. Knut Wicksell (1851–1926) modified the classical approach to marginal analysis, emphasized that money and credit affected the level of economic activity, and influenced Buchanan’s analysis of government operation. The eight editions of Marshall’s *Principles of Economics* trained two generations of economists and provided a virtual syllabus of research concerns. Vilfredo Pareto (1848–1923) was even more influential in shaping how social scientists view moral issues.

Pareto is perhaps most famous for the socioeconomic concept of Pareto optimality. Advocating public policy requires value judgments and interpersonal comparison, but efforts to make political economy into a science decry the use of moral criteria. Pareto optimality apparently answers this dilemma. Given strong individualistic assumptions and accepting the existing economic distribution, this concept states that it is not possible to determine which social alternative is better, in the absence of unanimous agreement, without violating someone’s rights. To avoid these alternatives, Pareto and subsequent theorists proposed that it is legitimate to proceed with policy changes making some people better off without harming anyone or making everyone concerned better off. This allows a ranking of political-social-economic alternatives without using interpersonal comparisons. If someone or everyone benefits, and no one is hurt, we may presume that everyone consents to a change in the status quo. Pareto optimality is reached when it is no longer possible to improve anyone’s situation without making someone else worse off. Because of its limited application, the concept has been extended to legitimize changes where beneficiaries compensate, or potentially can compensate, losers. Though they rarely refer to Pareto, Buchanan, Friedman, and Hayek make Pareto-like claims about the market: It embodies fair procedures, benefits to all participants, and voluntary action, thus satisfying individualism, unanimity, and presumably Pareto-type criteria. They also claim that no one is blameable for undesirable market results, meaning that all outcomes need not be Pareto-optimal.

Despite the long effort to elude normative conclusions, the concern for justice, morality, community, and application of noneconomic criteria to socioeconomic relations has persisted. In response, Buchanan, Friedman, Hayek, and others who accept and amplify the classical and neoclassical emphasis on individualism tend to solve problems of distribution, moral relations, justice, and community with an appeal to system needs. If the economic system is based on objective criteria—human nature, evolution, positive science, or a
hypothetical contract—that lend an element of determinism to relations, then answers to social problems and concerns are justified by appealing to the system's needs and structure rather than to metaphysics. The system of spontaneous order provides answers and limits the number of problems involving justice and morality. This makes it possible to dismiss exogenous claims, employ something similar to Pareto optimality, and ignore the moral content of one's argument. The wish, therefore, to divorce political economy from external criteria such as that detailed in the bishops' letter combines with objectivity claims and the normative criteria of individualism and economic freedom to produce the conservative economists' conclusions about justice, morality, and community.

Conservative economics is a belief system encompassing public and private morality, justice, and common interest. Hayek, Friedman, and Buchanan deduce complete models of justice, morality, and community and propose social policies consequent to their starting assumptions about human nature, order, and the market. Justice is defined and circumscribed by the market. Morality and moral relations are shaped by economic relations, so that the morality implicit in the conservative economic system excludes all exogenous systems of morality as irrelevant to economics. Community in this vision contains neither public good, common good, nor community except as each is embodied in the individual interests of each separate person.

Justice

Justice is the oldest and perhaps most common concern of political theory. Ancient Greek political thought viewed justice as the moral cement holding a community together. Plato aspired to create a just society and polity in conformity with transcendent standards; Aristotle attempted to reconcile rival views of justice in order to find general rules, acceptance of which would produce political stability. Their discussions illustrate the common concern of all theories of justice: treating individuals correctly, according to a knowable standard; maintaining social stability and order; and attempting to reconcile conflicts of interest between individuals and groups. Even when addressing non-distributive concerns, discussions of justice retain the difficult Greek emphasis on ensuring stability while giving to each person his or her due. The perennial problem is determining what is owed to each person and by what standard. Ideologies respond to these seemingly eternal questions with radically different answers. Finding an acceptable one becomes especially difficult when addressing the interrelation of economics and justice to the political system.

Previous chapters discussed issues relevant to justice: market distribution,
self-interest, discrimination, equality, equal treatment, and freedom. While closely related, equality, freedom, and community are not identical to justice. Though it is a fundamental value of all normative theories, the spirit and content of justice is always shaped by a system’s assumptions and purposes.

The conservative economists are most concerned with justice conceived as ensuring that people retain free-market winnings. As with individualism, freedom, equality, and democracy, their picture of justice appears to be procedural and lacking in substantive content. It claims that fair procedures establish justice, not outcomes. If fair procedures—determined by evolution, agreement, or freedom—are followed, the result is just. There are no other standards, and the market embodies such procedures. Government and politics are not founded on justice but are generally detrimental to it. Because government permits unrestrained pursuit of self-interest, any occurrence of fairness or justice is frequently an accident. Transcendent standards are irrelevant. Even if they exist, disagreement over content encourages the use of coercion to make people conform. As repeatedly seen with other values, however, protection of the market and marketlike relations is a primary consideration, so that little that might interfere with pure market relations can be considered just. Like equality, justice is virtually identical to market freedom—keeping and using the resources one earns in the market. Within the market-constrained concept of law, justice means equal treatment by and conformity to the letter of the law.

Hayek discusses justice more than does Buchanan or Friedman (who hardly considers it at all). Hayek allows more room for traditional values, but he too portrays justice as a process: conformity to fair, marketlike procedures and uniform rules. Justice “has nothing to do with the question whether the application of such general rules in a particular situation may lead to results which are more favourable to one group than to others; justice is not concerned with the results of the various transactions but only whether the transactions themselves are fair.” Rules of justice reduce uncertainty and conflict; what people receive is determined by competition. Moreover, justice has nothing to do with the Aristotelian notion of balancing rival claims, particularly in specific cases. That introduces human intervention and manipulation and produces unjust results. On the other hand, an undesirable outcome resulting from the operation of natural, spontaneous forces is not unjust and therefore is not subject to intervention. Justice refers only to intentional actions that directly affect an identifiable other; it can never apply to an impersonal process. Spontaneous orders such as nature, society, or the market can never be unjust because “nobody has the responsibility or the power to assure that these separate actions of many will produce a particular result for a certain person.” Irremediable ignorance therefore frees people of the responsibility upon which the Catholic bishops insist.
Buchanan agrees that justice is determined by the nature of the process, not by final distribution. Though his model of justice is more contractarian than Hayek’s, and though he also is critical of utilitarianism, he too accepts the rule-utilitarian reasoning that emphasizes maintenance of general rules to the exclusion of particular results. Justice therefore involves fairness, and fairness means “that all persons are effectively required to play by the same rules”—those supporting the market. Government discretion and distinctions between individuals and groups, except for limited promotion of equal opportunity, cause injustice.

Buchanan occasionally links his argument to John Rawls. Buchanan claims to be a contractarian and bases part of his argument on the possibility of constructing a hypothetical social contract that can be employed to decide the justice or fairness of political-economic policies such as intervention, taxes, and welfare programs. Justice becomes the evenhanded application of rules to which a contractarian would agree. This exercise is based on his radical individualism, which assumes that the individual is the source of both values and valuations; that there are no outside sources; that the possibility and content of justice are limited to what self-seeking individuals will accept in the pursuit of their own self-interest; and that the market embodies the essence of procedural fairness, including equal treatment of equals, and individual agreement, meeting Rawls’s equal liberty requirement. Given these assumptions, Buchanan judges rules and laws by asking if they could have emerged through agreement “in an authentic constitutional convention”—presumably one allowing full rein to egotistical individuals. In a Rawls-like argument, Buchanan claims that self-interested people, ignorant of their interests, will choose general political and social rules that guarantee free competition and retention of most earnings. General rules protect property, life, and rights and mitigate against fraud and coercion while disallowing redistribution against one’s will. Because fundamental rules are based on individual valuation, there is no supra-individual value that can bind people; therefore, general rules are those procedural rules to which rational, egoistic individuals would agree to protect the pursuit of their self-interest. Whereas Rawls stresses both maximum equal liberty and the possibility of redistribution, Buchanan emphasizes rules that maximize competitive freedom. Because these are rules supposedly acceptable to an individualist seeking his or her self-interest, and because there are no other motivations upon which people can consistently rely, maintenance of these procedures is the substance of fairness—“fairness is defined by agreement”—and thus justice.

Though the conservatives are seemingly most positivist when discussing justice and morality (claiming to be descriptive, neutral, and objective), their argument is as normative as the Catholic bishops’ distributive-justice claim. Government’s responsibility for justice is placed in the same category of duties
as the provision of weights and measures. The entire tradition of justice as a higher value is abandoned, as it must be, given radical individualism, self-interest, and individual valuation. By eliminating politically and socially relevant conflict over distribution, the market obviates the problem of justice, except for criminal justice. Because the market reflects a spontaneous order, extramarket concepts of justice are not applicable to it; the individualistic, rule-bound market is always fair and efficient, ensuring that equal contributors are treated alike and guaranteeing to each person the full value of his or her service to others. For Friedman, the market protects people from arbitrary action. Moreover, market distribution and ownership are as natural as the inheritance of genes. Therefore, "The ethical principle that would directly justify the distribution of income in a free society is "To each according to what he and the instruments he owns produces." As such, the market is a theory of equity and justice, setting the parameters of justice.

Hayek's argument is more elaborate. Speculation over nonmarket economic components of a just society is absurd and even dangerous. Distribution cannot be evaluated by any external criterion, nor can the existing, market-determined distribution be deliberately changed without violating general rules of justice. Given his picture of spontaneous versus created order (that is, organizations), justice has virtually no application to market (spontaneous) relations, though ideas of justice bind governments because they are not spontaneous and their actions directly affect others. The results from a spontaneous process "cannot be just or unjust." To Hayek, when the market is free, "no single person or group determines who gets what" and questions of justice do not apply where "no human agency is responsible." "To demand justice from such a process is clearly absurd," because people do not directly intend or control outcomes of market processes. Questions of justice are relevant only to deliberate treatment of one person by another or to clearly foreseeable results of one's actions. Thus, in a free market, "considerations of justice just do not make sense." Wages and so forth are not related to desert, personal goodness, or any single individual's decision but are the workings of the freely entered free market. Even if market results do not fit preferences about justice, efforts to impose such preferences are dangerous and destructive.

Buchanan accepts the logic of this position but adds a stronger statement of individualism. Unjust rules or institutions are those "that would prevent . . . [one] from making mutually advantageous trades." Though Buchanan allows more scope than Friedman or Hayek for adjustment of the market through transfer taxes and limited intervention to promote equal opportunity, justice essentially means maintaining the distribution results of freely entered market relations.

The deductive, definitional nature of conservative theory is illustrated by
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its claims about the market and justice. It exonerates the economy from responsibility for such unfortunate circumstances as low wages, poverty, unemployment, and related problems. Given the idealized, always competitive market, each party benefits, or thinks it benefits, or else neither would enter into an exchange; therefore, it does not matter if benefits from a voluntary exchange are unequal. Thus the market epitomizes justice. Market distribution becomes an ethical precept and a statement of what people deserve. As a natural system, a scientific principle, and an ethical norm, the market cannot be questioned. Nonmarket standards endanger self-interest-driven free exchange, making nonmarket standards inapplicable to economic relations. At the same time, because the market-generated concept of justice reflects fundamental human nature, it legitimately judges politics and government.

The Catholic bishops, some traditional conservatives, and many liberals argue instead for social justice. Social justice implies an exogenous distributive standard by which to judge both the procedures and results of economic exchange. Liberal economists assert that it is both possible and necessary to combine efficiency and nonmarket equity concerns. The idea of social justice permeated Keynes’s work. He was deeply concerned with the economic causes of political and social upheaval and believed that stability required creation of a widespread sense of social justice within which people would be assured of jobs and minimum standards. A notion of social justice is required to maintain free institutions and the broadly based spending power, cooperation, and sense of fairness necessary for economic efficiency—as well as to alleviate the destructive impact of single-minded pursuit of self-interest.26

The conservative economists consider such notions of justice irrelevant, and attempts to implement them are destructive nonsense that violates freedom, individualism, modern morality, and efficiency. Hayek is most emphatic.27 Justice is applicable only to relations among identifiable individuals, not to groups; only individuals are moral, not groups or government. The general pattern of distribution can never be discussed in terms of justice, because, again, no one directly controls the market. Social justice is a dangerous myth, a “mirage,” a “primitive” concept, the result of “naive thinking,” “a quasi-religious superstition,” “empty and meaningless,” “a sign of the immaturity of our minds,” “intellectually disreputable, the mark of demagogy or cheap journalism . . . dishonest,” and “destructive of moral feeling.” Social justice “is at present probably the gravest threat to most other values of a free civilization.” It presupposes the power to order values or rewards and “can be given meaning only in a directed” system. It has “an anti-ethical effect,” by destroying “the feeling of personal responsibility” and freedom.28 Evolution of a workable concept of social justice is impossible. Continuation of the market order requires abandoning social justice to prevent socialism and totalitarianism.29
Buchanan and Friedman concur in rejecting the existence of social justice. Because of pervasive self-interest, social justice is impossible for Buchanan. Separate valuations, as opposed to a nonexistent common good, make redistribution illegitimate. Though justice requires evaluating starting positions when considering distribution, perceived maldistribution can be addressed only by promoting the ability to compete and requiring uniform, though limited, antidiscriminatory policies from business. Otherwise, involuntary redistribution is the virtual equivalent of theft, and thus clearly unjust.

Since there is no social justice, business has no “social responsibility.” Hayek alludes to this, but Friedman is explicit. “Moral responsibility is an individual matter.” Social responsibility for business, as with the broader idea of social justice, is “a fundamentally subversive doctrine.” It can “undermine the very foundation of our free society” by creating power which free markets prevent business from having. If business has any social responsibility, one person or group must determine what it is. This would subject business to central control and probably lead to the appointment of businessmen by government, bringing the political market and concentrated power into the economy. Social responsibility is opposed to the reality of a market economy—“a fundamental misconception of the character and nature of a free economy.” In “a competitive market [no participant] has appreciable power to alter the terms of exchange.” Given their resources, people must accept the position in which they find themselves. Each participant “is hardly viable as a separate entity.” No one has the power to significantly alter pay rates, working conditions, or hiring practices set by the impersonal spontaneous market. Coupled with claims that the market restrains our worst behavior, this assertion shifts attention from firms to individuals. That no person has the ability or means to alter the terms of economic relations ensures that no one has responsibility, freeing business people from accountability for the impact of any legal activity. What responsibilities do market participants have? The primary duty of “corporate officials . . . [is] to make as much money for their stockholders as possible . . . making maximum profits.” Second, they have the responsibility “which is shared by all citizens to obey the law of the land and to live according to its lights.” This includes staying “within the rules of the game” and engaging “in open and free competition, without deception or fraud.” Labor has the same responsibilities. Only monopolists could have any strict social responsibility, but in a free market there is no monopoly.

Important policy conclusions follow. If justice is solely an attribute of relations among individuals, specifiable only in that context, then it is illegitimate to discuss public policies to encourage justice for groups. In fact, groups as such do not exist. Composed of self-seeking individuals, they may signify identifiable categories but have no corporate identity. Progressive taxation and pub-
lic policies to encourage consumer protection, equalization, or redistribution are also spurious. Speculation on nonmarket components of the good society is futile and perhaps dangerous. Justice considerations require direct, personal responsibility for outcomes, and the market absolves people of direct personal responsibility. If outcomes are unsatisfactory, people must accept them as natural and inevitable and even change their concept of justice to conform to necessity. Once again, politics is deflated and downgraded, as the customary political role in the creation and promotion of justice is taken over and reduced by the market. Though law enforcement remains, the state neither encompasses nor actively promotes justice.

Emphasizing procedures, the conservatives avoid the possibility that even-handed application of rules may cause injustice. Beyond limited expansion of equal opportunity, they cannot imagine that seemingly acceptable procedures may lead to terrible outcomes, or that terrible outcomes require reevaluation of procedures and rules. Ostensibly having no substantive measure by which to judge the justice or morality of outcomes, their market supplies this standard. Because the market embodies justice, anything in conflict with the market must be unjust. Once again, their procedures are not simply neutral but lead inevitably to an overwhelming conclusion: The market embodies and promotes justice; justice requires the market; and there is no real justice beyond the possibilities and limitations contained in the market.

Morality

Most of the conservative economists' arguments apply equally to justice and morality in that they reject traditional theories and substitute an individualistic, market ethic. Self-interest and the market determine morality—including truth telling, promise keeping and not harming others—in the same way that they shape justice. Though people may dream of broader, more inclusive relations, the self-interest that creates the market ensures that moral behavior cannot extend beyond prudential self-interest.

These authors do not attempt to specify the meaning of morality as they did for justice, although they freely label as immoral such policies as high taxes. They would deny that they are offering a moral theory on the ground that these are empirical deductions, which makes their conclusions not a matter of moral choice but of necessity. Only Buchanan attempts to explain how he employs morality, and his use is eclectic. Buchanan employs the concept in three ways: to describe unscientific thinking, as a term of approval, and in reference to what he calls traditional morality.

Buchanan's first usage virtually identifies morals and morality as those as-
pects of life that cannot be predicted. In a position Amartya Sen identifies as harmful to economists' ability to analyze and understand reality, Buchanan states: "I define moral philosophy as discourse that embodies an explicit denial of the relevance of scientific explanation." This conception—his major attempt to specify the meaning of moral—is simultaneously too narrow, in rejecting the factual basis of moral theorizing; too wide, in fitting many things that are not moral philosophy; and factually questionable. Though it does not explicitly deny the relevance of moral considerations, it alludes to an unspecified middle ground "between empirical science and moral philosophy," leaving the strong implication that the one does not inform the other. Whereas theorists such as Sen insist that a closer linkage is necessary to the development of both, Buchanan limits the arena of morality with what he considers to be empirically valid propositions. Given Friedman's insistence that economics is or can be a positive science, we may assume that he agrees with this conception of morality. If moral concerns do not or should not inform recommendations based on empirical science, then it is not possible to analyze or criticize the conservative argument from a moral perspective.

In its second sense, "moral" is a term of approval emptied of normative content. Buchanan claims that political economists operating as political economists are "ethically neutral." As with other political normative terms, "moral" is drained of widely accepted and traditional meaning, leaving an unspecified term for which one can expect approval. Thus Buchanan entitled one essay "Moral Community, Moral Order, or Moral Anarchy," in which "moral" is informed in each case by the second term and seems to mean any area of interaction and agreement. "Order" is Buchanan's preferred term, conceived as policies that support his concept of a market. What function does the addition of "moral" serve over the bare use of "community," "order," and "anarchy"? Moral embodies the favorable connotations with which it is typically associated, but Buchanan avoids specification by claiming his usage is not normative. Although he asserts that his essay has no moral content, he provides no clear explanation of how, or even why, he employs the word. It serves no function except to provide a warm and fuzzy feeling of approval. "Community," "order," and "anarchy" do carry a freight of meaning, but as patterns of interaction with limited substantive content.

Buchanan shares his third use of morals and morality with the other authors. He states that it is necessary to deal with and be concerned for moral questions that arise from economics, but it is an odd morality, not concerned with "social costs and social benefits." Occasionally, he claims to be employing morality in its traditional, unspecified meaning to attack policies of which he disapproves, such as debt financing. Agreeing with Hayek, Buchanan believes that moral standards evolve over time, but, as with Schumpeter, rationally con-
structured ideas undermine these standards. Deficit spending is an example of the destructive constructivism that causes traditional morality to break down and is itself immoral because it destroys capital. Buchanan's specific contention, however, is less important than his willingness to construct and then appeal to neoclassical economic arguments as the embodiment of morality. Whatever its content, traditional morality justifies restrictive public policies because interference in the market is immoral. Nonmarket morality cannot be employed to criticize either the content or result of market relations because the market does not raise moral questions. Appeals to previously existing moral rules seem legitimate only in support of the conservative vision.

This attempt to empty morality of normative content while employing the term is in marked contrast to broader concepts which emphasize guiding behavior through autogenously developed normative rules. Morals and morality refer to images of what people believe to be good, desirable, and of value in influencing behavior. The essence of moral rules lies in the provision of a standard to guide people when they confront choices. Any issue is a moral one when it involves choice among values, especially when there is the possibility of harm to others. Though moral issues frequently involve questions of humanity's relation to God, even these often entail the specification of norms for interpersonal conduct. From this perspective, one cannot escape moral choices in either politics or economics because there are no truly neutral policies. For our purposes, therefore, morality refers to attempts to regulate human behavior, based on an appeal to a standard higher than temporary convenience or even prudence.

A deterministic, lawlike system has scant room for moral issues. The conservative economists solve and transcend moral questions by defining problems away. Their market produces harmony and eliminates the possibility of deliberate economic decisions affecting others in a morally significant sense. This removes responsibility for outcomes, obligation on anyone's part to address problems, and concern for persons and future generations who are not part of current bargaining. The system itself sets the requirements for, parameters of, and limitations upon morality. It is impossible to exceed system possibilities; therefore, as with justice, limits of morality are set by nature—expressed in a particular political-social-economic institutional arrangement and interpreted by conservative economists. Coupled with an emphasis on procedures, the market settles all seemingly moral conflicts over distribution.

Is this a moral theory? Yes. Its basic ideas carry moral overtones, and moral values are inherent in the system, which functions as a guide to behavior and provides answers to questions that many people label as moral. As such, it is a remarkable belief system providing assurance on disturbing issues of distribution and interpersonal relations. It contains three basic claims: There are no
exogenous sources of morality by which to judge market relations; the market is moral or is the realm of real morality; and interference with the market is immoral. Assumptions about acquisitive human nature and harmony of interest provide strong ethical justification for the market. The claim that individuals need not be good or have good intentions, that differences are reconciled and bad motivations neutralized, implies a moral structure. Despite frequent claims to be value-free, this economics is founded on a metaphysics, in the sense of accepting and employing a description and explanation of underlying reality, including human nature. At minimum, emphasizing individual ends and individual pursuit of self-interest, though not individuals or satisfaction of individual ends, implies a theory of morality.

Frequent attacks on taxation and debt financing as immoral indicate the belief that conservative economics is not only efficient but a superior form of morality. Buchanan claims that Keynes was a “Moral Revolutionary.” Echoing Hayek, he asserts that by allowing debt financing, Keynes’s economic theories encourage reversion to “tribal morality.” Fiscal virtue has eroded under Keynesian tutelage, producing moral anarchy and putting “traditional” morality under siege. Government spending is “partially responsible for the erosion of the traditional moral order in the United States.” Restoring moral order requires reducing the size and scope of government. Buchanan also contends that there are “Ethical Limits of Taxation.” This limit is specified by what individuals will rationally allow in pursuit of their self-interest. A right of secession measures this limit. If an actual or theoretical right of secession was allowed, then the costs of peacefully leaving a community would set upper limits on the amount that a community was morally justified in extracting from individuals. In proposing an “ethical limit on taxation,” a limit coterminous with what self-interested individuals will tolerate, Buchanan again employs a normative term stripped of its commonly accepted content. The moral limit on taxes has nothing to do with mythical common interest or nonmarket morality but is rather ethical egoism. Individually determined self-interest is the limit of individual moral requirements.

Friedman seems to believe that the conclusions of “positive economics” should take precedence over normative values if these conflict. He, Buchanan, and Hayek all label as immoral policies with which they disagree, claiming that active government induces immorality. Intervention, such as wage or price controls, is “deeply and inherently immoral” because it substitutes “the rule of men” for what Friedman considers “the rule of law and voluntary cooperation in the marketplace.” Given the nature of individualism, social goals do not exist apart from those people who find it to their advantage to proclaim such goals. Appeals to values like patriotism are irrelevant to pricing decisions, while
efforts to influence such decisions are both immoral and destructive of the fundamental values upon which the Republic was founded.\textsuperscript{41}

Hayek also contends that government intervention, including measures to promote egalitarianism, is immoral. Although he stipulates that a free society needs strong moral convictions and standards, he fails to specify the content and meaning of that morality beyond the evolved behavior that maintains individualistic market relations. Because democracy leads to the growth of government, the expansion of modern democracy is a threat to morality and peace. Welfare demands undermine morality by stealing resources from producers, destroying freedom, and eliminating responsibility for personal conduct.\textsuperscript{42}

Hayek and Buchanan equate nonmarket-based concepts of morality that call for intervention, an extensive welfare system, or collective responsibility with primitive morality: the morality of the tribe instead of that necessary to a great society. They are not concerned with taking popular notions of moral and community relations in contemporary society and creating an economics to accommodate them, but rather with claiming that ideas—such as the Catholic bishops’—of morality, justice, solidarity, and needs satisfaction in economic relations are wrong and destructive.

In making this argument, Hayek has invented an anthropology to explain social evolution. The morality of small hunting bands, struggling for existence in a hostile world, has evolved into morals appropriate for a modern, impersonal market society. He claims, however, that primitive morals became and remain part of human instinct. Hayek postulates that the premarket values, sentiments, and behavior appropriate to a tribal, face-to-face society are being applied with destructive results to contemporary society, where size and anonymity prevent caring and responsible relations. These instincts are inappropriate in a spontaneous order because they introduce human will in place of the rule of law—i.e., the invisible hand. Thus for the ignorant masses, “it is necessarily their prejudices which would determine” demands for government intervention. Though motives may be “benevolent,” such demands are inevitably destructive. Social evolution has left behind primitive desires for social justice, solidarity, and a sense of duty to other members of society. Such instinctual “moral feelings” evolved during the long millennia of human development and made sense “in more primitive conditions . . . [when directed] toward the fellow members of the small group.” All that modern society requires is conceding to others “the same protection of rules of just conduct,” that is, rules and procedures conducive to market relations. “Our inherited or perhaps in part even innate moral emotions” are “inapplicable” in a modern, open, market society that will lead man to a “great moral adventure,” a “new morals” in which obligations and moral relations are limited to market rules, under which “we
generally are doing most good by pursuing gain.” Here, Hayek allows constructivism to intrude, because in transcending the state of primitive morality, “we make our rational insight dominate over our inherited instincts.”

For Buchanan, humanity’s “Tribal Heritage” is the cause of deficit spending, necessitating limits on the role of government. “Biologically, we remain tribal animals . . . our natural instincts have not evolved beyond those that emerged” in the primitive small group. What is called moral thinking usually reflects this early behavior, a “communitarian sense of loyalty to fellow members of the tribe” and hostility and willingness to exploit those outside the tribe. This is in contrast to the culturally evolved morality of his moral order—the market. A moral case for a market economy is common among other conservative writers such as Robert Nozick and George Gilder.

What is the result? Nature in the sense of humanity’s caring self is not a guide to human goodness when discussing morals, but human nature—radical individualism—is a limit on morality, justice, and community because the early essay of morality is no longer applicable. Greed is more evolved than compassion, as concern for others releases destructive passions. In rejecting primitive morality, Buchanan and Hayek are selective. Altruism and solidarity are rejected; long-standing concern for truth telling and promise keeping are not. The relation between humanity’s “primitive” instincts to care, share, and promote solidarity and continuing self-interest remains unexplored. So also does the possibility that “compassion has been a key to human survival.” Ultimately, the invention and criticism of primitive morality repudiates claims that capitalism undermines traditional moral relations and social structures.

Buchanan identifies the behavior needed to support markets—“moral order”—with Hayek’s “great society.” For both, this is the system of evolved rules which guide people in pursuit of self-interest. Reflecting Nozick’s distinction between the minimal state, utopian efforts to create a redistributive state, and anarchy, Buchanan’s moral order differs both from what he calls moral community, where individuals identify themselves with a community and lose their separateness and individualism, and from moral anarchy, where people are completely apart and lack mutual ties. In a moral order, people place minimal requirements on one another but agree to follow the same procedural rules. Government in such an order is drastically reduced from that in moral community—a point Friedman also makes—where it would have the impossible task of fulfilling primitive moral expectations.

This eliminates the nation as the focus of morality or loyalty, and cultural evolution can never make it such. Moral feelings and behavior can never apply to a large unit which is sustainable only with minimal rules for conduct—again, primarily those of the market or those convenient for supporting the market. The market becomes the primary example and embodiment of moral rela-
tions. It exists independent of human will, and behavior should conform to it. Attributing a higher stage of moral development to the market helps account for the vehemence of attacks upon those who disagree with the conservative world view: they are outside the pale. Demands for extensive welfare, economic justice, redistributive taxation, women's liberation, or corporate responsibility are virtually moral outrages violating a natural order.

These authors do not always specify the justification that would allow equating economic recommendations with morality. Hayek identifies "our moral obligations" with "benefiting from an order which rests on certain rules," but it is difficult to imagine anything that this could not justify. Normative criteria enter through claims that people's real interest entails accepting market order rules. A partial answer to why people should obey or accept market rules is found in the conservatives' sometimes contradictory pictures of the source of morality.

Discussing the hypothetical source and nature of morality, Hayek rejects all rationalist, supernatural, and transcendent explanations. He claims that morality is a product of the gradual evolution of individual behavior in a marketlike process, with superior morality being that behavior which has survived. There is no criterion for moral rules other than their survival, yet Hayek opposes changes in these rules. Given human nature, morality cannot evolve beyond market behavior. He asserts that his evolutionary position is antirationalist, not based on any construction of morality but rather on acceptance of the process by which people gradually learned to adjust to one another. Despite individualism, however, people are obligated to this order. Individualism is the key to morality—there is neither "goodness nor badness" outside of individual responsibility—but individuals conform to rules they have not made. These rules have developed gradually from individual confrontation with problems and "have proved more successful than those of competing individuals or groups." Morality, law, political and social institutions, intelligence, language, writing, and the market all result from a similar evolutionary process, propelled in each case by self-interest. In rejecting the possibility of either deliberate change or spontaneous growth beyond these rules, Hayek ignores the role of cooperation and force in the development of rules and the expansion of groups.

Buchanan also argues that "abstract rules . . . have evolved unconsciously," and while they cannot be restored when abandoned, it is possible to create functional equivalents in formal, "rationally chosen constraints" on immoral behavior, such as a balanced-budget requirement. Morality therefore grows and evolves and is not grounded in or justified by higher standards. Like Hayek, Buchanan believes that rationally constructed ideas can undermine this morality. However, the overriding point is that he accepts moral and social evolution. Friedman concurs.
Buchanan is also a contractarian. Although he does not assert that a hypothetical contract will be compatible with evolved values and morals, it probably will be. In terms of justification, evolution and contract are never integrated. There is real potential for conflict between Hayek’s and Buchanan’s evolutionary argument and Buchanan’s contractarianism. First, people may agree to something other than the conservative market. If one asserts that human nature requires the market or that alternatives are impossible, a contract adds nothing to the discussion. If human nature is not so deterministic, contractual arguments allow the possibility of alternative arrangements and would then be in agreement with individual valuation. If not, individual valuation also adds nothing. Second, a contract holds contracting parties responsible for outcomes, making it no longer possible to claim that outcomes result from natural behavior, and thus relieve individuals of responsibility—though one may still claim that the contract fits basic human drives and allows one to reach conscious agreement.

Moreover, it is difficult to reconcile acceptance of moral evolution up to but not beyond the market, with either Buchanan’s proposal to create functional equivalents of abandoned rules or individual valuation. Buchanan describes two sources of morality. Though both limit redistribution and reflect the market, they are not consonant. The first source of morality is culturally evolved norms, which appear to develop from self-interest but apply to everyone. The second, and apparently favored, source lies in the individual, especially in self-interest. Buchanan claims that there are only two possible sources of value: “supra-individual” norms—something like Rousseau’s General Will—or the individual. Since there are no supra-individual sources, all that exists “are the separate and several objects of the individuals.” Individuals “are the ultimate sources of valuation.” Politics, for example, should allow “individuals to express their own values, the only values that exist.” This position depends upon “criteria that are internal to the individuals. . . . It becomes illegitimate to invoke external criteria for evaluating either processes or end-states.” The market maximizes individual values, while politics imposes conformity, again making the market the primary arena of public moral relations.

Hayek does not make individuals the source or purpose of morality to this extent, although he believes that morals and morality are always a question of individual conduct, having no collective content even if collectively they create a moral system. Society simply does not “behave morally.” To a greater extent than Buchanan potentially allows, however, individuals must work within accepted rules and behaviors. In an argument reminiscent of Burke, Hayek contends that the gradual development of rules “greatly reduces the extent to which the private moral judgment of any individual” can improve upon established rules. Friedman hardly raises such issues, but the general tenor
of his ostensibly positivist argument is consistent with this position. He too
believes that rules of social intercourse do not come from God or traditional
natural law but are preferred rules created and accepted through individual
interaction.\footnote{55}

There is unresolved tension between Hayek and Buchanan—and between
evolution and individualism—not because individual behavior cannot propel
evolution, but because these authors do not allow individualism to develop be­
yond the point already reached by evolution. Buchanan’s contractarianism
contains the theoretical, if unrealized, possibility of judging the process by
which rules are or were made, thereby evaluating the justice and morality of
both rules and their results.\footnote{56} Hayek’s emphasis on evolution of rules and
morals—and the extent to which Buchanan and Friedman employ evolutionary
language—undermines this possibility. Individuals are the source of values, but
human nature prevents further development of common morals. In either case
the result is the same. Intervention into socioeconomic affairs is impermissible
because it violates fundamental evolved rules of justice and morality. Society
must acknowledge these rules because evolution beyond them is impossible,
and heeding them is natural when a truly individualistic—nonmajoritarian—
contract is employed.

Thus these theorists draw no radical conclusions from seeing the individual
as the source of value. Individual valuation is a variation on negative freedom.
Although individuals may be the source of value, this involves neither con­
science nor valuing individual purposes outside market competition. An in­
dividual is the source of value when functioning in the market in conformity
to valuations and the behavior of others in the market. Morality is what ra­
tionally self-interested people do, or agree to have imposed upon them, and
nothing more can be said. Individuals are not, however, the source of justifica­
tion. That lies in the market, because once again the market is the standard
beyond individuals which defines and embodies morality and acceptable ra­
tional self-interest.

What does economic morality include? It is largely rules that allow market
competition without fraud or deception and negative freedom—staying out
of one another’s way. There are no positive duties, no obligations to groups,
and no higher justification than avoiding jail and following long-term interest
in maintaining the rules of the game. If self-interest is the only passion that
can be relied upon, can we have a socially viable or politically relevant morality?
Or does an emphasis on self-interest lead to and encourage only self-interest?

This question cannot be answered here. Perhaps there is no answer. Fried­
man tends to identify morality with independence in a market economy. The
market is “a mechanism for the development and not merely the reflection
of value judgments.” Individual cooperation helps establish “common values.”\footnote{57}
Gilder believes in the “redemptive morality of capitalism.” For each, most questions and choices that seemingly involve morality are decided by the market: obligation, freedom, equity, harmony, and desert.

Hayek seems to believe something more is required of morality. Given these theorists’ image of psychology, however, it is difficult to see how there can be a shared morality. If one is guided by individual preference, rejects the possibility of aggregating and upgrading preferences, and denies intersubjective validation of preferences, then how can collective preferences be enforced? These authors confront a dilemma. They want traditional morality, but their nominalistic psychology, definition of freedom, and economics will not allow it. Their psychology is more atomistic than classical liberalism–Adam Smith allowed a role for sympathy–ending any possibility of internalizing morality. They claim that people are independent in choosing and developing their preferences. They assert that morality is often a cloak for self-interest or for imposing upon others. As such, are cheating, lying, or insider trading wrong? Each would answer yes, but that answer is separate from their analysis. The market does not justify its own morality or answer why it is wrong to harm others if one can get away with it, and individual pursuit of self-interest, even if limited by others’ pursuit of self-interest, is not morally coherent.

This does not deny that morality exists in economic relations. My claim is narrower, limited to the statement that this theory lacks a basis, model, or justification for wider moral behavior. Failing to link moral justification of the market to its other values, this position finds the moral value of the market in the market, but the moral value of the market must come from another value. Moral questions, in the sense of prescribing behavior and choosing outcomes, disappear. There is no more room for them here than in any other natural system following its own laws. There is no higher purpose, moral end, or social cement other than allowing each person to pursue self-interest. Arguing that the conservatives make moral claims raises basic normative questions which these economists put aside. Admission of choice and morality acknowledges that people face ethical and political questions, bringing up the possibility that welfare, intervention, social justice, and equalization may be legitimate. These theorists cannot accept such a possibility. The spontaneous order relieves people of personal responsibility for unpleasant side effects of their market behavior because everything is treated as an individualistic, voluntary exchange. Taking advantage of another’s desperation is not immoral. People are morally responsible for only a narrow and unspecified area of personal behavior and for following system rules. By regulating behavior, the market’s neutral, natural criteria legitimize distribution and determine obligations and duties. Self-interest guides us to serve others. Any attempt to introduce other considerations, such as those in the Catholic bishops’ letter on the economy,
runs counter to human nature and is immoral because it allows full reign to individual self-interest, enabling passions from the political market to enter economic relations.

This perspective eliminates political or public morality, because all public acts are reduced to individual motivation. Civic and social morality cannot and do not exist. Self-interest ensures that there will be neither common interest nor community beyond the self-defined self-interest of egoistic individuals.

Community and Common Interest

Individual pursuit of self-interest coupled with limited morality, justice, and social responsibility eliminates the possibility of an expansive concept of community or common interest. Though there is harmony and order in the conservative model, these are achievable only through competitive markets.

The Catholic bishops' and similar arguments assume the existence and reality of society as distinguishable from each individual composing it. This is not an organic concept but a claim that the community as a whole can and does have responsibility, for example, for human dignity, human rights, and the poor. In traditional conservatism, as exemplified by Burke, society is a partnership in all that is good, and community represents continuity across time, in which imperceptible ties link together the innumerable levels of society. Reform liberals such as Keynes or Galbraith have a simpler image, emphasizing individuals, but their arguments for social justice and shared responsibility for outcomes indicate concern for society and common interest.

The conservative economists strongly reject this approach. They identify the economy with society. Buchanan believes that "[t]he implications" of spontaneous order "for social philosophy are straightforward". It combines freedom with order, creating society, without the need for deliberate, conscious planning or strong public direction. For Buchanan and, to a lesser extent, Friedman and Hayek, individuals enter voluntary market relations, producing all the order and harmony possible given human motivation. Community is a place to live; corporate bodies reflect the self-interest of individual members, not a collective or shared identity; each person pursues self-interest; and, with few exceptions, people have limited ties. They are alone in the crowd, the mass man that more traditionally minded conservatives of the 1930s, including Jose Ortega y Gasset and Walter Lippmann, warned against.

According to Hayek, society does not first exist and then create law; observing common rules creates society. The former view is an "erroneous" example of destructive "constructivist rationalism," which ignores the individualistic evolution of society and law. Whether or not people are naturally social in a
classical liberal sense, order and change are possible because the "elements" (individuals) possess "capacities to follow rules" developed while pursuing self-interest, which produce society. These are abstract rules that do not refer to any person, group, or outcome. They make it possible for people to peacefully pursue separate ends, especially "monetary impulses." There is not, however, a single society but a "network of voluntary relations" defining an individual's associations. Pursuit of self-interest does not isolate people, because they follow shared rules, even if they do not understand them: rules that derive ultimately from individual pursuit of self-interest but take on the character of traditional morality in defining and limiting the self-interest that is their source. Society therefore consists of individuals pursuing self-interest within a framework of rules that each individual takes as given, even while shaping those rules in conformity to the market.

Friedman's society is more minimalist. It is nothing more than a "collection of individuals." Individual freedom is the primary objective of social arrangements, and anything abridging that freedom is harmful. Friedman agrees with Buchanan (despite his contractarian approach) and Hayek that society does not develop out of a mythical social contract or central direction. Ordered society is neither planned nor created but is the unintended consequence of pursuit of self-interest, evolving out of the activities of millions of people pursuing their own interests in marketlike situations.

The individualistic market theory and its picture of human nature is also a theory of community disguised as an economic argument. Community is limited. The desire for close, supportive association is a primitive emotion having no validity in a large society. Empathy and understanding do not curb self-seeking. Communities are created by and based on voluntary exchange which produces cooperation. Consistent with the market, no one has general responsibility to others. Individuals have few duties, certainly none to look after the welfare of others. The group is simply individuals in association—whose only tie is following common, evolved rules—each pursuing self-interest. Size limits the arena in which community can command personal loyalty or ethical behavior; regions and nation-states, much less the world, are too large to encourage moral identity or behavior. There are no public or common purposes, goods or values apart from individual purposes and the total of separate individual goods.

Political theory has traditionally attempted to find some common ground that could be called the public interest or common good, though Buchanan's interpretation that such theories claim everyone seeks the common good is simply wrong. Common good may benefit each person not in their separate capacity but rather as a member of a community, in their shared or corporate capacity. The conservative economists reject both the possibility and legitimacy of that enterprise. Ignorance and self-interest doom attempts to identify and secure
common interest. Individualism and common interest are dichotomous concepts. A separate, recognizable public interest does not exist. To claim that there is a common interest beyond the interests of distinct individuals is to claim the existence of a separate, exogenous, supravalue or supra-individual. But these theorists accept only the interests of individuals.

Wagner and Tollison, two of Buchanan's collaborators and associates, claim that "[p]ublic interest is an outcome of the pursuit of personal interest within a given institutional framework." Friedman believes that "[t]he sum of all the private goods is the public good, but the sum of what all the people think to be in their private good is not necessarily the public good." Efforts to deliberately promote the common interest necessarily serve only special interests. Under a free market, however, private interest creates the public interest. Buchanan asserts that the market "allows the transformation of private interest into 'public interest.'" The search for a distinct public interest, however, is equivalent to a belief in the general will, an "organic conception of society." For Hayek, social ends are the "coincidence of individual ends" and do not exist apart from them. Appeal to a common interest indicates lack of agreement.70

According to Buchanan, "[E]xpansion of government's role under the folly that some national interest exists" has undermined the moral order of markets. Only self-interested allegiance to market rules and the political system that polices them unites people. For Friedman, a "country is the collection of individuals who compose it." There are no national goals except the sum of "goals that the citizens severally serve"; no national purposes except "the consensus of the purposes for which the citizens severally strive."71 Given self-interested human nature, public purposes are reducible to private self-interest in the market. Public interest and the common good do not and cannot exist apart from the individual purposes of which they are composed. Common good is nothing more than widely sought ends.

These theorists accept the logic of Kenneth Arrow's72 limits on interpersonal utility comparisons. Starting with strong individualist assumptions, when a group of people choose by rank ordering their preferences it may be impossible to arrive at a consensus or a majority. Indeed, it is probably impossible to reach a common preference because no collective decision can satisfy everyone's preference order. For the conservative economists, individual valuation, pursuit of self-interest, and lack of common interest create incommensurable individual valuations and preferences. Social values cannot be constructed from these elements. Thus government has no role in meeting or fulfilling such fictitious collective preferences, or individual preferences that may clash with the market—the real preference-satisfying mechanism. Given this situation, the ideal polity must work toward achieving unanimity. Happily, the market already functions to create unanimous agreement.73
It is not quite accurate, however, to say that no common good, common interest, or national interest exist. Rather, they exist in a special way—in conjunction with and in the market. This argument incorporates a hidden picture of real private good, weakening the claim that individuals are the source of value. Private good does not mean doing anything that will advance one's self, if that implies hostility to the market. Private, and therefore public, good is contained in and must be advanced through the market. To the extent that there is a common good, it is satisfied by maintaining spontaneous order: the procedures for pursuit of individual interest. Common good requires maintaining property and the conservative market system, regardless of harm to particular individuals or groups.

This world view eliminates higher purposes, moral ends, and the moral cement holding society together. Morality and justice do not set goals and boundaries for proper conduct but are defined and limited by self-interested human nature. Indeed, there is nothing to check self-interest except others' pursuit of self-interest in a virtual war of each against all. The age-old question of the nature of the just society is answered obliquely, as competitive individualism—as each person defining his or her own good in conformity with the market. Wider public order is relegated to a supportive backdrop. Indeed, a picture of public order hardly exists.

Buchanan, Friedman, and Hayek employ several justifications in reaching these conclusions. Though claiming to be based on scientific and empirical theory, they offer a combination of naturalist philosophy and claims based on evolution, contracts, utility, and positivism, with little attempt made to sort out or reconcile inconsistencies. Each author rejects any appeal to transcendent standards, and except to the extent that rights may be the same as negative freedom, this is not a rights-based claim. In appealing to their common version of human nature, each offers a naturalistic argument. In addition, Hayek constructs a hypothetical evolution, one that Buchanan and Friedman accept. Buchanan adds the possibility of social contract. Friedman emphasizes what he believes are conclusions from positive science. Each author criticizes utilitarianism but makes utilitarian claims that the market is the primary means to achieve human ends and freedom. Though employing sometimes incompatible justifications, each reaches the same political-social conclusions—justice, morality, and community result from relations among self-seeking individuals, and intervention in market relations is inefficient and immoral.

The social context and impact of economic relations is missing from this model. Social and political dislocations and other consequences of economic activities are discounted for the present and the future. These theorists ignore Frank Knight's warning that trustworthiness and a sense of responsibility for others are necessary to the functioning of society. They will not recognize
Robert Heilbroner's point that economic relations are also "a social act." They refuse to see interconnections between behavior that cannot be captured by individuals in the market because all moral and social connections dissolve there. People must accept their fate with slight expectation of help from others. If people are individualistic, self-interested, and have only contractual, market ties, then society is a congregation of local interests—a conglomeration producing a limited-liability corporation, not a nation. If so, many people are excluded from full participation in both polity and economy. Those who have little to offer in the market are lesser members of the community, set apart from full membership. Their nonmarket needs and demands must be ignored. Without civic or public virtue to guide them, with only each individual's small stock of private virtue, winners and losers have little stake in the system and less reason not to pursue their own image of self-interest.

Human nature, the market, freedom, justice, and the nature of community and common interest set limits to the scope and duties of government. They determine that active, interventionist government is both impossible and dangerous. We turn now to the conservatives' image of government.