

From Calf to Market

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A successor to the Golden Calf

With gold trading [in 1998] at around \$300 per ounce, its lowest level since 1985, it seems that worship of the Golden Calf is becoming a little *passé*. Worship of wealth in its more modern forms is clearly still with us, and the danger that acquisitiveness may be gravely sinful is still widely recognised.

There is, however, another idolatry that is more insidious; one that, in our present intellectual climate, is held by prevailing opinion to be good and praiseworthy. Libertarian economists and their followers *stand in awe* of the free market, to which their attitude is idolatrous in the strict theological sense. They offer to that fetish the heartfelt devotion and reverence that are due to God. They see the market as the supreme arbiter of human affairs and determinant of human conditions. They castigate anyone who presumes to question its commands; they damn anyone who ventures to interfere with its workings; they ridicule anyone who deplors the consequences of those workings.

The market is the forum of interaction for our doings as buyers or sellers, as employers or workers, as producers or consumers, as investors or borrowers. The market is thus our behaviour, or more precisely the sum of our behaviours. Libertarians have decreed that this uncoordinated *mélange* of our activities must be regarded as a force beyond our control, like the weather or the tides. Indeed, they go further. We are entitled to defend ourselves against the ravages of harsh weather or high tides; but not, they say, against the pains that the market may inflict upon us.

So, if the market decrees that wages for some kinds of labour should be penurious, we must on no account dispute the market's decision by enforcing minimum wage levels. To claim that we know better than our god is blasphemy.

If the deregulation of credit leads bankers and their customers to lend and borrow their way to ruin, inflicting severe damage not only on themselves but on the whole economy, that sobering experience gives us no right to question the principle of deregulation. For who are we to rail against the edicts of the almighty?

War on inflation

If our urge to hunt inflation to extinction means that we must keep many of ourselves out of work, that is no reason to call off the hounds. The French and the Germans [during the 1990s] set an example to the world as, in fervent devotion, they

kept their economies resolutely depressed even as inflation sank below 2%, while unemployment approached 12%.

Why is a modicum of inflation deemed to be indisputably worse than crippling unemployment? The basic argument is that in economists' heaven, the perfect market, prices move only in response to supply and demand. If we tolerate any other cause of price movements, such as inflation, then we confuse and hamper the working of the market. Inflation is an obstacle in the path of our god's triumphal progress; inflation is sacrilege.

At the core of free-market doctrine

We cannot control the weather or the tides; we could, but we must not, collectively control our own economic behaviour; that is the theory. In a free market, the results of our untrammelled free choices emerge *from our actions but not from our intentions*, as it was neatly expressed by Friedrich von Hayek, Lady Thatcher's favourite *guru* and angelic doctor of the economists' church. Its catechism insists that we ought not to have any intentions, save in relation to our personal and private affairs. Objectives such as building a fair society or a well-balanced economy should be off our agenda. If the free market imposes gross inequalities and strips us of most of our industries, so be it. The market is god; *fiat voluntas tua...*

This philosophy is an extreme reaction against the authoritarianism of Fascist and Communist régimes. It is a classic example of the principle that hard cases make bad law. It is also evidence of the fact that, though we may refuse to believe in God, we cannot tolerate the unconscionable notion of an anarchic world.

Hayek's negative freedom

Hayek, born and brought up in a Viennese Catholic family, renounced the faith at an early age and remained a lifelong atheist. As such, he acknowledged no divine order; nor could he, as a disillusioned observer of the Russia of the twenties and the Germany of the thirties, envisage the possibility of beneficent human government. Yet he could not countenance anarchy. So he put his faith in the *spontaneous order* of the market. Here the totality of our individual decisions creates a régime, namely the discipline of market forces, to which we are obliged to submit.

The sum of our independent actions becomes our god. Just as Christians believe that we lose our freedom if we rebel against God and fall into the bondage of sin; so libertarians believe that loss of freedom comes from rebellion against the market, from refusal to accept the social consequences of our private choices. But the Christian and libertarian concepts of freedom are very different.

To the Christian, *there is no true freedom except in the service of what is good and just*, as the Catechism (1) observes. Freedom is a positive thing, a state of grace attained through the pursuit of holiness. By contrast, the freedom of the libertarians is narrow and negative; Hayek defined (2) it as *the absence of restraint and constraint by the will of others*.

This negative freedom embodies none of the creative and benign qualities of Christian freedom; it consists simply in not being pushed around by other people.

That is clearly important; so is freedom from hunger. Yet we do not live by bread alone; nor do we thrive merely by not being molested. The libertarians have picked out one facet of the jewel of freedom and declared that this one alone is essential. But what makes the brilliance of a cut diamond is the interactive reflection of light from all its facets.

The libertarian concept of freedom is designed to justify the market's sovereignty. By definition, this freedom is diminished only when we are constrained by the will of other persons, not when we are controlled by impersonal forces. The mountains of Hayek's native Austria provided a vivid illustration: he claimed that the climber trapped in a crevasse is *not unfree*, since his confinement has not been wished upon him by anyone else.

If this be freedom, then Victorian workers were not unfree when the impersonal compulsion of the market kept them toiling fourteen hours a day in the cotton-mills; they lost their freedom when Lord Shaftesbury's legislation cut their hours to ten. For then they became subject to political will rather than to market forces.

The sleight of definition

The market, say its worshippers, sets us free from the constraints of personal or political influence. The fact that it replaces those constraints with a mechanistic tyranny is evaded by a sleight of definition. Here lies the intellectual perversion at the heart of free-market doctrine.

You cannot serve God and Mammon. Jesus' words (3) imply that money should be our servant, not our master. In Biblical times, economic theory was undeveloped; though markets functioned, with varying degrees of freedom, the idea of the market as a force that could rule the world was as yet unknown. Today we need a theology to confront that conceit.

In his encyclical letter *Centesimus Annus*, Pope John-Paul II has laid some good foundations. *Economic freedom is only one element of freedom* he writes (4), calling for a society *not directed against the market, but demanding that the market be appropriately controlled.* The market, like money itself, must be dethroned from proud idol to humble servant.

References

1 *Catechism of the Catholic Church* (1992), #1733.

2 Friedrich von Hayek, *The Constitution of Liberty* (Routledge & Kegan Paul, London 1960) page 17.

3 Matthew 6:24.

4 John-Paul II, *Centesimus Annus* (1991) #39 and #35.

