



The Nobility of the Bourgeoisie

EDMUND A. OPITZ

IF THE MAN FROM MARS were to ask any one of us to point out the business sector of our society we'd direct him first of all to our factories, offices, banks and stores. Then we'd add the transportation industry — rails, trucks, planes and ships. An important segment of agriculture is operated like a business, so we'd add that. The extractive industries would have to be included, and so would lumbering. We would expressly exclude important parts of life, such as government, education and religion, even though business methods are indeed employed by people working in these sectors.

Business, in short, is the economy. Business is the sector from which our material abundance pours forth, in such quantity that

we are — in that respect — the envy of the world. Few of those in foreign nations who profess to despise our materialism would carry their antipathy so far as not to avail themselves of our surplus — which of course they accept only as a favor to us! American money and goods have poured into all corners of the globe since World War II, a golden flood financed by the American taxpayer to the tune of some two hundred billions of dollars.

The American economy is an incredibly productive economy; it turns out the goods and services people want and are willing to buy in such quantities as to make us the wealthiest nation on earth. Our material well-being is directly linked to the business system, and that business system has made us an affluent society. Most of the problems that beset us are directly

The Reverend Mr. Opitz is a member of the staff of the Foundation for Economic Education, a seminar lecturer, and author of the book, *Religion and Capitalism: Allies Not Enemies*.

related to affluence; we consume a lot, there's so much to throw away, so much leisure time to fill, traffic jams — and so on.

So if we ask "What is the role of business in society?" the easy and obvious answer is "It is the role of business to respond to consumer demand by supplying the goods and services people want." And business performs this role so well that the one-sixteenth of the world's population living in the U.S.A. not only owns the great bulk of the world's goods and lives highest on the hog, but carelessly wastes more than any other nation consumes. The American economy is highly productive, but business nevertheless finds itself with a tarnished image, the butt of many attacks.

Professor J. D. Glover of Harvard Business School writes, "In volumes upon volumes of testimony before Congressional committees, in popular novels, in learned treatises and textbooks, in poetry, in sermons, in opinions of Supreme Court justices, 'big business' and its works are seen as evil and attacked. The literature of criticism of 'big business,' and of the civilization it has done so much to bring into being, represents by now a perfectly staggering mass of material."

Now, it is of course true that business is not the only sector of

our society which is presently under fire. Our whole civilization — western culture — has been under siege for several generations, and to the extent that our culture embodies bourgeois values, the attack against the west will join forces with the revolutionary thrust to unseat the bourgeoisie. Furthermore, all facets of our society labor to defend themselves, for have we not been told that there is a ferment in the schools, a crisis in religion, an emergency situation in government, and anarchy in the arts?

"The Good Old Rule"

The attack on business is nothing new. The bourgeois is the townsman, and his emergence was opposed by the aristocracy, whose values were quite different. "The nobleman has courage, spends without counting, despises petty detail. There is a great air of freedom and unselfishness about the nobleman. He will throw his life away for a cause, not calculate the returns. That is the noble *idea*. In reality, he lives by the serfdom of others, and he broadens his acres by killing, and taking other people's land — 'the good old rule, the simple plan. That they should take who have the power, and they should keep who can.'" These words are those of Jacques Barzun, from his 1973 A. W. Mellon

Lectures, published as *The Use and Abuse of Art*.

Dr. Barzun continues, "The bourgeoisie opposed such noble free-handedness and supported a king who would replace 'the good old rule' by one less damaging to trade and manufacture — and to the peasants' crops. But the regrettable truth is that there is no glamour about trade. Trade requires regularity, security, efficiency, an exact *quid pro quo*, and an exasperating attention to detail. . . . There is nothing spontaneous, generous or large-minded about it. Man's native love of drama rebels against a scheme of life so plodding and resents the rewards of qualities so niggling."

"What a convenient word is bourgeois!" Dr. Barzun observes. "How expressive and well-shaped for the mouth to utter scorn. And how flexible in its application — it is another wonderful French invention!"

It is generally conceded that business is something more than the mere production of goods and services: business is the production of goods and services in response to the voluntary actions of people in the marketplace who either buy or refrain from buying. Business, in short, is the way a free society organizes its economic activities. The buying habits of customers are a clue to pro-

ducers to manufacture more of this and less of that, or, possibly to go out of business altogether. A more precise designation for this way of doing business is The Market Economy.

The Market Economy

Let me draw a distinction between The Market Economy and the market. The market is simply a shorthand term for the voluntary exchanges that take place between people as they go about improving their economic circumstances. Talents vary from one individual to another, and people discover that they can produce more and enjoy more if they specialize in production and then exchange the surpluses that specialization generates — my oranges for your apples, and so on. Barter occurs among the most primitive of peoples, and when money is introduced it simply facilitates multiple exchanges.

These voluntary exchanges constitute the market, so we can say that the market operates everywhere man has ever lived. And the market operates today even in controlled economies like Russia and China. The market will be with us so long as man is man; it is a basic human institution.

The market, yesterday, today, and forever; but the market economy is a rare phenomenon which has emerged only for short periods

during human history. The market economy is the market institution-alized. The market by its own devices does not produce the market economy; a catalyst is needed for that — several catalysts, perhaps.

The market economy needs the bourgeois virtues; it needs the middle class. Now, the middle class rarely inspires the poets and men of letters, but that remarkable woman, Freya Stark, puts her finger precisely on the point. "I will hold that the middle class produces civilization because it is the only class constantly trained to come to a conclusion, poised as it is between the depth and the height. It is not rich enough to have everything, nor poor enough to have nothing — and it has to choose; to choose between a succulent table and a fine library, between travel and a flat in town, between a car and a new baby or a fur coat and a ball dress. It has enough of the superfluous to give it freedom from necessity but only through the constant use of discrimination; its life therefore is of one long training of the judgment and the will. This by itself does not manufacture greatness; but it is the soil on which it is possible to make it grow."

Now, whatever our assessment of the middle class and its virtues, we would have to agree as a matter of historical fact that it has been

a target for attack from many quarters, and it continues to be a target. Karl Marx added enormous momentum to the assault. Marx's notion of surplus value and his exploitation theory inspired revolutionary frenzies on all continents, even though Marx was dead wrong. Marx's charge is that the income of the bourgeoisie, or the capitalist class, comes out of the hide of the working class; some people are given an economic advantage over other people, and thus some live at the expense of others.

The Consumer in Charge

This description does fit the situation wherever the market economy has *not* been established; feudalism operated this way, and also every aristocratic order. But in the market economy — or system of liberty — the businessman's income is a measure of his success at pleasing customers. He's at their mercy, for if they do not buy he does not stay in business. Every man's income is determined in similar fashion. A man's wage is a measure, in monetary terms, of what people think his services are worth. What a man earns is not a measure of his true worth, *sub specie aeternitatis*; it simply tells us what his peers think of him, and they may be wrong.

But right or wrong, it is con-

sumers in voluntary action who determine the division of rewards in a free market. "It is a proposition of elementary economics," writes Frank R. Knight, "that ideal market competition will force entrepreneurs to pay every productive agent employed what his cooperation adds to the total, the difference between what it can be with him and what it would be without him. This is his own product in the only meaning the word can have where persons or their resources act jointly."

The Power to Please

In the free economy, a man advances his economic fortunes by trying to please consumers, over whom he has no authority save persuasion and the sales appeal of his goods. This is the business system. Every alternative to this voluntary arrangement puts government at the service of the powerful who, by the exercise of coercion, obtain their income at the expense of those without power. Government, in this scheme, is an instrumentality for distributing economic advantage, and a man's income will depend on favors from the politically powerful. Either that, or he must wield power himself. A society arranged in this latter fashion is accurately labeled a system of privilege, in contrast to the system of liberty.

Neither system exists historically in pure form, but one might schematize the difference by saying that in the system of liberty a man derives his financial rewards by pleasing the customers, whereas under every system of privilege he obtains an income by pleasing politicians.

Now this latter arrangement is indeed a system of exploitation; government—by taxation and subsidy—takes a portion of wealth from those who produce it and distributes it to people who have not earned it. But paradoxically, it is this arrangement—variously disguised—which now ranks high in public esteem, while the business system—which rewards men according to their productivity—is ever on the defensive.

Businessmen taken individually are, I suppose, as good and as bad as the average run of people in any other sector of society. They are guilty of fraud on occasion, and so are scientists; but no one on that account suggests that the scientific enterprise be subject to all sorts of government regulations and bureaucratic controls. Businessmen are sometimes tempted to overstate the virtues of their product, just as some newspapers are prone to slant and distort news items. But no one suggests government censorship of the press. Government itself is

occasionally guilty of suppressing facts and keeping the public in the dark; but who will guard the guardian? The point is that when politics is invoked to cure a social ill it is usually business that suffers a loss of portions of its freedom to government controls.

***Freedom Indivisible; Depends on
Enlightened Self-Interest***

But economic freedom is not that important, it might be said. Liberties of the mind, on the other hand, or liberties of the spirit, they must be protected. The intellectual must be free, but it matters little whether the businessman is bureaucratized or not. As a matter of fact, freedom is all of a piece, and if we fail to resist government encroachment into any sector of life because we deem that sector unimportant to us, then we will enfeeble our capacity to resist where we deem resistance vital.

Milton Friedman, tongue in cheek, offers a clever observation here, linking the businessman with the intellectual as the twin enemies of freedom. "It has often seemed to me," writes Friedman, "that the two greatest enemies of the free market are businessmen and intellectuals, for opposite reasons. The businessman is always in favor of free enterprise—for everybody else; he is always opposed to it for himself. The intel-

lectual is quite different; he is always in favor of free enterprise for himself, always opposed to it for everybody else. The businessman wants his special tariff or his special governmental commission to interfere with free enterprise, in the name, of course, of free enterprise. The intellectual, too, wants such commissions to control the rapacious man. But he is against the idea of any interference with his academic freedom, or his freedom to teach what he wants and direct his research as he wants—which is simply free enterprise as applied to him."

Everybody wants to be let alone so that he is free to pursue his own bent, but only a handful of people have ever worked as hard for other folk's liberty as they do for their own. Wouldn't it be a nice arrangement if scientists worked for freedom of the press, and editors for the rights of medical doctors, and doctors stood firm for freedom of speech, and churchmen jealously guarded freedom of economic enterprise?

Alas, it is not so, and paradoxically, many businessmen have no concern for the free economy if a political intervention maximizes their profits even though it deteriorates the general climate of economic liberty. This would not matter much, except for the fact that economics deals with our sub-

sistence, and if some one gains control over the economic means which we must have or die, he has acquired an enormous leverage over every sector of our lives. This is self-evident; it is so obvious that we tend to overlook it. We forget that the essence of slavery is the command over another's will gained by controlling his access to the food and shelter he needs to survive.

Parliaments discovered "the power of the purse" centuries ago; an unruly king could be made more pliable if an elective body could cut him off at the purse strings. Alexander Hamilton reminded the Colonists of this point in his 73rd *Federalist Paper*: "The legislature, with a discretionary power over the salary and emoluments of the Chief Magistrate, could render him as obsequious to their will as they might think proper to make him. They might, in most cases, either reduce him by famine, or tempt him by largesses, to surrender at discretion his judgment to their inclinations." Hamilton does acknowledge that there are some men whom no threat can cow: "There are men who could neither be distressed nor won into a sacrifice of their duty; but this stern virtue is the growth of few soils; and in the main it will be found that a power over a man's support is a power over his will."

Economic Control

Hamilton was so keen on this point — that economic control is the control of the means for all human ends — that he drove it home by a further reference in his 79th *Paper*: "In the general course of human nature, a power over a man's subsistence amounts to a power over his will."

Work is built into the human situation; human beings must actively transform portions of their natural environment — raw materials — into consumable forms (food, clothing, shelter, and the amenities) or we perish. We are not "free" to disregard this or any other fact of the human situation, that is, if we want to succeed in our various endeavors. We are not "free" *not* to work. People who work in a system of privilege — totalitarianism, Communism, Socialism, collectivism — labor for a single employer, the State. This is a command economy; every person labors at the task the State assigns him, or else! As George Bernard Shaw once put it, "Compulsory labor, with death as the final penalty, is the keystone of Socialism." People are controlled by State control of their livelihood.

Material necessities are omnipresent, and a system of liberty — the free economy — does not eliminate them: human energy must be expended in order to fashion con-

sumable goods out of natural resources. But here, in a free society, every man and woman is free to choose the context for his or her productive actions; a person may choose to work for himself or, alternatively, he may choose among employers and work for wages. And if the wage and price structures are flexible, the free economy has an insatiable demand for labor; when the market is truly functional, jobs are abundant. The economic forces generated by the business sector of society do not cause unemployment; mass unemployment results from the political distortion of economic forces.

Business Serves Society

I am suggesting that the blame is misplaced when business is accused of causing unemployment, and of somehow falling down on its presumed responsibility to keep everyone working. The real reasons for poverty and unemployment must be sought from the economists and political scientists. Meanwhile, let us ask what positive contributions business makes to the good society, in order to give credit where due. Some years ago I was involved in a project in this area, with Admiral Ben Moreell, and I'd like to summarize our conclusions. We found, first of all, that the social forces set in motion by business and industry

tend to reduce coercion, prejudice and irrationality in human affairs.

1. **Coercion** There is general agreement among political philosophers as well as the public at large that political action is coercive. What about business action; is it also coercive? The answer is No. The businessman, as such, has no power to coerce. He cannot force people to buy his goods or services. He may call upon government for special privilege and thus obtain a coercive monopoly. But by doing so he forfeits his status as purely a businessman and becomes in part a politician, or at least the junior partner of a politician.

The production and exchange of goods and services is a wholly peaceful procedure. A business society tends to be a peaceful society if only because peace maximizes the conditions under which the production and exchange of goods is facilitated. And peace is essential for social progress and individual advancement.

The businessman, having no means of coercion at his disposal, must rely on persuasion, advertising and public relations. Every other person, at home and abroad, is his potential customer; so other persons must be cultivated if they are to become customers. The peaceful exchange of goods

throughout the world paves the way for exchange of ideas and encourages personal travel. These are of the essence of business activity, and they comprise the things which make for peace. So, on the whole, business tends to reduce coercion in human affairs.

2. Prejudice A man's judgment can rise no higher than his acquaintance with the facts. Prejudice is a premature judgment based on insufficient evidence. As applied to human affairs it implies an irrational dislike of some people based on their opinions, their nationality, the color of their skins, or their religion. What does the rationale of business do about overcoming prejudice? The clear-cut answer is that, in this area, economic considerations have top priority for the businessman. In general, the businessman does not concern himself with the color of another person's skin if the color of his money is all right. Thus money may be a social device productive of great good, even though the love of money be the root of all evil.

As an employer, the businessman penalizes himself when he refuses to hire the best available man for the job because of some noneconomic considerations. His business sense dictates otherwise. The same is true when, as a seller of goods, he refuses to make a sale

for other than economic reasons. Thus the mechanism of trade acts to break down the barriers of prejudice.

3. Irrationality In a good society people act in reasonable, sane, and sensible ways, and business disposes them so to act. Modern business rests on technology which, in turn, rests on science. Science and technology demand a high-level, rational pattern of thought and action. The scientist, the engineer, the business manager must all be rational. Thus, business contributes to the forces in our society which exert a strong pull in the direction of reasonableness in human affairs.

Desirable Business Traits

Now let us see what desirable *positive* traits are fostered by business. There are at least four important ones; integrity, understanding, reasonableness, and individuality.

1. Integrity No society can long cohere unless people find that they can trust one another, nor can a business long endure unless its products represent honest workmanship. Regular customers, an essential for the survival of any business, cannot be attracted and held without a quality product. Our entire system of deferred exchanges and credit is based on trust. The enormous network of

mutual trust and confidence which underlies our system of business is a social force of great momentum, heading in the right direction. It makes for integrity in society.

2. Understanding A hermit who grows his own food and produces for his own use consults only his own needs and tastes.

But everyone who produces goods or services for exchange must consult the needs and desires of other people. The businessman must build up a clientele. He cannot do this unless he understands the need of his customers and causes them to feel that he can be trusted to fill that need, now and in the future, for products they want at a price they can afford to pay.

3. Reasonableness The vital stake which business has in peace tends to create situations in which men seek a reasonable adjustment of their differences instead of fighting about them.

A businessman does not want conflict with his customers, he wants to reason with them so he can persuade them to accept his goods. As the atmosphere of reasonableness begins to permeate all of society, people come to appreciate the variety in human life. Instead of a desire to make other people over in their own image, they want every other person to

progress as far as he can "on his own steam." In a reasonable society no man tries to play God for other men.

4. Individuality To the extent that business enables persons to take care of the economic requirements of life with a minimum expenditure of time and energy, it puts at their disposal increasing amounts of both, to be used in whatever individual and creative ways they see fit. Not every person will use them wisely, but if the surplus does not exist, if people are bound down by unceasing toil, there can be no flowering of those higher faculties of man which I have mentioned before. Thus, business provides the condition which can release whatever potentiality individuals may possess.

The chief end of man is not to accumulate material goods; nearly everyone would agree that human destiny lies in another dimension. Every person is gifted with potential talents, and he's equipped with an innate drive to bring them to a full and harmonious realization. Now, neither the free economy nor its business sector can guarantee such realization to every person; this is a matter for individual decision. All the free society can promise is maximum and equal opportunity — and this is all the guarantee we need. ☸

better Bread than dead

SUSAN LOVE BROWN
KARL KEATING
DAVID MELLINGER
PATREA POST
STUART SMITH
CATRIONA TUDOR

PRIVATE PROPERTY has been the object of attack ever since the first non-producer enviously viewed the fruit of the labors of the first producer. The institution of private property has been condemned for perpetuating every manner of social injustice imaginable. Marx and Engels called for the abolition of it, and Pierre Joseph Proudhon, a social-theorist contemporary of Marx, declared, "property is theft."¹ But how can one steal if there is no concept of property? How can anything belong to everyone, or everything to no one?

For years there has been a long and tireless argument about property rights versus human rights. Yet even a small child could figure out that property has no "rights." Only *humans* have rights. However, the *rights* which humans have are "*property*."

In an article entitled "What is

Property?" William W. Bayes points out that the fundamental right for a human is the right to his own life. He *owns* his life. "His life does not belong to any other person or group. The *thing owned* is his body, and the related right to act, or property right, is the right to live. Now, matter is eternal, but human life is not; life must be sustained by procuring and consuming the means of subsistence. If we agree that man has a right to live, we must agree that man may use the mental and physical faculties to procure those means. Since the means (food, clothing, shelter, and the like) do not usually lie readily at hand, he must find or grow the food, manufacture the clothing and build the shelter. In short, he must produce."²

It then must follow that if production is necessary to life, and