

Hazlitt's *The Foundations of Morality*

by Leland B. Yeager

Editor's Note: In 1964 Henry Hazlitt published what would become one of the books of which he was most proud, The Foundations of Morality. The following first appeared as the foreword to the 1998 FEE edition of Hazlitt's book.

Any sensible policy position presupposes understanding the reality that the natural and social sciences investigate. It also presupposes value judgments— notions of good and bad, desirable and undesirable, right and wrong. Ethics thus enters not only into private lives but also into public policy. But what is the grounding of ethics?

For many decades, utilitarian ethics has undeservedly had a bad press, not least in libertarian circles. It draws scorn as the mindset of crass, grasping, unprincipled people. It supposedly invites government hyperactivity aimed at maximizing some misconceived aggregate welfare. The critics would instead ground ethics and policy in noble and intuitively obvious principles such as unswerving respect for human dignity and natural human rights.

Leland Yeager is the Ludwig von Mises Distinguished Professor of Economics Emeritus at Auburn University and the Paul Goodloe McIntire Professor of Economics Emeritus at the University of Virginia. He is the author of *Ethics as Social Science: The Moral Philosophy of Social Cooperation* (Elgar, 2002).

In this hostile intellectual atmosphere, Henry Hazlitt forthrightly and courageously avows a utilitarian ethics (although he did seek a more attractive label, perhaps cooperatism). Two classical-liberal think tanks, earlier the Institute for Humane Studies and now FEE, also deserve admiration for keeping his book in print. Hazlitt does not scorn human dignity and rights—of course not. But precisely because they are important, those values deserve a solidier grounding than mere intuitions reported in noble-sounding language. The inviolability of rights rests, he says, “not . . . on some mystical yet self-evident ‘law of nature’ . . . [but] ultimately (though it will shock many to hear this) utilitarian considerations” (p. 286). Utilitarian philosophers can give reasons, grounded in reality, for respecting cherished values and the standard precepts of morality.

The bare facts of objective reality cannot by themselves provide this grounding. Some fundamental value judgment (or conceivably more than one) is also necessary, a judgment so ultimate that it lies beyond any series of reasons one might offer. Examples of relatively *specific* value judgments, in contrast, are the standard condemnations of murder, lying, cheating, and stealing. For them, one can give reasons that adduce the realities of human affairs, as well as some further and fundamental intuition. Only sloppy ethical theorizing appeals to a variety of specific intuitions instead of to one broad and fun-

damental value judgment. Hazlitt recommends applying Occam's razor to the promiscuous multiplication of alleged intuitions.

The one fundamental intuition of utilitarianism is approval of human flourishing, of people's success in making good lives for themselves, and disapproval of the opposite conditions. To use a single word for each, though each word requires much unpacking, utilitarianism welcomes happiness and regrets misery. This is a tame value judgment, to be sure; but combined with positive knowledge of the physical world and human affairs, it goes a long way in ethics. What fundamental value judgment or criterion could be more plausible?

Henry Hazlitt's great insight, following writers like David Hume and Ludwig von Mises, is that direct appeal to the criterion of happiness over misery is seldom necessary. A surrogate criterion is more tractable. Mises and Hazlitt call it "social cooperation." It means a well-functioning society, one in which people live together peaceably to their mutual advantage, all reaping gains from specialization and trade, trade not only in the narrow business sense but also in the informal interactions and mutual accommodations and courtesies of everyday life. Actions, institutions, rules, principles, customs, ideals, dispositions, and character traits count as good or bad according as they support or undercut such a society, which is prerequisite to the happiness of its members. Economics and the other social and natural sciences have much to say about what does support or undercut social cooperation.

Hazlitt gives powerful reasons for repudiating the brand of utilitarianism ("act-utilitarianism") that calls for whatever action seems most likely, on each particular occasion, to contribute most to the sum total of happiness. Although that brand has now sunk almost to the status of a mere straw man, it remains the favorite target of superficial critics of utilitarianism. Hazlitt advocates "rules-utilitarianism" instead, which, following John Gray's reading of John Stuart Mill, might better be named "indirect utili-

tarianism." Hazlitt calls for adherence, almost without exception, to ethical principles that do satisfy the utilitarian criterion.

Hazlitt also argues that the interests of the individual are not fundamentally in opposition to those of "society." A person's rightly conceived or long-run self-interest coincides with what serves social cooperation. (This reconciliation holds in a long-run or probabilistic sense, as the Austrian philosopher Moritz Schlick and others have explained; for life offers no absolute guarantees.)

Of all of Hazlitt's books on various topics and of all books on ethics that I have read, *The Foundations of Morality* is my favorite by far. Hazlitt himself, in a 1977 interview, called it his own favorite among the fifteen books he had then written. Yet—let us face the fact—it has so far made only a small splash among academic philosophers and economists. Why? One reason, I suppose, is that Hazlitt lacked the standard academic credentials. He was a profoundly educated man, but mostly self-educated. Holding no professorship, he could form no school of students and disciples. The book itself, with its many long direct quotations from other writers, may have repelled potential readers who merely flipped through it. But Hazlitt chose his quotations remarkably well, and they do help carry his own argument forward.

Hazlitt's book is admirable not only for substance but also for writing style. The editor of a condensed version (also published by FEE) could not employ the "Reader's Digest" approach. As I understand it, that approach tries to squeeze out superfluous words by rewriting even individual sentences and paragraphs. Hazlitt's writing left little scope for such tightening. Instead, the editor had to discard large chunks of text, including whole paragraphs, quotations, and chapters. Readers graduating to—or starting with—the complete book deserve congratulations. It is a full exposition of the intelligent utilitarianism that provides (in my view) the soundest philosophical basis for the humane society that is the ideal of classical liberals. □

Inflation in One Page

by Henry Hazlitt

1. Inflation is an increase in the quantity of money and credit. Its chief consequence is soaring prices. Therefore inflation—if we misuse the term to mean the rising prices themselves—is caused solely by printing more money. For this the government’s monetary policies are entirely responsible.

2. The most frequent reason for printing more money is the existence of an unbalanced budget. Unbalanced budgets are caused by extravagant expenditures which the government is unwilling or unable to pay for by raising corresponding tax revenues. The excessive expenditures are mainly the result of government efforts to redistribute wealth and income—in short, to force the productive to support the unproductive. This erodes the working incentives of both the productive and the unproductive.

3. The causes of inflation are not, as so often said, “multiple and complex,” but simply the result of printing too much money. There is no such thing as “cost-push” inflation. If, without an increase in the stock of money, wages or other costs are forced up, and producers try to pass these costs along by raising their selling prices, most of them will merely sell fewer goods. The result will be reduced output and loss of jobs. Higher costs can only be passed along in higher sell-

ing prices when consumers have more money to pay the higher prices.

4. Price controls cannot stop or slow down inflation. They always do harm. Price controls simply squeeze or wipe out profit margins, disrupt production, and lead to bottlenecks and shortages. All government price and wage control, or even “monitoring,” is merely an attempt by the politicians to shift the blame for inflation on to producers and sellers instead of their own monetary policies.

5. Prolonged inflation never “stimulates” the economy. On the contrary, it unbalances, disrupts, and misdirects production and employment. Unemployment is mainly caused by excessive wage rates in some industries, brought about either by extortionate union demands, by minimum-wage laws (which keep teenagers and the unskilled out of jobs), or by prolonged and overgenerous unemployment insurance.

6. To avoid irreparable damage, the budget must be balanced at the earliest possible moment, and not in some sweet by-and-by. Balance must be brought about by slashing reckless spending, and not by increasing the tax burden that is already undermining incentives and production. □

This is reprinted from The Freeman, May 1978.