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Commercial Society, Money, and the Common Benefit

In our contemporary moment, Americans are extremely divided in their beliefs about what the role of government ought to be and how it ought to pursue the common benefit of society. These beliefs beg the question of what freedom is in the first place. In part, it is the rule of law which protects individuals' freedom. On the other hand, individuals would prefer to live in a society where they are secure and protected from exploitation, coercion, and violence. Individual attitudes, with all their complexities and contradictions, aggregate into societal, institutional, and governmental arrangements designed to pursue the common benefit of society. Yet, these arrangements do not always reflect what is best for individuals or for society as a whole – for instance, the orientation of government and institutions towards economic growth unconcerned with its consequences. In the U.S., this sort of orientation remains the dominant ideology which underlies the political behavior of individuals and institutions.

In *Second Treatise of Government*, John Locke develops his idea of an ideal societal arrangement for humankind. In the state of nature – a hypothetical situation in which humans do not live under an organized government – all humans have the same basic right to the Earth and “everything...given to [them] for the support and comfort of their existence” in the state of nature (Locke 11). Despite humankind's equal and fundamental right to sustain themselves using resources given to them in common, Locke maintains that individuals may justly acquire and accumulate private property in a way that does not violate this common right. An individual gains the private right to an object, and thereby forecloses its utility to others in the state of

nature, when he “mixes” his labor with it; in doing so, the utility of said object to its new owner has increased substantially (Locke 11). Mixing one’s labor with an objects adds value to it in terms of its usefulness, albeit only to himself.

Locke thus conceptualizes property in the state of nature to include objects which individuals use to their own benefit. His definition of property is relatively unlimited and includes not only one’s labor, but his physical body which allows him to labor. Moreover, since nobody’s right to means of sustenance and survival is unequal, one’s livelihood may also be considered private property. In the state of nature, this sort of conceptualization of usefulness imposes certain constraints on individual property rights to preserve the common benefit. Individuals are only justified in taking resources out of the state of nature and declaring them private property insofar as said individual makes proper use of their property. For instance, if I pick ten apples from an apple tree daily, and I only need five apples per day to sustain myself, I am wasting the potential usefulness and utility of five wasted apples every day. Five apples are now no longer available to my fellow humans although they have the same right to an apple tree as I do.

Despite such constraints, individual property rights remain insecure in the state of nature. It has neither formal law defining private property nor a supreme enforcement authority capable of impartially arbitrating disputes: its only laws exist in the “minds of men,” over which “everyone is judge, interpreter and enforcer” (Locke 44). Keeping with his theme of utility, Locke describes the origins of government as stemming from individual motivation and desire to escape the inherent disadvantages in the state of nature. He contends that humankind’s “great purpose” for voluntarily entering into organized society is to “be safe and at peace in their use of property,” which governments have the responsibility to ensure through enforceable rules and

regulations (Locke 43). Individuals confer this role upon governments to achieve and preserve a more comfortable, secure, and survivable standard of living; in this sense, humankind fled the state of nature in pursuit of a more useful method of societal organization.

The usefulness of a government which aims primarily to secure and regulate private property rationalizes a societal arrangement orientated around industry, production, and growth. Locke contends that the “great art of government” is to ensure that land is “used well” in ways that benefit all of society (Locke 16). Broadly speaking, Locke denies that nature or its resources have any intrinsic value. He argues that land and resources “left wholly to nature, with no improvement through cultivation” is considered waste, its benefit “little more than nothing”; rather, the usefulness of nearly all things fundamental to our daily lives are “wholly due to labour and industry” (Locke 16). Since we are starting from a value of nearly zero, labor, production, and growth must be inherently beneficial. Governments are responsible for preserving and protecting the private property of industrious and capable individuals. In commercially-oriented societies in particular, economic growth pursues the common benefit of all by increasing the “common stock” of humanity (Locke 14). This specific vision of how governments ought to function in organized society fundamentally assumes that merely having more material resources indicates a higher standard of living. He assumes this not only for the individual, but for society writ large.

Theoretically speaking, one may accumulate as much private property – or money, for that matter – as they wish and would stills not be acting unjustly in a society where money is free to rule. In commercially-oriented societies, money is foundational to the government’s capacity to preserve private property rights. Both phenomena constitute the linchpin of labor, industry, production, and growth. Money essentially bypasses those constraints on private property rights

which Locke describes operate in the state of nature. Money allows individuals to sell goods to others which otherwise may have gone to waste. It also incentivizes people to cultivate goods that may have gone to waste in nature. Ultimately, the rule of money delimits economic growth by incentivizing labor and production: “[men] won’t be apt to enlarge their possessions of land... if there isn’t something durable and scarce and counted as valuable to store up” (Locke 18). In light of Locke’s normative argument for a government focused on sustaining economic growth, the invention of money means that it would be illogical and counterproductive to limit individual private property. A commercially-oriented society is, in this sense, a preferable societal arrangement to the state of nature: humankind is more comfortable, better sustained, and generally better-off.

If Locke is correct about the origins of government, the rule of money is virtually inevitable in some commercial societies because a fundamental aspect of humans is our orientation towards the comfort and security which material wealth provides. Yet, a central tenant of Adam Smith’s work, *The Theory of Moral Sentiments*, refutes such a claim. Smith denies the notion that humans tend to evaluate the world around them in terms of utility. Individuals often exhibit behavior and preferences which run contrary to what is most useful for themselves. In fact, humans are willing to “voluntarily” suffer through more trouble in pursuit of achieve convenience even when that suffering outweighs the usefulness of what we seek (Smith 159). For Smith, our willingness to suffer in the pursuit of convenience indicates that utility is not a primary determinant of human behavior.

In commercial society where money is free to rule, individuals tend to evaluate the world around them in terms of beauty and aptness. Society’s elite appear to the rest of society to be living in a nearly perfect and happy state and, therefore, they feel a “peculiar sympathy with the

satisfaction” of elites in positions of wealth and power (Smith 54). In particular, we become conditioned to see money as an end in itself rather than a means to an end. Smith argues that humankind’s innate desire to be observed, attended to, and sympathized with, and orients our desires towards the pursuit of wealth (Smith 53). Our identification with the elite is not so much in reference to ourselves, but rather to our desire to be admired and praised. Humankind’s identification with the wealthy and powerful is intensified in commercial societies where the role of money is paramount to existence. Humans are compelled to acquire and accumulate material wealth in hopes of being perceived as among society’s richest and greatest members.

Under Locke’s vision of government, it is always a good thing when individuals are motivated to be industrious, as economic growth furthers the common benefit of all. Smith, on the other hand, sees both positive and negative implications for commercial society and for individuals. It may be that our desire to emulate the admirable condition of elites, concurrent with an instinctual drive to conceal and avoid poverty, will produce favorable outcomes for us; growth may better our condition in terms of material wealth (Smith 53). Yet, it is more likely that that our natural inclination to sympathize with the wealthy and powerful impedes our ability to act in our own interests: “[it] is the vanity, not the ease, or the pleasure which interests us” about wealth and power (Smith 53). The impact manifests most powerfully in the relationship between ordinary citizens and the government. Smith explains that “obsequiousness to our superiors” results from our sentiments towards those in positions of wealth and power (Smith 55). Perfectly aware of how ordinary citizens sympathize with their condition, government bureaucrats and political elites “never look upon their inferiors as their fellow-creatures” and do not rule “from a love of mankind”; in other words, those who we elect to inhabit and represent us in governmental institutions do not rule with a concern for our common benefit (Smith 57).

In *The Constitution of Liberty*, F.A. Hayek illuminates the potential dangers to a society in which money is free to rule and constructs an argument for a government arrangement which protects and preserves the rule of law and prevents the concentration of power above all else. Ensuring freedom from coercion for individuals ought to be the primary aim of governments in commercial society given that these governments are particularly vulnerable to corruption arising from unchecked, concentrated power. Freedom according to Hayek captures the extent to which individuals may act according to their own plans and intentions without being coerced one way or another (Hayek 59). Moreover, coercion entails being “irrevocably subject” to either the will or “arbitrary decision” of another (Hayek 59). In this sense, freedom is foundational to the rule of law: it enables new social orders to arise in response to changing circumstances and present dangers (Hayek 80). Hayek would agree with Smith’s contention that, when individuals are required to reconcile our competing desires and interests, they have a difficult time figuring out how to act and behave in their own interest. Individuals are free when they can adapt and behave to changing circumstances in their lives. Locke’s role of government misses the boat entirely, as freedom is not merely the ability to own and acquire property.

Protecting private property, even if under the guise of preserving individual rights, does not go far enough to protect individuals from coercion. Freedom from coercion specifically requires certain basic conditions in addition to property rights which the government must ensure: being equally subject to the same laws as others, being protected from “arbitrary confinement,” and having the right to choose an occupation (Hayek 71). These basic conditions conceptually separate those who are free from those who are subject to the arbitrary will of a master, like a slave is. Locke’s second justification for property is a case in point: it places a normative prescription for economic growth and productivity upon the role of government over

which the majority of folks would have no say. At its inception, individuals who entered into civil society were required to relinquish all of their private property to a government which arbitrarily assumes what is best for the common benefit of society. It could go about enforcing contracts, criminalizing theft, and preventing violence via regulation without much intervention into markets or exchanges. Its role would be mostly reactionary in response to individual complaints and would not check the concentration of power. In this sense, commercial society as Locke envisions it does not go far enough to protect individuals from coercion.

Yet, this type of government appears much more passive and minimal than it manifests in the real world. In societies centered on economic growth, those in positions of great wealth and power are assumed to be the most knowledgeable and most capable class of people to decide how to increase the common stock of humanity. The government is thereby justified in doling out private property rights and natural resources as they see fit, resulting in disproportionate rewards and gains for those deemed industrious, productive, and capable enough to make good use of private property. Neither individuals nor institutions have enough complete information or are adequately capable of predicting every possible instance of corruption that may arise in their environment: “[the] task of a policy of freedom must therefore be to minimize coercion or its harmful effects, even if it cannot eliminate it completely” (Hayek 59). Locke’s role of government, in comparison, most certainly risks the institutionalization of concentrated power in regards to both property and wealth, although it may not be obvious to society. Consider Smith’s argument about why humans jettison their own self-interest in sympathizing with people in positions of great power and wealth: [the] disposition of mankind, to go along with all the passions of the rich and the powerful... arises from our admiration for the advantages of their situation, [not] from any private expectations of benefit from their good-will” (Smith 55). We

observe that they have more means of happiness and sustenance, which we yearn for and admire. Ultimately, arguments for a society in which money is free to rule rationalize the concentration of power in assuming that economic productivity and growth pose potential benefits for everyone in society.

Given widening income inequality in the U.S., it is no wonder that Americans remain so divided in terms of what the role of government ought to be. As incomes diverge, and wealth and power become concentrated at the top, individual interests, desires, and basic needs also diverge. The vulnerable nature of societies in which money is free to rule necessitates a balanced role of government which is amendable, adaptable, and flexible enough to readily prevent and minimize the effects of the concentration of wealth and power.

Works Cited

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