



Why Classical Liberalism Holds the Moral High Ground

Peruvian Scholar Guillermo Cabieses Dispatches the Selfishness Canard

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One reason why libertarians and classical liberals have such a bad name in Latin America is the exposure and propagation of many myths from those who hold power, while critiques of socialism fail to enter popular mediums such as state education and media. Most people are not specialists in political economy, and are vulnerable to such a mismatched presentation of ideas.

To dispel some of the misconceptions, the *PanAm Post* sat down with Guillermo Cabieses, a professor of law and economics at the University of Lima, the Catholic University of Peru, and the Peruvian University of Applied Sciences. He's also an adjunct academic scholar with the Cato Institute.

Is classical liberalism devoid of justice and morality?+

There *is* justice and morality in classical liberalism. Its deep philosophical underpinnings seek the ethical possibility of each individual making his own destiny: deciding what he wants to do in life, what to produce, whom to live with, and whom to vote for. And the essential matter is that each individual is responsible for such choices.

I believe the classical-liberal ethic is the ethic of freedom with responsibility, and this clearly has a strong component of justice. Classical liberals don't think it's fair that people bear the consequences of decisions taken by others. This is important because classical liberalism, unlike other worldviews, revolves around individual responsibility.

In fact, the main theoreticians of classical liberalism are very concerned with deontology or duty in their writings. Principles are paramount, but they also note that liberalism has given rise to the most prosperous system the world has ever seen. One can defend classical liberalism by appealing to its guiding principles of freedom and responsibility, but also by showing how

societies built upon its principles have seen positive results throughout history. This is perhaps its main virtue.

For consequentialists, rankings such as the Cato Institute's Economic Freedom of the World Index suffice to defend classical liberalism ... the statistics show that, the freer a society is, the more prosperous it will be as well. But classical liberalism is more than that: it involves seeing individuals as ends in themselves, not as means to something else. It helps us understand why people should be free to choose, why no one has the right to decide for others nor to impose the consequences of his choices upon others.

For deontological or "duty-first" classical liberals, freedom is a good in itself. It's an uncompromising principle. Even if freedom leads to a sub-optimal outcome, it must be defended. If we lived in a world where centrally planned economies worked — which we know is impossible — we would still believe in freedom, [because] everyone is the owner of his own destiny and no one has the right to enslave others, partially or fully.

Many criticize classical liberals for being selfish. Are they right about that?

No, because being selfish is not wrong. We classical liberals aren't more selfish than other people. All human beings are selfish to a greater or lesser degree, in the sense that we look after our own self-interest regardless of our ideology. Each and every one of us pursues his own goals and does what he thinks is best for those around him.

The claim that liberals are selfish mocks the theory of human behavior according to which people act rationally and pursue their own interest. But that self-interest can be expressed in infinite ways: giving my grandmother a nice gift, helping poor children in Africa, or accumulating wealth. They are all legitimate goals. What liberalism argues, like Adam Smith's invisible-hand analogy, is that when individuals follow their own interest, they make the rest of society better off.+

The fact that someone wants to make money selling bread results in bread being available to others — not because he wants to give away his bread to others, but because he wants money to be able to buy other goods. The butcher, to use Smith's example, doesn't sell meat because he wants people to eat it first and foremost, but because he wants money in exchange for it so he can buy bread or other things. That's division of labor, which wouldn't be possible if people weren't self-interested.

So both classical liberals and others are selfish because we pursue our own self-interest. Liberalism has the advantage that it acknowledges that self-interest evolves spontaneously, leaving us all better off. So I believe that sort of criticism is unfounded and tendentious, because it associates selfishness with a concept that liberals try to avoid. Selfishness is not about not caring about nobody else aside from oneself; individuals are selfish in the sense that they are always trying to improve their own lives and those of their relatives and friends.+

Turning the argument around, one could also say that socialists are selfish because they want to spend other people's money on things that make them feel good personally. So if we use the critics' meaning of selfishness, I think that socialists are far more selfish than liberals.+

In a region with stark economic disparities and where socialism and the rhetoric of redistribution prevail, is inequality unfair?+

Whether inequality is fair or not is besides the point. One could argue that there should be no inequality, but it's there. Earthquakes and diseases also don't seem fair, but they exist. The question is what we can do to get rid of poverty. One answer, a utopian one, is to think we can eradicate it through state intervention, as if by divine decree. People who believe that are pretentious enough to want to correct human nature, and their efforts have failed time and again. Another point of view holds that people who believe inequality is unfair should try to remedy the situation themselves, following their own self-interest so as to see [inequality] disappear.+

If you ask me, I'd say it's not fair, just like I think many other circumstances in life are unfair. They are what they are. However, that doesn't give others authority to infringe upon my freedom so they can address such circumstances.+

Is there any truth to the claim that liberals favor the ruling business elite and not individuals mired in poverty?+

On the contrary. We classical liberals seek to foster competition. Free enterprise is the largest threat to the ruling business elite, because they cease to be privileged as soon as they face true competitors. What we have today is what Americans call crony capitalism, and what we [in Latin America] call mercantilist capitalism. That is not true capitalism. Mercantilism protects the powers that be, those who have captured political influence to secure privileges.+

What classical liberalism promotes is true competition, which rewards success and punishes failure. True capitalism protects the market, not firms. Where classical-liberal principles are in place, economic power is fiercely threatened by competition, which allows the poor to live better because entrepreneurs can create more jobs and cheaper goods and services.+

The capitalist system has lifted millions more out of poverty than the socialist system, which has rather impoverished millions.