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Markets And Morality

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Inevitably, the crisis on Wall Street has revived the never-ending notion that markets undermine morality. Oliver Stone, ever restless to recapture the days of former glory, has begun production on a sequel to the 1987 movie *Wall Street*, which immortalized Gordon Gekko as the symbol of markets and greed. But the debate on how markets affect morality has not always been a slam dunk for capitalism's naysayers. Matthew Arnold, especially in his influential 1868 book, *Culture and Anarchy*, might have been spectacularly critical, but Voltaire's passionate defense of markets, most eloquently stated in his 1734 *Philosophical Letters*, made him the most influential hero of the new bourgeois age. He proposed quite reasonably that peace and social harmony, as opposed to the religious strife common until then, would flow from the secular religion of the marketplace.

After two and a half centuries of this fascinating debate, I have to say that my own sympathies lie with those who have found markets, on balance, to be on the side of the angels. But I should also add that I find the specific notion that markets corrupt our morals, and determine our ethical destiny, to be a vulgar quasi-Marxist notion about as convincing as that other vulgar notion that ownership of the means of production is critical to our economic destiny. The idea that working with and within markets fuels our pursuit of self-interest, greed, avarice and self-love, in ascending orders of moral turpitude, is surely at variance with what we know about ourselves.

Yes, markets will influence values. But, far more important, the values we develop will affect in several ways how we behave in the marketplace. Consider just the fact that different cultures exhibit different forms of capitalism. The Dutch burghers Simon Schama wrote about in *The Embarrassment of Riches* used their wealth to address the embarrassment of poverty. They, the Jains of Gujarat (from whom Mahatma Gandhi surely

drew inspiration), and the followers of John Calvin were all taking values from religion and culture to bring morality to the market. Many economists, perhaps most noticeably André Sapir of Brussels, have used their study of the diverse forms of capitalism that flourish in the world to deny the claim that markets determine what we value. The Scandinavians, for example, have an egalitarian approach to their capitalism, which differs from what we find in the United States, where equality of access, rather than of success, is the norm.

So, where do we get our values? They come from our families, communities, schools, churches, and indeed from our religion and literature. My own exposure to the conflicts of absolute values came initially from reading Dostoevsky's *Crime and Punishment*, wherein Sofya Semyonovna Marmeladov turns to prostitution to support her family. My love of the environment came from reading Yasunari Kawabata's famous novel, *The Old Capital*, which purports a harmony between man and nature, rather than the traditional Christian belief that nature must serve man.

How does one react then to a phenomenon like Bernie Madoff? Does it not represent the corrosion of moral values in the marketplace? Not quite. The payoffs from corner-cutting, indeed outright theft, have been so huge in the financial sector that those who are crooked are naturally drawn to such scheming. The financial markets did not produce Madoff's crookedness; Madoff was almost certainly depraved to begin with. The financial sector corrupts morality in the same sense that the existence of an escort service corrupted Eliot Spitzer. Should we blame the governor's transgressions on the call girls rather than on his own flaws?

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