



## FREE ENTERPRISE AND FISCAL SANITY AREN'T SOCIAL DARWINISM

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On Tuesday, President Obama denounced Representative Paul Ryan's budget proposal, which would modestly reduce the rate of growth in the federal budget. Ryan's plan is a "radical vision," [says the president](#), which amounts to "thinly veiled Social Darwinism." Understandably, Ryan has called the comments "surreal," since the Wisconsin Republican seeks to reform entitlements such as Medicare in order to save them. That doesn't sound like Social Darwinism.

In fact, "Social Darwinism" is an old left-wing catch phrase used to disparage free enterprise. Justice Oliver Wendell Holmes reportedly said that one good catch phrase can stop thinking for fifty years. This one certainly has.

In the '80s, former Democratic presidential candidate Walter Mondale criticized Ronald Reagan's economic policies by saying he believed in "social decency, not Social Darwinism."

In the 1950s, historian Richard Hofstadter claimed that 19th-century American businessmen were Social Darwinists. Political scientist John West, however, has shown that Hofstadter's thesis is largely untrue. Such arguments were favored by Darwinist intellectuals such as Herbert Spencer and William Graham Sumner, rather than businessmen and free-market proponents.

"Millionaires are a product of natural selection," argued Sumner, a Yale social scientist. If we find survival of the fittest distasteful, he argued, "we have only one possible alternative, and that is the survival of the unfittest." He criticized welfare programs as an "absurd attempt to make the world over."

Christians and all decent people, in contrast, believe we should care for the poor, the widows, the orphans, the stranger — those who have difficulty providing for themselves. In fact, the Bible teaches this should be an essential concern. So should we oppose free-market competition? Pope Pius XI seemed to many to suggest that when he wrote, "Free competition, though justified and right within limits, cannot be an adequate controlling principle in economic affairs."

However, leading advocates of economic freedom from Adam Smith, F. A. Hayek, and Ludwig von Mises, to Julian Simon and George Gilder, do *not* commend Social Darwinism, but liberty, human rights, limited government, private property, the coordinating effects of prices, the win-win nature of free exchange, and the creative capacities of entrepreneurs.

The law of the jungle is that there is no law: The strong kill the weak. Economic freedom, in contrast, exists only where rule of law prevails — where people can't kill, steal, and defraud each other, where private property rights are protected and trust is widespread. These laws channel our economic behavior. In a free market, if I buy a hundred dollars worth of groceries from the store of my choice, that means I prefer the groceries to the money, and the grocer prefers the money to the groceries. That's a win-win game, not the Hunger Games.

Cooperation and coordination are just as much a part of the story as is competition. In a free market, prices fluctuate based on supply and demand. This causes goods and services to be distributed where they are most needed and wanted. The demand for sushi in Seattle raises the price restaurants can charge for it, and this "draws" sushi grade salmon and tuna to the Emerald City. For the same reason, sushi doesn't go to waste in small Texas towns where no one likes it.

Because of this market coordination, Americans take it for granted that, ordinarily, when they enter stores, products will be on the shelves. Not so in countries with government monopolies. In the former Soviet Union, extreme shortages and wasteful surpluses were a near-universal experience.

Globally, even sporadic economic freedom has allowed millions of people, in dozens of different companies and countries, to cooperate in producing technological marvels such as the iPad that no one could have built alone. Free markets have provided a greater opportunity for many to leverage their strengths and be lifted out of poverty.

Sure, in free economies, businesses compete against each other for customers. If I shop around for a giant Nerf gun for my daughter and buy it at Target, then Walmart loses my sale. By competing lawfully for customers, however, both Target and Walmart provide better products at lower prices than they would if no such competition existed.

Free markets don't create utopia. Businesses can fail and workers be displaced. In the long run, however, everyone is better off with economic freedom, which includes competition, than with the alternatives — anarchy, monopoly, cronyism, and socialism. By ignoring all this and invoking a catch phrase such as "Social Darwinism," the president is betting that the vast majority of Americans aren't thinking. I'm betting that he's mistaken.

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