

## Liberty, time preference and decadence

By Ben O'Neill

In the hands of the detractors of liberty and capitalism, 'decadence' is little more than a smear term, used to deride the human ideal of effortless consumption and enjoyment. Chief among these attackers is the arch nemesis of civilisation, Jean-Jacques Rousseau, whose *Discourse on the Arts and Sciences* exalts ignorance, primitivism and privation while scorning civilisation and luxury as antithetical to morality and goodness.<sup>1</sup> Following Rousseau, many contemporary postmodernist philosophers also applaud primitivism and privation as a noble and dignified lifestyle, one which builds moral character.<sup>2</sup> Indeed, many are prone to express their admiration for primitive cultures and their alleged longing for simpler times, even as they bask in the luxuries unleashed by the economic liberty of capitalism, and abstain from the any opportunity to live as their professed philosophy dictates.<sup>3</sup> In short, privation, ignorance and toil are seen as requirements for moral virtue and good character *in others*, never in oneself.

Such attacks on luxury are implicitly attacks on the ideal of human enjoyment, and the economic system of capitalism, which elevates humans to wealth and prosperity. This is because social liberty, coupled with the wealth and prosperity that is the fruit of economic liberty, naturally lead to greater human consumption, enjoyment and luxury. Attacks on luxury are also implicit attacks on reason and knowledge, since these are the epistemological roots of capitalism, innovation and prosperity. It is

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<sup>1</sup> Rousseau is of the view that luxury corrupts the moral values of society. He states:

To misuse one's time is a great evil. But other even worse evils come with arts and letters. Luxury is such an evil, born, like them, from the idleness and vanity of men. Luxury rarely comes along without the arts and sciences, and they never develop without it. I know that our philosophy, always fertile in remarkable maxims, maintains, contrary to the experience of all the ages, that luxury creates the splendour of states, but ... will philosophy still dare to deny that good customs are essential to the duration of empires and that luxury is diametrically opposed to good customs?

See Rousseau, J. (1750) *Discourse on the Arts and Sciences*, First Discourse, Second Part, Para 6.

<sup>2</sup> Such views are often implicit in the postmodernist celebration of ethnic 'minorities' and its hostility to Western culture. In particular, Edward Slingerland discusses the Noble Savage myth which permeates the writings of postmodernist philosophers such as Paul Feyerabend and Bruno Latour; see Slingerland, E. G. (2008) *What Science Offers the Humanities: Integrating Body and Culture*. Cambridge University Press, pp. 108-109.

<sup>3</sup> This is true mainly of Western philosophers and intellectuals who are almost invariably affluent and urbane. Notable exceptions to this trend are Buddhist monks and other less publicised philosophers who actually practice the privation they preach.

therefore no accident that Rousseau expresses his enmity not only of luxury, but also of the arts and sciences themselves, which he regards as destructive of human virtue.<sup>4</sup>

It is true that in a world of scarcity and limitation, moral virtue is a requirement for an enjoyable and prosperous life. Indeed, contrary to Rousseau's straw man argument,<sup>5</sup> no serious philosopher would "...dare to deny that good customs are essential to the duration of empires...". It is clear that production is necessary for consumption, thrift is necessary for future provision, and honesty and integrity are necessary to deal with others successfully on a regular basis. All of these virtues are the basis for a lasting and successful civilisation, especially one marked by the liberty of free market capitalism. But this does not mean that human prosperity should be spurned for fear of moral degeneration. Rousseau has things backwards— morality is not the *end* to which human life is only the means. Rather, morality is the *means* of sustaining human life, *which is an end in itself*. Moral virtues are the means for man to attain luxury, prosperity and happiness. If these virtues dwindle in the presence of luxury, then this is cause for concern, not because these virtues are inherently valuable, but because they are the means of sustaining a good life in the future.

### **Consumption and decadence**

If one accepts the goal of human prosperity, and accepts that moral virtues are required to sustain this goal, is there reason to fear that liberty will lead to moral decline and destruction? We know full well that the economic liberty of capitalism is conducive to the generation of wealth, and that luxury is the natural consequence of this wealth. With so much wealth and opportunity, must we constrain our liberties to avoid decadence? And what is the nature of this alleged decadence which we are supposed to fear?

Decadence is not an easy concept to nail down. After all, any human action involving the consumption of scarce resources entails the selection of immediate satisfaction at

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<sup>4</sup> See Rousseau (1750), First Discourse, Second Part.

<sup>5</sup> See footnote 1 above.

the expense of anticipated future satisfaction.<sup>6</sup> The difference between the chronic alcoholic and the man who enjoys alcohol only occasionally or in moderation is one of degree. And yet, it is clear that the latter cannot properly be described as decadent. This is because decadence refers only to degeneration or destruction of some sort, one brought on by luxurious self-indulgence. The mere pursuit of vices like alcohol, recreational drugs or gambling,<sup>7</sup> while certainly present-oriented and generally unproductive, is not necessarily degenerative or destructive to a person's future. It is only sustained indulgence in short-range behaviour without regard for the long-term consequences (or the exaltation of such behaviour) that is genuinely destructive and therefore decadent. Obviously we should eschew such decadence, but this is not because moral virtue is inherently valuable — it is because such decadence is inimical to *future* luxury, prosperity and happiness.

### **Decadence and time preference**

Whatever the particular form, decadence is always a manifestation of extremely high time preference —of the desire for immediate gratification and euphoria at the expense of important longer-term aspirations. As such, decadence is antithetic to moral values which are rooted in orientation towards long-term prosperity and happiness. Such values are the conceptual embodiment of low time preference, which is manifested in characteristics of thrift, diligence, and long-term self improvement, all of which involve forgoing immediate satisfaction in anticipation of gains in the future.

People with high time preference are naturally hostile to moral and intellectual ideas that are designed for long-term planning and welfare. Their focus on the immediate moment means that moral virtues such as rationality, independence, productivity, honesty and integrity are anathema to them —rather than assisting their endeavour for

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<sup>6</sup> This is true for any good which is capable of being employed for future satisfaction, which is the case for even the most perishable goods. For discussion of this issue and time preference generally, see von Mises, L. (1998) *Human Action: A Treatise on Economics (The Scholar's Edition)*. Ludwig von Mises Institute: Alabama, pp. 480-487.

<sup>7</sup> When I speak of “vices” in this paper, I am speaking in the ordinary sense, of things like alcohol, drugs, gambling, etc. These things may or may not be damaging to one's life, depending upon the extent of their use and the context. In moral philosophy, the term “vice” refers to an act or practice that is destructive to values and therefore necessarily bad —the opposite of a virtue. Clearly there can be no rational or non-destructive pursuit of vices in this latter sense.

immediate gratification, these virtues only inhibit them, and are therefore discarded. Similarly, ideas such as objectivity, reason and volition are implicitly hostile to their destructive conduct, and these too are discarded. Not surprisingly, liberty and capitalism, which are rooted in these ideas and which allow the individual to face the natural consequences of his actions, also receive little sympathy from those who focus only on the immediate moment.

If enough people have high time preference then the result is widespread moral and intellectual stagnation or degeneration. Ideas which support long-term planning and welfare become supplanted by ideas which support the desire for immediate gratification and ideas which underplay any destructive consequences of this practice. Determinism, relativism, non-discrimination and statism become cultural norms, supplanting ideas of volition, objectivity, rational judgement and liberty.

Time preference is more than a piece of esoteric economic theory. It is the root cause of the multitude of behaviours that are subsumed in the general notion of decadence. Political scientist Edward Banfield finds such behaviours to be particularly prevalent among the 'lower classes,' leading to a sense of determinism and behaviours which are reckless and improvident.<sup>8</sup> Philosopher and economist Hans-Herman Hoppe explains that the 'root cause' of destructive behaviours is not unemployment or low income; rather, lasting unemployment and low income are the *consequences* of high time preference, which is a contributing cause of phenomena such as family breakdown, promiscuity, venereal disease, alcoholism, drug addiction, violence, crime, high infant mortality, and low life expectancy.<sup>9</sup>

### **Why liberty and wealth lower time preference**

In addition to biological and environmental factors and personal desires,<sup>10</sup> time preference is also affected by social or institutional factors. The economic liberty of capitalism leads to increasing wealth and prosperity and this affects time preference.

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<sup>8</sup> See Banfield, E. C. (1974) *The Unheavenly City Revisited*. Little, Brown Book Group: Boston, pp. 61-62.

<sup>9</sup> Hoppe, H. (2001) *Democracy: The God that Failed*. Transaction Publishers: New Jersey, p. 6.

<sup>10</sup> For detailed discussion on these factors affecting time preference, see Hoppe (2001), pp. 3-15.

Contrary to the view that wealth and prosperity lead to moral degeneration, they actually lead to *lower* time preference, which fosters moral virtues based on long term prosperity. Because growth in capital and knowledge increase the productivity of future labour and savings and also increase life expectancy, time preference in a free society will tend to diminish over time. As wealth increases, the diminishing marginal returns on exchangeable goods also means that people will shift more time and effort towards the acquisition of non-exchangeable goods such as knowledge, health and friendship.<sup>11</sup> In describing this process of civilisation and capital accumulation, Hoppe explains that:

...no matter what a person's original time preference rate or what the original distribution of such rates within a given population, once it is low enough to allow for any savings and capital or durable consumer goods formation at all, a tendency toward a fall in the rate of time preference is set in motion, accompanied by a "process of civilisation."<sup>12</sup>

This argument is contrary to Rousseau's view that luxury is destructive of moral values. As time preference is lowered, this will lead to a drift towards attributes of long-term self improvement (i.e., human capital accumulation) among the population. Indeed, the pursuit of art and science which is derided by Rousseau as concomitant to luxury is itself an accumulation of human capital —the long term contemplation and study required of these disciplines is itself evidence of lowering time preference and a move away from decadence.

The lowering time preference brought about by the wealth generation of free market capitalism means that indulgence in destructive behaviours will subside, and destruction and decadence will be reduced, although the rational pursuit of vices will remain.<sup>13</sup> While the pursuit of vices may in fact increase due to greater wealth and opportunity, people will pursue vices only so long as these do not detrimentally impact their future prosperity too much —too much that is, in light of the now higher value that they place on their future prosperity. In short, vice may increase, but *genuine* decadence, in the destructive and derogatory sense, will wane. In a free society, the incurably decadent, who continue to engage in the pursuit of immediate

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<sup>11</sup> See Rothbard, M. (2004) *Man, Economy, and State with Power and Market: Scholar's Edition*. Ludwig von Mises Institute: Alabama, pp. 241, 1324. For further discussion of this issue, see O'Neill, B. (2007) *Does capitalism make us more materialistic?* Ludwig von Mises Institute: Alabama. Available at <http://mises.org/story/2697>

<sup>12</sup> Hoppe (2001), p. 6.

<sup>13</sup> See footnote 7.

gratification to the point of destructiveness, despite other opportunities, will bear the natural consequences of these choices —hangovers, loss of material resources, destruction of relationships, social ostracism, and so on.

Notwithstanding the benefits of economic liberty and wealth in reducing time preference, some may argue that the social liberty afforded by free market capitalism fosters decadent behaviour. While such behaviour is certainly not *prohibited* outright in the free market (so long as it is non-violent), it is important to note that the liberty of free market capitalism is grounded in the right to set rules of conduct on one's own property and to exclude others from this property if desired. Thus, genuine liberty includes not only the freedom to drink alcohol, take drugs, watch pornography, and so on (assuming this is done either on one's own property or with the permission of the property owner), but also the freedom to refuse to associate with people who engage in these behaviours, to exclude such people from one's property, and even to form entire communities which exclude them.

### **How the welfare state fosters decadence**

Unlike the liberty of the free market, the modern welfare state —built on Rousseau's principle of the social contract, and directed towards egalitarianism— does not leave people free to enjoy their liberty and endure the natural consequences of their own actions. Rather, the welfare state obstructs this natural liberty and systematically fosters high time preference and decadence. Philosopher Irving Kristol observes that:

Fifty years ago, no advocate of the welfare state could imagine that it might be destructive of that most fundamental social institution, the family. But it has been, with a poisonous flowering of those very social pathologies—crime, illegitimacy, drugs, divorce, sexual promiscuity—that it was assumed the welfare state would curb if not eliminate. This has come as such a shock to welfare statist that they have been busy explaining it all away.<sup>14</sup>

The flowering of destructive pathologies under the welfare state is the result of its most fundamental policies. By 'redistributing' wealth from owners to non-owners the welfare state penalises productivity, diligence and thrift, and rewards ineptitude, sloth

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<sup>14</sup> Kristol, I. (1997) *The Lost Soul of the Welfare State*. American Enterprise Institute, 3 February 1997. Available at [http://www.aei.org/publications/pubID.7392/pub\\_detail.asp](http://www.aei.org/publications/pubID.7392/pub_detail.asp)

and recklessness.<sup>15</sup> Production and thrift are penalised by taxation and regulation, so that (other things being equal) time preference will increase; people will put less effort into production and will consume more of their income. Conversely, unproductive and reckless behaviour is subsidised through welfare payments, government bailouts, and the provision of publicly funded services, so that (all other things being equal) time preference will again increase; people will be more likely to engage in reckless behaviour while relying on others to alleviate the destructive consequences of their own actions. On both ends of the ‘redistribution’ the result is higher time preference and increased decadence. Regardless of whether the recipients of redistributive policies are wealthy bankers or poor single mothers, brilliant intellectuals or stupid jackasses, careful planners or reckless party-animals, wealth ‘redistributed’ by government is always acquired through political influence rather than through production and voluntary exchange, so that increased time preference is the necessary result.<sup>16</sup>

In addition to redistributing property, welfare states also engage in other practices which increase time preference. Welfare states control extensive areas of public property and heavily regulate areas of private property, making it difficult for groups of private property owners to exclude decadent behaviours or people from their neighbourhoods.<sup>17</sup> Finally, the welfare state fosters an atmosphere of moral and cultural relativism that makes the *adverse judgement* of decadent behaviour taboo, rather than the behaviour itself. All of these policies increase the time preference of those affected, leading to greater decadence.

Those who lament the rise of decadent behaviours would do well to examine the source. For these behaviours are not the products of liberty, but rather, the products of systematic interferences with liberty in the pursuit of egalitarianism.

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<sup>15</sup> On the moral hazard associated with assisting the poor, see Buchanan, J. (1975) *The Samaritan's Dilemma*. In Phelps, E. (ed) (1975) *Altruism, Morality and Economic Theory*. New York: Russel Sage Foundation. For discussion applied to government redistribution, see Coate, S. (1995) Altruism, the Samaritan's dilemma, and government transfer policy. *American Economic Review* **85**, pp. 46-57; see also Moffitt, R. (1992) Incentive effects of the U.S. welfare system: a review. *Journal of Economic Literature* **30**, pp. 1-61.

<sup>16</sup> See Hoppe (2001), pp. 9-15.

<sup>17</sup> Ibid, pp. 137-149.