

# Liberty, time preference and decadence

It is the welfare state—not liberty—that fosters decadence, says **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 that 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 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 makes wealth and prosperity possible. This is because social liberty, coupled with the wealth and prosperity that is the fruit of economic liberty, naturally leads 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 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, no serious philosopher would 'dare to deny that good customs are essential to the duration of empires.'<sup>5</sup> 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 humans 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 that the economic liberty of capitalism is conducive to the generation of wealth, and that

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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 that we are supposed to fear?

Decadence refers only to degeneration or destruction of some sort, one brought on by luxurious self-indulgence.

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 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 such as alcohol, recreational drugs or gambling,<sup>7</sup> though 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 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 individuals to face the natural consequences of their 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 that support long-term planning and welfare become supplanted by ideas that support the desire for immediate gratification and ideas that underplay any destructive consequences of this practice. Determinism, relativism, non-discrimination, and statism become cultural norms, supplanting ideas of volition, objectivity, rational judgment, 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 that are reckless and improvident.<sup>8</sup> Philosopher and economist Hans-Hermann 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. 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 increases the productivity of future labour and savings and also increases 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:

[N]o 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—in fact, the long-term contemplation and study required of these disciplines is 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 affect 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 gratification to the point of destructiveness and 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 that 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 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 that 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 judgment* of decadent behaviour taboo, rather than the behaviour itself. All 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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