



THE PROMISE OF FREE ENTERPRISE

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When you hear the words “free enterprise,” or “capitalism” or “free markets,” what’s the first thought that comes into your head? For just about everyone it would have to do with making money.

But there’s another side to free enterprise that’s actually more important. Free enterprise matters not just because of its unparalleled material benefits, but because of its unparalleled moral benefits.

Now, this might seem counterintuitive to you, especially if you’ve been spending a lot of time hanging around college professors. For decades, so many of them have preached that free enterprise is mostly about selfishness and greed.

But after the fall of the Soviet Union, and communism was repudiated, even the left grudgingly acknowledged the utility of free enterprise – but only as a necessary evil. Sure, they said, free enterprise benefits us materially. But the cost isn’t worth it. People become too materialistic, corporations become too powerful, profits are corrupting, and there’s just too much material inequality.

Is that a fair assessment? No, it isn’t. And here’s why: free enterprise is not just materially fulfilling, it’s a moral imperative. One big reason is that only free enterprise enables us to become truly happy – because it enables us to earn our success.

Now what do I mean by this? Earned success is the satisfaction and happiness that we derive from having dreams and working hard to achieve them. This is only possible in a system where rewards are based on earning them rather than having the right connections, and where you have to please customers and not politicians.

Think about the things in your life that make you happy. It’s probably your personal relationships, your family, and maybe your job; in other words, the things that represent hard work and personal virtue and achievement. Sure, we all want nice things. But if they are just given to us, if we don’t earn them, they don’t really make us happy.

You’ve probably thought what you’d do if you won the lottery, right? We’ve all played that game. Maybe you say you’d buy a big house, a new wardrobe, or take a great trip around the world. Maybe you’d do it all!

The truth is, according to studies from researchers at the University of Michigan, you’re actually more likely to be less happy after you win than before you bought the ticket. People

who win the lottery typically buy a bunch of stuff they don't want, get new friends, some even become alcoholics. This hardly makes for a great Powerball ad campaign, but it's the truth.

Why is this? For the same reason that your parents probably always taught you: that money doesn't buy happiness.

Still, critics on the left tell us that if we only had more equal incomes we'd be a happier society. That's just not true.

Happiness is earned, not given by others. Look at entrepreneurs. People who own their own businesses rate themselves as happier than just about any other job category. And why? What's their secret?

It's not as if they're working short hours, or making lots of money. Neither of these things are the case. Entrepreneurs earn 20 percent less than government managers, on average. Rather, it's because their businesses allow them to earn their own success. It's this success that makes them happy. And this is really only possible through free enterprise. The government giving us stuff we didn't earn doesn't make us happy, and it's really that simple.

Now, this insight is hardly one I came up with. In fact, no one in my field of social science can claim credit for it. It was America's founding fathers who first put together happiness and earned success.

You probably remember that the Declaration of Independence talks about the rights to "life, liberty, and the pursuit of happiness." Think about those words - pursuit of happiness. Our founders didn't say that you have the right to be happy. Only that you have the right to pursue your happiness.

And that's what free enterprise does, and why it matters. Only free enterprise lets us decide what makes us happy and then go do it.

The pursuit of happiness that's at the root of America's moral promise can only happen if we have the opportunity to earn our success. Happiness is not about materialism or government redistribution of wealth. It's about defining our lives and our goals, and achieving happiness on our own terms.

That's the moral promise of free enterprise.

I'm Arthur Brooks, President of the American Enterprise Institute, for Prager University.