



# Free Market Principles



America's heritage of freedom began when many free market principles were enumerated in our Declaration of Independence. The Principles of the Free Market now run the risk of being forgotten or even *re-defined*.  
**The time has come to defend free market principles!**

**Individual Rights:** "We are each created with equal individual rights to control and to defend our life, liberty and property and to voluntary contractual exchange."

Individual rights stand as a foundation for any free market economy. Economies are built from individuals up, not from the government down. The American Founding Fathers understood that rights are those things we are endowed with by default and that should not be taken away; not things that others, or the state, must provide. A free market economy is free from coercion. We are obligated to respect the rights of others and are only bound by contracts we enter voluntarily.

**Limited Government:**

"Governments are instituted only to secure individual rights, deriving their just powers from the consent of the governed."

Governments throughout history have frequently been built on the opposite premise, that the peoples rights are secondary to the needs of the state. Often it is phrased differently to make it more politically palatable: individual rights are secondary to the "common good". There may always be a temptation to delegate more and more authority to the state, but each nationalized industry introduces more moral hazard. In reality, the common good is better served by limited governments that secure individual rights so that free markets may prosper. Free markets operate when industries are competitive, but not when they must compete with subsidized government industries.

The Free Market Monument Foundation was created with the goal of identifying and codifying the Principles of the Free Market so that they can be carved in stone and preserved for all time.

Misrepresentation and misinterpretation of Free Market Principles continues to rise. Swift action is required to preserve free market principles, or free market principles run the risk of being re-defined by their opponents.

**Join us in our battle  
to preserve  
Free Market Principles!!!**

[www.freemarketmonument.org](http://www.freemarketmonument.org)  
[www.freemarketprinciples.com](http://www.freemarketprinciples.com)

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## Equal Justice Under Law:

### "Government must treat everyone equally; neither rewarding failure nor punishing success."

Equal justice as well as equal rights are important pillars of the free market. Historically, governments have often intervened to support unproductive individuals and businesses. "Public" television, radio stations and newspapers, Amtrak, the Post Office and more recently automotive, banking and insurance companies, consume enormous amounts of public funds to compete directly with and take business away from successful private companies and productive individuals.

All individuals and businesses must be treated equally so that each may rise and fall on their own merits. When government rewards inefficiency and poor business practices, it undermines the very structure of the free market. When government erects enormous and almost unmanageable regulatory burdens, it destroys hundreds of smaller competing businesses. It forces small businesses to merge into gigantic mega-corporations capable of meeting the regulator burdens to remain competitive. This violates the principles of equal justice under law as well as the principle of subsidiarity.

When governments intervene creating classes of people and businesses who enjoy special rights and privileges not enjoyed by everyone, it undermines the free market as well as introducing enormous moral hazard. The temptation to grant special rights and privileges to those who put politicians into office must be fought strenuously in every generation by emphasizing the importance of equal justice under law.

### Subsidiarity: "Government authority must reside at the lowest feasible level."

Lord Acton once said, "Power tends to corrupt, and absolute power corrupts absolutely." The Acton Institute, created in his honor, today reports: "This tenet [subsidiarity] holds that nothing should be done by a larger and more complex organization which can be done as well by a smaller and simpler organization. In other words, any activity which can be performed by a more decentralized entity should be. This principle is a bulwark of limited government and personal freedom. It conflicts with the passion for centralization and

bureaucracy characteristic of the Welfare State." Some believe the principle of subsidiarity should be applied generally as a good business practice, not just as a principle applied to government.

The principle of subsidiarity was alluded to by Aristotle. In *Politics* Book I he enumerated various responsibilities for the family, household, village and the city-state. Raising children was deemed the responsibility of families, not of villages, at least in Aristotle's time. Thomas Aquinas expounded on the writings of Aristotle in the 12th century and formed the foundations for the principle of subsidiarity as advocated today by the Catholic church.

### Spontaneous Order: "When individual rights are respected, unregulated competition will maximize economic benefit for society by providing the most goods and services possible at the lowest cost."

Zhuangzi, a Chinese philosopher of the 3<sup>rd</sup> century B.C., may be the first to acknowledge in writing a general principle of spontaneous order: "Good order results spontaneously when things are left alone." Adam Smith referred to this principle as the invisible hand: "Every individual... by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention."

Friedrich von Hayek understood spontaneous order: "Many of the greatest things man has achieved are not the result of consciously directed thought, and still less the product of a deliberately coordinated effort of many individuals, but of a process in which the individual plays a part which he can never fully understand."

### Property Rights: "Private ownership is the most efficient way to sustainably utilize resources."

The term 'sustainability' has lately been misused in public debate to justify regulation or even seizure of private property. Garrett Hardin published *The Tragedy of the Commons* in the journal *Science* in 1968, documenting the inevitable effects of communal

ownership of property. When property is communally owned he presents mathematical arguments that it is in each individuals best interest to over-utilize communal resources until they are utterly exhausted.

Historically, private property is managed better and more sustainably by individuals and corporations than communally, or by governments. Private resources tend to be utilized sustainably if only to retain their resale value and/or to pass on to the next generation. Government controlled resources tend to be forbidden or exploited to most benefit whoever is in power at that moment.

Israeli economist Steven E Plaut wrote: "While it might surprise many ecologists to hear, capitalism is itself the ultimate form of conservationism. Capitalists seek to conserve resources, not because of sentimental feelings about nature or the earth or whales or worry about the well-being of future generations, but simply because every drop of oil, every ton of ore, every shipment of wood saved is a cost reduction and money in the pocket."

### The Golden Rule: "Deal with others honestly and require honesty in return."

Organizations such as the Heritage Foundation hold that the golden rule is the very heart of a free market economy and what they call the first personal principle. Respect for the Individual Rights of others is not sufficient to fully follow the golden rule. Honest trade is essential for a thriving free market where both the buyer and the seller benefit.

There will always be those attempting to gain more for themselves at others expense by deception and/or misrepresentation. Organizations such as Consumer Reports and Underwriters Laboratories exist to keep the free market honest by passing on information about products and services to consumers. The less likely that there will be benefits from dishonest business practices, the less often they will be attempted. We keep business honest by steering people away from businesses of lower quality and recommending good businesses to friends.