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The Irony of Individualism in a Free Market Economy

There is a certain irony in the specialized society. The most specialized societies are characterized by an individualistic culture. A large per cent of the population value their freedom of choice as individuals. They aim to own their own home, their own car, their own clothes, and so on. They want the legal right to choose their occupation, to start a business, and, within limits, to buy the things that they want. They may associate with a family, a neighborhood, a town or a state or province. However, they do not wish to rely on people outside their immediate associations and they do not want those others to rely on them. "Everyone should try to stand on her own two feet," they say. Only if this is not possible or unreasonably difficult should a person seek the help of others.

This culture of individualism seems to be a logical outcome of private property rights and the competition engendered by free enterprise. Yet the same conditions that seem to have given rise to this culture are also the source of enormous interdependence. Practically everyone in a market economy is almost completely dependent on others for the satisfaction of their wants. Each person in market interaction would be almost completely helpless if it were not for the specialized human capital that others have produced and are willing to use for her benefit.

Look around your home. There is scarcely an appliance, a cooking or eating utensil, a piece of clothing or furniture, window, door, floor, wall, and so on that you could produce by yourself. Were it not for the help of others, you could not survive.

This system of mutual dependence is no accident. Once people learned that they could benefit from specialization and trade, the vast majority of them became quite content with relying on others to produce goods for them. Practically no one would want to return to a life of self-sufficiency even if were possible to do so. Yet the ease with which people today can benefit from others' human capital often leaves them complacent regarding the study of the conditions that led to the current state of affairs. Students who study this chapter should appreciate the irony of individualism. They should understand why the individualism associated with private property rights and free enterprise is a fundamental reason why a market economy contains increasing opportunities to satisfy wants. At the same time, they should understand the extreme dependence that each individual in a market economy has on the other specialists for the realization of her plans to satisfy her wants. Finally, they should recognize that the conditions that led to this state of affairs are easy to overlook.

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