

JEDER MENSCH BRAUCHT
FREIHEIT, UM SEINE
ANLAGEN UND FÄHIGKEITEN
ENTFALTEN UND
VERWIRKLICHEN ZU KÖNNEN.
WENN ER DIES NICHT
KANN, VERFÄLLT KULTUR UND
WISSENSCHAFTEN, STAGNIERT
DIE WIRTSCHAFT,
GEISTIGES LEBEN BRAUCHT
FREIHEIT GENAUSO, WIE DER
KÖRPER DIE LUFT ZUM ATMEN.

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Free Markets and Peace – An International Overview



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Free Markets and Peace – An International Overview

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As I pass through Berlin on my way to this conference on „Peace and Freedom,“ I note the many signs that this remains a place scarred by war. Palaces are peppered with pock-marks wrought by bullets fired in anger in a now distant conflict, while houses of religion wrecked by allied bombs remain as they stood in 1945, monuments to the penchant of mankind to do itself violence.

I also see a city ready to move on, a place eager to embrace hard work, ingenuity and, somewhat imperfectly, the philosophy of free markets. Berlin is strikingly, possibly even self-consciously, new. While Berliners are justly proud of the over 750 year history of their city, and while officials maintain or resurrect the ancient or merely old where possible, there seems to be a greater willingness here than in many other „old“ places to look forward rather than back.

Most students of world affairs praise the first image of Berlin, a place where symbols of the horrors of war outnumber the tributes to fallen heroes or to triumphant military campaigns. Few scholars, politicians, or peace advocates outside of Germany will be unequivocal in their praise for the second image of Berlin, a city of prosperity and growing influence in Europe and abroad. Forgetting the war, many will argue, dooms Germany to revisit the bloody horrors of the past (as if the preoccupation with static historical „lessons“ does not also carry the risk of error or other pathological decision making – such as generals who are always prone to „fight the last war“).

Let me argue instead that the second image of Berlin – the one in which making money and „getting on with things“ trumps solemn remembrance – is decidedly better for world peace. Forgetting does not doom us to repetition unless the causes of war in 1938 remain with us today. They do not. The world, and especially the developed world, has changed in the past sixty years. Indeed, it is the dramatic changes that Berlin now exhibits, economically, socially, and politically, that offer the most promising prospects for the perpetuation of peace in Europe and elsewhere.

The Myth of Recollection

If remembering that war is deadly, wasteful, and morally bad is enough to bring peace, then we are in luck. Such a message is easily propagated and internalized. Indeed, this is the message that *already* infuses all of the world’s revealed religions, and has done so for a millennia, or more in some cases. If memory matters, then arguably the best policy for Berliners is to rebuild those bombed out churches,

since mute testimony is seldom as engaging as a good sermon, vigorously repeated at regular intervals. Reminders in passive voice are easily forgotten or misconstrued. Better to preach peace in active houses or worship, amid large and attentive flocks.

Of course, this has been done for ages. The temptation to offer up symbols when mere words have repeatedly failed is understandable. Yet, at some level, we all recognize that remembering war is insufficient and probably ineffective. The notion that saccharine sentiments, much less static memorials, might stave off the call to arms defies a long history of the inadequacy of such efforts. Indeed, even were the public conscious to evolve, how can we be confident that such a change is stable? Improving human nature is difficult work easily undone. Human beings are abundantly adept at recalling only what is convenient. Nietzsche bemoaned the alacrity with which pacifist friends enlisted to fight France in 1870. Rosa Luxemburg railed against her fellow socialists for ignoring their own party platform and calling for war with France in 1914.

Peace does not follow from the desire for peace, any more than appealing outcomes necessarily follow good intentions, or for that matter, good government derives from virtue in political elites. We cannot build temples to harmony and understanding – nor indeed fail to rebuilt churches after war – and expect that peace will result. Germany, along with much of the developed West, has transformed the logic of world affairs in a manner that is historically unprecedented. Many students of war will attribute this change to the first image of Berlin. Strangely enough, it is the Berlin of egoists – of commerce and competition – that is the champion of world peace. This will seem counterintuitive to many, but counterintuitive results are a hallmark of liberal theory.

Adam Smith and the Social Virtue of Egoists

Much of the Western tradition of political philosophy is not unreasonably preoccupied with the search for methods of rectification of individual interest with the collective good. Government was needed to provide public goods (to establish civil

1 Liberals in particular will want to question the scope of public goods arguments for government. Much that is said to be public „investment“ is in fact consumption, while many of the activities that are conducted by government agencies, such as education, housing, and social welfare have analogues in the private sector. Indeed, even when there is a legitimate public goods rationale, the tendency is often to conflate the need for public financing with public production of the good. I adopt the much more limited assertion that some public goods benefits are widely perceived by populations throughout history, whether these are in fact public or private goods.

order and domestic security, build roads, etc.)¹, but it was also tempting for the sovereign to use the power of the state to redistribute wealth, usually in favor of the sovereign and his cronies. The goal that many traditional political philosophers set for themselves is to find ways to ensure that government did not usurp its needed functions and become predatory. The working assumption was most typically that enlightened rule necessitated virtuous princes. Since virtue in princes also required considerable cultivating, political philosophers conveniently volunteered their services. This model of addressing pathologies of principal-agency and other social problems by improving the moral fiber of decision makers serves, by extension, for a great variety of situations to this very day. Professional organizations and business groups respond to scandals with calls for education campaigns and required courses in ethics. Puritans – and not a few other religious extremists – viewed the virtue of entire populations as essential to the promotion of civil peace, amity, and prosperity. Politicians, preachers, and popular media figures grieve in public for their misbehavior, requesting forgiveness in return for persuasive promises of lessons learned. Of course the skeptic quickly points out that this soul searching always appears more intense in front of television cameras than in the shadows before, or possibly after, the revelation of misdeeds.

Where conservative political philosophy hung its hopes on improving princes, the radicals of the enlightenment suggested it was better to replace vain princes with government by the people. Popular rule is certainly better at expressing majoritarian interests („the will of the people“), and possibly better at monitoring leader performance. Kant thought that citizens would not be willing to fight, making sovereigns less warlike, though this turns out not to be so.² Many of the radical political philosophers imagined in fact that „the people“ were more virtuous – or possibly more easily led by political philosophers – than were princes. Few make such arguments today.

The problem in the conventional approach was never one of demand, but of supply; virtue is too scarce and variable a commodity on which to place trust, let alone one's life or livelihood. If individual or collective betterment is necessary in order for there to be peace then, let's face it, war will return. We should demand something better on which to hang my hopes for world peace.

Adam Smith exploded the idea that the perfectibility of the individual was necessary in order to achieve virtuous effects. Egoists, intent only on their own

2 The democratic peace finding argues that democracies are less prone to war with one another, though they are no less warlike in general. One weakness in this research is the failure to include liberal economic determinants of war and peace. See, for example, Gartzke (2005, 2007).

betterment could collectively yield benefits through interaction in self-regulating markets. This conception has gradually suffused much of political philosophy, replacing demands for the improvement of princes with the notion that competition among sovereigns and adjudicated through popular suffrage (i.e. democracy), could achieve better government. Rather than bring Moses to the mountain, it is increasingly accepted that we must bring the mountain to Moses, adapting institutions to rectify the incentives of egoists with desired social outcomes, rather than attempting to perfect the preferences of princes or populations so that they may better regulate the function of arbitrary institutions. In accepting a model of incentivization over education, social choice theory extends Adam Smith's amazing idea to politics. The scholarship of Hayak, Arrow, Buchanan, Olson, Tullock, and many others paved the way by showing how the proper design of institutions and incentives could have an impact on the performance of political systems. I want to outline what these incentives might look like that could lead nations, groups, or individuals to choose peace over war. Interestingly, the factors that seem most likely to encourage nations in particular to refrain from resorting to military violence are those same mechanisms emphasized by Adam Smith as performing critical duties in converting the egoism of individuals into socially virtuous outcomes. Free markets and economic prosperity encourage sovereigns and citizens to produce and „make“ rather than „take.“

Production Functions for War and for Peace

Individuals, groups, and societies have two basic options in the eternal drive to provision. They can make what they need or want, or they can take goods, services, or prerogatives from others. This distinction is extremely general, serving to differentiate predators from prey, for example, but also separating opportunistic behavior by individuals and groups within and across species boundaries (i.e. „stealing“) from efforts to gather or make what one consumes. Two stylized facts, that predation occurs, and that it does not seem hard wired into the species – even Attila the Hun must have had friends – gives us hope that the relative emphasis on make or take can be shifted under certain circumstances. Moving toward world peace is not just possible, but in some sense it is merely a technical issue of discovering the rules by which societies allocate effort to theft or to production, and then manipulating these factors (the incentivization of peace) in order to make the world a less hostile place in which to live. Unfortunately, while the procedure may be tractable, the practice is much less so. Like the economist who walks past money on the street because „If it were really there, someone would have pocketed

it by now," simple answers to peace must be treated as suspect, given the effort of the search and the limited evidence of effect.

Much of the problem may have been that students of world peace were looking in the wrong places. As I have already suggested, the solutions that appeal to those most wishing to end war are probably ineffective, while the mechanisms that I think matter most are all but unpalatable to peace advocates. Let me begin with a very simple bit of theoretical machinery developed by intellectual descendents of Adam Smith (known today as „economists“). Jack Hirshleifer is interested in why countries in particular, but anyone or any group generally, chooses force as a means to acquire goods and services, rather than being productive (2000). On a very simple level, questions of international peace involve identifying when and whether nations mutually prefer producing to predation. Framed in this way, it would seem obvious that there might be a role in promoting peace for a social philosophy that emphasizes production over conflict, exchange rather than regulation, and autonomy rather than hierarchy – in a word, capitalism.

What is it about capitalism and development that encourages peace? Again, we must compare incentives to produce with incentives to steal. Theft takes place (or at least is contemplated) when the value of the effort of stealing (to the thief) is lower than the benefit acquired from possessing stolen goods or services, discounted by the risk or cost of retribution, *and when the effort expended on theft cannot be used more profitably in some other manner*. This second (italicized) condition is often forgotten and is critical in comparing the production of war and peace. Making war (literally) requires that more can be made with war than with peace. Donald Trump, or any other rich person, is unlikely to break into your house and steal your television set, precisely because such a theft is not worth his or her time. Peace can be achieved when the fruits of victory are not worth the time and effort required in order to prosecute, or profit from, victory.

This sounds easy. Make war expensive and no one will want to make war. Unfortunately, like most valuable but elusive things, peace does not work this way. Cobden made this mistake when he predicted that „should war break out between two great nations I have no doubt that the immense consumption of material and the rapid destruction of property would have the effect of very soon bringing the combatants to reason or exhausting their resources“ (Cobden, 1903, page 355). This was before Sedan, the Somme, or the Battle of Stalingrad. The inventor of the first practical machine gun, and the father of high explosives both believed, not much to their credit, that making war abominable could lead to peace. Making war more deadly primarily leads to more deaths in war. There is some indication that war may become less frequent when severe (the interval between European

wars increases as the average number of casualties goes up). Yet, this seems the most Faustian of bargains, as reapportionment of death tolls is not what most of us thinks of when we imagine world peace. Further, the fact that war is costly can actually be used to intimidate, coerce, and thus to increase the prospect of animosity and tension among nations.

Nuclear weapons have been argued to cause countries to think twice, or thrice, before pulling the trigger. Yet, the fact that triggers have almost been pulled, and the horrendous consequences of just one such nuclear „trial balloon“ make such a peace plan far from pristine. Having survived the Cold War, it is hardly advisable to create many other „mini-Cold Wars“ among the nations of the earth in the hope that many will not fight. If we have no wish to live „MADly“ in the pursuit of peace, and if costs anything short of obliteration are insufficient except to partition death tolls into fewer, larger piles, what remains in terms of making war unpalatable for political egoists?

The symmetries of warfare make the costliness of contests an ineffective way of pursuing peace. Nations that deter through the threat of unacceptable losses or risks can just as easily turn table on their opponents and become threatening. The security dilemma tells us that freedom from harm is zero-sum, increasing for one country necessarily only by decreasing the security of another. This assumes, however, that nations are necessarily insecure, that states and citizens live in the shadow of plausible harm. Even international relations realists (more appropriately labeled „pessimists“, though certainly the chosen title is better marketing) identify some conditions in which nations benefit more from abstaining from aggression. Seeking power can lessen a state's security if the power gained is not sufficient to offset the costs incurred in the effort.³ For realists, this most plausibly happens when nations are likely to unite against an aggressor in response to a given act of aggression. However, the more general logic connects nicely with our conception of the two production functions. Nations (and persons) will avoid aggression when the gain that can be had by *either* party in prevailing over the other is insufficient to compensate for the costs of fighting.

Imagine that two men hold in their mouths opposite ends of a long stick. Balanced on the stick is a basket of fresh eggs. The two men are hungry. Neither can reach the basket with their hands. Dropping the stick to grab at the basket will

³ Technically, realists diverge on the issue of whether power gain is always, or only sometimes, a net benefit to states. However, offensive and defensive realists disagree only on whether states are ever dissuaded by the costs of obtaining power. They agree on the basic reasoning about why a given increase in power should ever become more of a burden to a state than it is worth.

lead the basket to fall to the ground, causing the eggs to break. The only solution that benefits either man is for both men to cooperate. The gain to be had must still be apportioned, and there can be disputes over who gets more, but the basic need to cooperate to obtain any benefit can lead nations to cooperate. There exist technical caveats. For example, mutual benefit invites the same kinds of competitive behavior that one observes when two states face the prospect of mutual harm (i.e. playing „chicken“). Schelling offers the parable of two mountain climbers, tied together so that cooperation is essential for survival. He points out that the need to cooperate also allows the climbers to manipulate one another, depending on relative willingness to tempt fate and a fall from the mountain. Schelling used the metaphor to explain, in fact, how nuclear adversaries could continue to compete, but a side-effect of such competition is the revelation of how much, in fact, each side cares about issues in dispute. Khrushchev underestimated Kennedy in the Cuban Missile Crisis, a mistake that he did not repeat, and which did not lead to war in part because the intermediate mechanisms of which Schelling had conceived allowed each leader to take the measure of the other without requiring a full military contest. War, and crises leading up to or averting war, are about learning as much as anything else. Knowing what leaders will accept in lieu of continued fighting allows a war to end. Knowing what leaders will accept before war occurs can obviate the need for war. The interdependence of Europe, the United States, and a few other countries in the world creates a set of mechanisms that allow countries to communicate resolve in a manner similar to warfare, but not involving the actual use of deadly force. These mechanisms are not perfect, but especially when existing differences are not large, peace among nations can result from interdependence.

Now suppose that each of the two men possesses his own basket of eggs. If one can snatch the other's basket while retaining his own, there is a temptation to do so. Suppose instead, however, that each of the baskets is tied to a large helium balloon or „bungee“ cord attached to a high tree limb. Now snatching at baskets is much more problematic. The assailant will most likely not be able to prevail, as the lighter-than-air-eggs slip through his grasp. He may even lose hold on his own eggs in the process, winding up worse than if he had remained producer and consumer rather than a poacher. If the basis of wealth is more difficult to acquire through conquest, then conquest should subside. Nations can prefer to produce rather than steal as theft becomes more costly and ineffective. There are strong indications that this is precisely what has happened in the developed world. Egoists intent only on their own gain have created economies that are now difficult to take and profit from through force. The conquest of the „Silicon Valley“ in California, for example, or Hong Kong by China when in British hands would lead

both places to decline greatly in value, while the conquerors would be harmed in turn by a reduction in their own investments in firms in these places. Making economies „capture proof“ is not the primary motive of bankers, software engineers, or businessmen. Instead, like Adam Smith's egoists who through no intention of their own create the „invisible hand“ of market forces, knowledge workers and financiers of a modern economy act in ways that have virtuous consequences for international peace *whether or not they seek such an end*. Let me touch on these points a bit further, since they are the most important.

One of the things we can notice about the US invasion of Iraq in 2003 was the tremendous cost. If the United States ever contemplated profiting from occupying Iraq (the evidence is clear that the US was not intent on capturing Iraqi oil fields), surely this is no longer the case. The war has been much more costly than any projection of the worth of the Iraqi economy. It would have been far cheaper to buy oil from Saddam Hussein than to steal it, for example, even if no one in Iraq had ever fired a single shot at an American soldier. The costs of paying the salaries of troops deployed in the theater easily exceeds what the US can physically obtain from Iraqi soil. This implies two things. First, the value of conquest has declined precipitously for the most developed countries. Second, the motive for the United States in invading Iraq lies in immaterial objectives.

Nations turn to peace when war is mutually costly and mutually unprofitable, or when aggression is impossible (such as for weak nations against distant, capable ones). The nations of the world that are capable of aggression now find that they face two types of potential targets, countries that have assets that are cheaper to buy than to steal (such as Iraqi oil), and countries that have assets that are valuable but that effectively cannot be stolen (intellectual and financial capital of Hong Kong). The developed world has stopped using force against other developed countries, at least in order to conquer and colonize, because the production functions of developed economies are difficult to conquer and because the acquiring physical assets by means of modern military forces is expensive and inefficient. Physical wealth can be stolen, but ideas and money flee or fail to flourish in the face of an invasion. The developed world has also stopped using force against developing states as a means of acquiring resources. It is much cheaper to „out-source“ political control to local officials who will govern much more effectively – typically taking a large cut of available rents for themselves – than to try to govern nations directly. Physical intervention is an option that continues to be exercised, but this is typically temporary and is used only when local governments fail to be pliant, or when labor costs for occupying armies are low (as when European empire flourished in the 16th through 19th centuries). The rising cost of the skilled labor needed to field effective modern armies, combined with a secular decline in

commodity prices, and the opening up of the global economy, made empire considerably less efficient than trade.

Developing nations are considerably less capable of interstate aggression than are the countries of the developed world. Many of these countries lack effective control over their own territories, let alone possessing the ability to intervene against neighbors. This weakness means that, while they may covet their neighbor's assets, they typically lack the potential to act on these preferences. An almost total lack of warfare initiated by developing countries against the developed world is the result of impotence, certainly not of satisfaction. When developing nations fight each other, it is often the case that territory or resources are at stake. This is a very typical pattern of warfare historically, but as I argue, this pattern has receded in the developed world. The irony is that poor nations, as with poor individuals, spend a considerable time stealing from each other, despite the fact that poverty means that the pickings are relatively slim. The rich states of the North have more worth taking, but what they have is well defended and increasingly difficult to take. The mobility of the factors of production that are abundant in the developed world means that nations must cultivate, not capture, wealth. Thus, warfare in the north is nearly anachronistic, while war in the Southern hemisphere is much more common and more often reflects traditional patterns.

So why did the US invade Iraq? Policy differences remain a concern for politics among nations. The desire for influence, as opposed to affluence, will continue to serve as an important, indeed the most significant, motive for war. The United States and the Soviet Union were not vying for markets, but for market share in the market place of ideas. The ideological conflict between the superpowers was often accompanied by a competition for resources, but victory involved a change of policies rather than an exchange of territory. Nations that do not see „eye-to-eye“ can fight to the teeth about whose voice will prevail. Peace among the developed Western nations is thus the result in part of consensus about how to order world affairs and of the presence of tools (international organizations) that deal with differences as discrete increments. A relatively large number of small problems can be addressed without substantiating the use of force, but if minor differences are left unresolved, the cumulative effect can be to motivate war. Deliberative bodies and regular official contact allow countries to defuse problems so that they do not accumulate.

Differences between Iraq and the United States involved major incompatibilities, rather than a series of minor frustrations. This meant that war was a possibility. Still, even major differences can be resolved provided the parties both have similar estimates of what is at stake. The problem for Iraq and the United States is precisely

that neither recognized the true costs of the war. It is clear now that US officials underestimated the burden faced in governing Iraq, and overestimated the dangers of weapons of mass destruction. The United States may even come at some point to wish for the return of someone like Saddam to power, though such sentiments are unlikely to be expressed publicly by the current administration. For his part, Saddam appears to have expected that the US would not actually attack, or would quickly abandon the effort when confronted with substantial casualties. Given his superior knowledge of Iraqi, Saddam appears to have concluded that an American occupation would fail. Unfortunately, he never convinced the Americans.

Peace can prevail when nations lack the incentive to act aggressively. This requires that conquest be unprofitable, or that profitable conquest be unobtainable, either because nations are distant, or because potential aggressors are weak relative to target nations. Alternately, peace can prevail if nations can negotiate effectively, either because common, valuable ties serve to signal resolve, or because differences are compartmentalized and dealt with incrementally. Peace fails for reasons that mirror the causes of peace. Nations can fight when they differ substantially in their preferred policies, and when at least one nation discounts or underestimates the resolve of an opponent to fight if necessary. Nations can also fight if occupation is profitable, either because armies are cheap or because the spoils of victory are very large. Adam Smith's egoistic capitalists create spoils that are spoiled by fighting, or by occupation, making war unappealing to developed states.

Whither Democracy?

Many will note that I have forgotten to mention democracy as a solution to world peace. There is considerable evidence that democracies seldom make war on one another (though it is clear from this evidence that peace occurs only among democracies, and that even then it is only developed democracies that appear more mutually peaceful). Making the world safer by making it more democratic is as intuitive and appealing as preaching peace or propagandizing war's costs, and about as effective. Democracies *do* make war; the most disputatious nation in the world (my own country) is a democracy. The best evidence available says that democracy does not cause peace alone, but requires the presence of economic development (Hegre 2000). My research shows that the effects of democracy on conflict disappear when one also measures the effects of capitalism. Nations that are prosperous and free economically are less war prone both generally and with each other, while democracy ceases to demonstrate any effect on the propensity toward war.

There are good reasons why democracy is associated with peace, but does not itself cause peace. Domestically, within a country, democracy is literally political peace. Democracy alone among political systems requires peace to sustain itself. Though kings or dictators may topple, monarchy or autocracy remains. In contrast, replacing a leader by force in a democracy manifestly means that the nation is no longer democratic. Thus, the conditions that must prevail internationally in order to have peace – an lack of motive among competitors to compete, or better mechanisms for resolving differences – must also prevail domestically in order to possess democracy. Losers must prefer accepting political defeat in a democracy to seeking to force a victory. Contested elections cannot lead to a contest, or the democracy ceases to exist. A preference for peace (the absence of a violent overthrow or defense of office) can occur if losing is not excessively costly, or if winning is not too lucrative. If governments offer the opportunity of too much rent-seeking, and considerable theft of wealth from domestic populations – in short if conditions inimical to free markets are allowed to prevail – then the major alternative to victory in politics may be the loss of one's wealth. In traditional societies, the major avenue to prosperity is through the state. Those who eschew political office often find that their homes and property have been given over to others. Since land, minerals, and other physical assets are hard for property owners to move, and relatively easy for the state to steal, the temptation of those in power is to take assets that belong to non-supporters and give them to supporters, or to the rulers themselves (Boix 2003).

Democracy becomes appealing to those with political power in a society when holding office is no longer a prerequisite of prosperity. As nations depend more heavily for production on assets that can be moved, or that fail to enter or flourish in the society unless they are largely left alone, then the reach of the state declines and the appeal of capturing diminishing rents from office is reduced as well. The politically ambitious can consent to democracy when being defeated does not also mean impoverishment, and when victory does not imply vast riches. Though a sovereign may continue to seek opportunities for rent-seeking, the need to restrain oneself to sustain one's own prosperity makes democracy feasible. What makes democracy appealing for political elites is the relatively low cost of governing through popular rule, and the efficiency gains obtained by oligarchic competition for office. Government by consent requires no considerable investment in pacifying the populace, resources that can then be devoted elsewhere. Where autocracy is cheap, it is good to be king. But the burden of resisting the popular will, and of maintaining regressive redistributions of wealth, require that considerable wealth be expended on holding the people in check. If what can be gleaned (or fleeced) from citizens is not large, then the incentive to rent seek through office is removed.

Similarly, popular rule leads to more efficient allocation of public goods. Intellectual and financial capital benefit intensely from limited, relatively efficient government. Good government is the residual effect of the lack of a motive for rent seeking.

Capital and labor mobility, productivity gains associated with intellectual and financial capital accumulation, and the crossing paths of declining rents and rising costs of suppression of the popular will in order to rule undemocratically all mirror the causes of international peace. After all, if the government of a society can no longer profit from domestic oppression, it is very likely that the same will be true for a foreign power. Peace, and democracy, can occur when the agency that Adam Smith emphasizes occurs within, and between, societies. As egoists work in their own terms, for their own ends, they set the circumstances that allow international cooperation, and that prevent domestic occupation. Thus, the invisible hand has yet another function. The creation of prosperous economies prevent sovereigns from profiting from power and instead encourages the use of popular rule as a practical brake on political inefficiency. To put things succinctly, the same market forces that encourage efficient allocation of resources, under the right circumstances lead also to democracy within nations and, between nations, to peace. Pursuing peace by making self-interest compatible with cooperation may be counter intuitive. It is certainly counter to the tradition of western political philosophy that says that good ends require good means and good intentions. However, Adam Smith explained how means and ends can function at apparent cross purposes. The greater good is indeed achievable, but it requires not „goodness“ but mechanisms that allow profit and facilitate prosperity, leading those who desire gain (most of us) to cooperate rather than resort to force to obtain what we need and what we want. We see today how nations are divided between the prosperous and peaceful North and the fractious, impoverished South. Making peace is, indeed, incumbent on allowing market forces, limiting the scope of government and of integrating nations through the web of economic exchanges that Adam Smith emphasized.

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