

9. The objectivity of value on a free market

The free market represents the social application of an objective theory of values. Since values are to be discovered by man's mind, men must be free to discover them—to think, to study, to translate their knowledge into physical form, to offer their products for trade, to judge them, and to choose, be it a material good or an idea, a loaf of bread or a philosophical treatise. Since values are established contextually, every man must judge for himself, in the context of his own knowledge, goals, and interests. Since values are determined by the nature of reality, it is reality that serves as men's ultimate arbiter: if a man's judgment is right, the rewards are his; if it is wrong, he is his only victim.

It is in regard to a free market that the distinction between an intrinsic, subjective, and objective view of values is particularly important to understand. The market value of a product is not an intrinsic value, not a "value in itself" hanging in a vacuum. A free market never loses sight of the question: Of value to whom? And, within the broad field of objectivity, the market value of a product does not reflect its philosophically objective value, but only its socially objective value.

By "philosophically objective," I mean a value estimated from the standpoint of the best possible to man, that is, by the criterion of the most rational mind possessing the greatest knowledge, in a given category, in a given period, and in a defined context. (Nothing can be estimated in an undefined context.) For instance, it can be rationally proved that the airplane is objectively of immeasurably greater value to man (to man at his best) than the bicycle—and that the works of Victor Hugo are objectively of immeasurably greater value than true-confession magazines. But if a given man's intellectual potential can barely manage to enjoy true-confessions, there is no reason why his meager earnings, the product of his effort, should be spent on books he cannot read—or on subsidizing the airplane industry, if his own transportation needs do not extend beyond the range of a bicycle. (Nor is there any reason why the rest of mankind should be held down to the level of his literary taste, his engineering capacity, and his income. Values are not determined by fiat nor by majority rule.)

Just as the number of its adherents is not a proof of an idea's truth or falsehood, of an art work's merit or demerit, of a product's efficacy or inefficacy—so the free-market value of goods or services does not necessarily represent their philosophically objective value, but only their socially objective value, that is, the sum of the individual judgments of all the men involved in trade at a given time, the sum of what they valued, each in the context of his own life.

Thus, a manufacturer of lipstick may well make a greater fortune than a manufacturer of microscopes—even though it can be rationally demonstrated that microscopes are scientifically more valuable than lipstick. But—valuable to whom?

A microscope is of no value to a little stenographer struggling to make a living; a lipstick is; a lipstick, to her, may mean the difference between self-confidence and self-doubt, between glamour and drudgery.

This does not mean, however, that the values ruling a free market are subjective. If the stenographer spends all her money on cosmetics and has none left to pay for the use of a microscope (for a visit to the doctor) when she needs it, she learns a better method of budgeting her income; the free market serves as her teacher: she has no way to penalize others for her mistakes. If she budgets rationally, the microscope is always available to serve her own specific needs and no more, as far as she is concerned: she is not taxed to support an entire hospital, a research laboratory, or a space ship's journey to the moon. Within her own productive power, she does pay a part of the cost of scientific achievements, when and as she needs them. She has no "social duty," her own life is her only responsibility—and the only thing that a capitalist system requires of her is the thing that nature requires: rationality, that is, that she live and act to the best of her own judgment.