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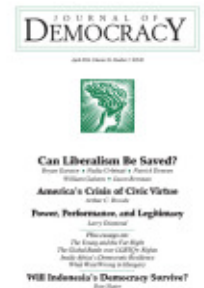
## America's Crisis of Civic Virtue

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# AMERICA'S CRISIS OF CIVIC VIRTUE

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“A republic, if you can keep it.”

That was Benjamin Franklin's famous response to Elizabeth Willing Powel's question, “Well, Doctor, what have we got, a republic or a monarchy?” as he left the just-concluded Constitutional Convention on 17 September 1787.<sup>1</sup> We have been trying to keep it ever since. For Alexis de Tocqueville in the early nineteenth century, democracy was the nation's defining characteristic, giving him the title of his most famous book, *Democracy in America*. U.S. leaders have promoted democratic values at home and around the world as superior to all others for almost 250 years through diplomacy, development, and military action as well as cultural and intellectual institutions—including this very journal.

And yet, it seems that millions of Americans have lost confidence in this traditional American “brand.” According to a June 2023 survey, almost half of Americans say they believe that our democracy is working “not too well” or “not at all.”<sup>2</sup> The year before, 62 percent had agreed with the proposition that “American democracy is currently under threat.”<sup>3</sup>

What is provoking this identity crisis? Predictably during a time of extreme political polarization, many say, “the other party.” Indeed, in that same June 2023 poll, about half (47 percent) said the Democrats were doing a “somewhat bad” or “very bad” job upholding democracy, while 56 percent said this about the Republicans. In 2021, a huge majority (85 percent) of Americans surveyed said they believed that their nation's political system “needs to be completely reformed” or “needs major changes.”<sup>4</sup>

Another common explanation is our economic system: Many blame modern capitalism for democracy's problems. The free-enterprise system, the argument goes, empowers greed and corruption and gives a wealthy minority too much control over our political system and laws.<sup>5</sup> Whenever voters seem set to push for income redistribution or higher taxes, corporations and the rich use their outsized leverage to frustrate the democratic will. This blocking of democracy eventually reduces public faith in our institutions.<sup>6</sup> The belief that capitalism subverts democracy is not limited to the left, however, especially recently. Those calling themselves "national conservatives" make many of the same arguments. Their basic complaint, which gained traction with Donald Trump's presidency, is that global capitalism harms ordinary Americans by outsourcing jobs and insourcing immigrant workers. Homegrown workers find themselves devalued and disenfranchised, victims of cozy—and decidedly nondemocratic—relationships between moneyed elites and policymakers.<sup>7</sup>

The answer, for critics of capitalism both left and right, is stronger government control of economic institutions so that they can resist elite pressures. Taxes, many of these critics add, should also be more redistributive, and some critics appeal as well for stricter limits on trade and immigration. A recent survey of academic experts' ideas for balancing capitalism with democracy noted how they all agreed that "the single most important step is re-empowering governments, though they diverge on whether that means more-effective regulation, progressive taxation, wealth taxes, or other measures."<sup>8</sup> In other words, stronger democracy requires weaker capitalism.

This assessment of capitalism's effect on democracy is incorrect, and thus the policy prescription is misguided. Capitalism as such does not weaken democracy; on the contrary, capitalism can make democracy stronger and more vital. But this only occurs when a third variable—civic virtue, in the form of public honesty and civility—is present. The problem for democracy today is not capitalism; it is a decline in public honesty and civility, which are necessary to govern free markets and are also central to a democratic society. To blame capitalism and weaken it will not solve the problems facing American democracy; instead, it will simply waste time and resources and lower growth and prosperity, while ignoring the problems that truly face us.

### **Civic Virtue, Capitalism, and Democracy**

Civic virtue is the set of personal qualities associated with a civil or political order. It is a shared set of behavioral norms and basic moral rules that make the order's functioning possible. Tocqueville believed that this undergirded the American experiment with democracy and free enterprise, which could not be guaranteed by laws and coercion, but

only by voluntary adherence to virtuous behaviors such as honesty and civility.<sup>9</sup>

Some of the Founders doubted whether ordinary Americans possessed sufficient civic virtue for democratic self-government. In January 1776, six months before independence was declared, John Adams wrote fretfully to Mercy Otis Warren that “there is So much Rascallity, so much Venality and Corruption, so much Avarice and Ambition, such a Rage for Profit and Commerce among all Ranks and Degrees of Men even in America, that I sometimes doubt whether there is public Virtue enough to support a Republic.”<sup>10</sup> In 1788, James Madison agreed that a lack of civic virtue would doom the republic: “To suppose that any form of government will secure liberty or happiness without any virtue in the people, is a chimerical idea.”<sup>11</sup> He believed, however, that ordinary Americans were sufficiently wise and virtuous to use the democratic system to choose good leaders, for immediately after uttering these words, he added: “If there be sufficient virtue and intelligence in the community, it will be exercised in the selection of these men. So that we do not depend upon their virtue, or put confidence in our rulers, but in the people who are to choose them.”

Civic virtue promotes trust within a society; then we can be confident that outward honesty and civility will be reciprocated by others. This trust is akin to what Robert Putnam famously called “social capital” in this journal in 1995.<sup>12</sup> Social capital comes in two forms: *bonding* and *bridging*. The former creates solidarity and trust between people who are alike based on a shared identity (the in-group), but not with those who do not share this identity (the out-group). While bonding social capital can create a strong sense of belonging, it does not necessarily foster public trust due to its tendency to foster an “us-versus-them” mentality. By contrast, bridging social capital acts like a glue that holds differing groups together, thus breaking down barriers and fostering trust between people who are not alike.

As political theorist Kevin Vallier notes, trust through bridging social capital takes several forms—social, legal, and political. Social trust refers to the confidence we have that our fellow citizens will generally not take advantage of us.<sup>13</sup> This refers to friends and family, of course, but also to strangers in the marketplace. Legal trust refers to institutions such as law enforcement and the courts. Political trust is placed in government officials, elected and nonelected, who are assumed not to use their special access to power to enrich themselves and their friends, or to disadvantage their enemies.

Francis Fukuyama argues that the trust instantiated in social capital (especially bridging capital), mediated by civic virtue, makes voluntary exchange and democratic governance possible.<sup>14</sup> When people trust others—even strangers—to be fundamentally honest and civil, they feel more free to carry out economic transactions with reasonable con-

fidence, and can take part in elections with similar confidence that the voting will not be rigged.

This, scholars have found, can initiate a virtuous cycle in which trust in others' virtue stimulates market exchange and democracy, which in turn raise trust. This cycle then raises societal well-being overall. Research by Sonja Zmerli and Ken Newton shows that when markets are backed by property rights, and when social norms encourage mutually beneficial exchanges among strangers, general trust grows.<sup>15</sup> In addition, well-functioning markets make corruption less attractive by opening a path to wealth that is more lucrative, and less risky, than efforts to get rich by abusing public office.

The idea that trust promotes capitalism, which in turn further raises trust, is supported by empirical evidence. Analyzing data gathered from eighty countries during the years 1990 through 2020, economist Johan Graafland finds that: 1) civic virtues of honesty and civility reinforce free markets and vice-versa; 2) trust lies behind civic virtues, the rule of law, and thus democracy; 3) civic virtues are positively related to citizens' feelings of life satisfaction; and 4) the rule of law increases well-being by means of trust and civic virtues.<sup>16</sup>

In an environment of trust, capitalism can directly strengthen democracy as well. "The natural logic of capitalism leads to democracy," argued philosopher and theologian Michael Novak in his 1982 book *The Spirit of Democratic Capitalism*, because citizens who are economically free tend to seek political freedom as well.<sup>17</sup> Political scientist Michael Mandelbaum explains this link by arguing that capitalism's way of allowing and expecting people to express individual choices in the marketplace will "carry over into the larger political system in which participants in the market also reside."<sup>18</sup> If you can "vote" with your money, in other words, then why can you not vote with your ballot?

Obviously, the carryover—however logical it seems—is not automatic. The adoption of freer markets in the People's Republic of China has not led to democracy there. In general, however, social science backs Novak and Mandelbaum: Capitalism's expansion in the late twentieth century was associated positively with the spread of democracy. "As recently as the 1970s, fewer than fifty countries had the kind of civil liberties and political institutions that we normally associate with freedom and democracy," writes economist Benjamin M. Friedman. "By the close of the twentieth century there were nearly ninety." He further notes that "the countries where this movement toward freedom and democracy has been most successful have, more often than not, been countries where average incomes have risen during these years."<sup>19</sup> Notably, there is no evidence of any trend in the opposite direction—of democratic regimes disappearing as countries adopt market-based economies.

In countries such as the United States, democracy often fosters capitalism. In a nation largely founded by immigrants who were often fleeing less meritocratic systems in which they had no social standing, new Americans have resisted the sweeping levels of economic redistribution that democracy could theoretically deliver. As one expert put it in 2016, “[Russian-Jewish immigrants] have experienced socialism and communism in a totalitarian regime. Anything that remotely resembles that, they hate it, they despise it.”<sup>20</sup> Such Americans have often voted for political leaders who back relatively free market systems and vow to enforce laws protecting private property, but who also promise to provide public goods and redress market failures such as crime, monopolies, and environmental harm.

Arguably the weakest link in the self-reinforcing system of capitalism, democracy, and civic virtue is the last. Scholars argue that this is precisely what explains what has held back the progress of many societies worldwide. In *The Moral Basis of a Backward Society* (1958), political scientist Edward Banfield famously compared a small town in southern Italy, beset by dishonesty and incivility, with a town of comparable size in the U.S. state of Utah.<sup>21</sup> In the former, people were deeply suspicious of anyone other than close kin, feeling that no outsider could be trusted. There was, in Putnam’s terms, very little bridging social capital. As a result, citizens did not have a sense of fairness or charity toward one another. Poverty was widespread and corruption rampant. The Utah town, by contrast, enjoyed high social trust, a culture of honesty, and openness across political differences; the town was highly functional both economically and politically.<sup>22</sup>

In sum, democracy and capitalism coexist in a balanced ecosystem, in which the “atmosphere” necessary for flourishing is the trust cultivated through civic virtue. When that atmosphere is degraded, neither democracy nor capitalism can thrive.

## Falling Public Trust

The social trust cultivated by civic virtue is delicate and poorly understood.<sup>23</sup> To establish trust is hard; wrecking it is simpler, and we seem to be doing that in the United States: It is clear beyond doubt that intra-U.S. social, legal, and political trust is low and falling.

Since 1972, the General Social Survey administered by the University of Chicago’s National Opinion Research Center has asked U.S. participants the following question: “Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?” In the 1970s, responses were roughly even. By the 2010s, answers were running about two-to-one in favor of “no trust.” General trust in others had eroded by a third.<sup>24</sup> In 2019, the Pew Research Center reported 64 percent of Americans agreeing

with the claim that Americans' trust in each other has been shrinking.<sup>25</sup> In 2015, 68 percent of Americans had told Pew that "selfish" describes the typical American "fairly or very well." For context, this is slightly higher than the percentage who saw Americans as intelligent (67 percent).<sup>26</sup>

Institutions reliant on social trust—the press, schools, houses of worship—have seen that trust erode dramatically. Gallup regularly surveys Americans to compile historical charts of their "Confidence in Institutions" over time. The share of respondents with "a great deal" or "quite a lot" of confidence in newspapers fell from 39 to 18 percent between 1973 and 2023.<sup>27</sup> Meanwhile, 61 percent believed in 2019 that the media "intentionally ignores stories that are important to the public."<sup>28</sup> And lest we infer that people may be rejecting others' news sources while still trusting their own, 67 percent of Americans said in 2020 that the sources they turned to most often also "presented factual information to favor one side of an issue."<sup>29</sup> In the same Pew poll, 37 percent even said that their own preferred news sources "reported made-up information intended to mislead the public."

Trust in universities was not tracked until fairly recently, but according to Gallup those with "a great deal" or "quite a lot" of confidence in higher education dipped from 57 to 36 percent of the public in less than a decade (2015 to 2023). From 2012 to 2019, the percentage of Americans telling Pew survey-takers that colleges and universities have a negative effect on the nation rose from 26 to 38 percent.<sup>30</sup> Similarly, Gallup has found that the share of Americans with "a great deal" or "quite a lot" of confidence in churches or organized religion has more than halved over the last half-century, going from 65 percent in 1973 to 32 percent in 2023.

Legal and political trust has followed a similar pattern. According to Gallup, faith in the U.S. Supreme Court fell from 45 to 27 percent between 1973 and 2023. Pew reports that across the years 1958 to 2015, public trust in government at large plunged from 72 to just 19 percent.<sup>31</sup> Indeed, 67 percent of Americans in 2020 agreed with the statement "most politicians are corrupt," a much higher percentage than gave this response in France, Germany, or the United Kingdom.<sup>32</sup> Among government institutions, the military and police seem to have held onto trust the best. From 1993 to 2023, the police lost nine points on Gallup's combined high-trust measure, dipping from 52 to 43 percent for a smaller decline than many other institutions experienced. Meanwhile, 58 percent of Americans in 1975 (just after the Vietnam War) said that they had "a great deal" or "quite a lot" of confidence in the military, and in 2023 that figure was 60 percent.

The decline in social, legal, and political trust has mirrored a loss of trust in business. According to Gallup, private businesses across the spectrum have fallen in public trust. Included is the U.S. medical sys-

tem: In 1975, those who had “a great deal” or “quite a lot” of confidence in it totaled 80 percent, but by the early 1990s that number had tumbled into the thirties and forties. From 2019 to 2020, with the onset of the covid-19 pandemic, confidence rose from 36 to 51 percent (the highest it had been in decades), but by 2023 it had fallen back to 34 percent. Confidence in banks fell from 50 to 27 percent across the years 1979 to 2022. In 2011, three-fifths of Americans surveyed by Gallup agreed that corruption is widespread within businesses.<sup>33</sup> Also as measured by Gallup, trust in big business fell from 34 to 14 percent between 1975 and 2022.

Predictably, therefore, faith in capitalism itself is falling—according to Pew, the percentage of Americans with a positive impression of the system declined from 65 to 57 percent in just four years, from 2019 to 2023.<sup>34</sup> According to the Edelman Trust Barometer, 47 percent of Americans in 2019 believed that “capitalism as it exists today does more harm than good in the world.”<sup>35</sup> This skepticism is especially prominent among young adults: Gallup has shown that the percentage of young adults with a positive view of capitalism fell from 66 percent in 2010 to 51 percent in 2019.<sup>36</sup> And while in 2022 Pew found that Americans on average were more likely to have a positive view of capitalism as distinguished from socialism (57 versus 36 percent), respondents between the ages of 18 and 29 who identified themselves as Democratic Party supporters or “leaners” rated socialism rather than capitalism positively by a ratio of 58 to 29 percent).<sup>37</sup>

## The Rise of Cronyism and Contempt

Here we arrive at a riddle: Collapsing public trust logically suggests a decline in trustworthiness. There is little evidence, however, that honesty is falling or corruption rising in either the U.S. private or the U.S. public sector. To compile its worldwide “Prosperity Index,” the London-based Legatum Institute ranks 167 countries going back to 2007 on a wide variety of “prosperity” (livability) dimensions, from economic growth to crime to environmental protection.<sup>38</sup> A dimension that would seem closely linked to public trust is “Government Integrity,”<sup>39</sup> which combines data on the use of public office for private gain, diversion of public funds, anticorruption policy, clientelism, and public-sector corruption overall as well as corruption within the legislative, judicial, and executive branches. Since 2007, the United States has always been between nineteenth and twenty-first place on the list of 167 countries when it comes to this broad measure. This signals a country that is far from perfect, but still doing better than at least 146 other countries. Despite the declines in public trust, moreover, corruption in the United States (as Legatum measures it) is not getting worse.



Illegal behavior, of course, is just one form of dishonesty (and some instances of illegality, such as defying a grossly unjust law, may even be commendable). Alternatively, there is a wide range of perfectly legal

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behaviors that are nonetheless morally objectionable: People and institutions with much power may, often without breaking any statute, see to it that laws and rules run in their favor and against smaller competitors. In the last few decades, such “cronyism” has exploded. According to the nonpartisan nonprofit OpenSecrets, total spending on lobbying in Washington, D.C., went from US\$1.45 billion in 1998 to \$4.2 billion in 2023, a 190 percent increase.<sup>40</sup> Most Americans object to this—according to Pew, 73 percent believe that lob-

byists and special interests have too much influence on government.<sup>41</sup> And no wonder: This has led to vast fortunes being amassed undemocratically and at the expense of truly free enterprise.<sup>42</sup>

Corporations legally gaming the system are just one example of cronyism. Some also point to public-sector unions, which use dues collected from taxpayer-funded paychecks to support the political campaigns of parties and lawmakers favorable to union demands. This use of power is undemocratic. And yet, today in America public-sector unions have more than 21 million members.

There are many other examples of advantage-taking at the level of quasi-public institutions, which as we have already seen can damage public trust in them. Instances range from “legacy” college admissions (children of powerful alumni get an edge) to press bias (“news” reportage slanted to favor the powerful, or one political view over others) to religious institutions that use their moral leverage to stump for political candidates or parties.

In sum, illegal behavior is not increasing, but various forms of “gaming the system” for group or personal gain appear to be. There is no body of laws in the world that can block every form of legal advantage-taking. That is the role of civic virtue, which restrains such advantage-taking by people who might otherwise derive special benefit from social, political, and legal systems. Moved by a sense of civility and basic honesty, they choose *not* to grab the legal-but-unfair edge.

Bridging social capital is needed to avoid the fading of public trust that harms democracy and capitalism. Bridging means people experiencing solidarity across differences with others. This requires norms of civility that, sadly, are in clear decline in the United States today. A

common way to measure this is to look at political polarization, in which citizens split into ideological camps that agree on virtually nothing. In 2022, this polarization was reported to be worse than any time in the last fifty years.<sup>43</sup>

Beyond simple political polarization, the United States is plagued by a rising “culture of contempt” in which disagreement with my view or my in-group’s view is held to be not just wrong, but evil. Arthur Schopenhauer in his *Counsels and Maxims* (1851) calls contempt “the unsullied conviction of the worthlessness of another.” It is a complex emotion, combining the basic, limbic emotions of anger and disgust.<sup>44</sup> It is often associated with hatred. Among individuals, it destroys marriages and friendships.<sup>45</sup> But when it is rampant in a culture, a society can become ungovernable.

Underlying increasing societal contempt is what psychologists call “motive-attribution asymmetry,” in which a person on one side of a dispute believes that she is moved by love, while her ideological foes are full of hate. This asymmetry leads to implacable hostility. Scholars have shown that this asymmetry explains the hostility in places such as the Middle East and the Balkans. But worryingly, researchers have also found that the level of it today between average U.S. Republicans and U.S. Democrats is comparable to that between Palestinians and Israelis.<sup>46</sup>

It is inconceivable that a nation can maintain much social, legal, or political trust when ordinary members of one ideological side believe themselves motivated by love, while ordinary members of the other side are motivated by hate. If this is the case, we will naturally assume that we are being cheated in markets and elections—and we will find it acceptable to take advantage of our opponents or even use force against them, because they are evil. Many political and social activists today openly—and ominously—repeat the slogan that gaining their objectives is justified “by any means necessary.”

## Why the Decline in Civic Virtue?

What explains falling trust? For columnist David Brooks, the answer starts with the collapse of moral education, which was considered essential in the republic’s early days so that Madison’s hope might win out over Adams’s fear.<sup>47</sup> “The *virtues* of men are of more consequence to society than their *abilities*; and for this reason, the *heart* should be cultivated with more assiduity than the *head*,” wrote Noah Webster in 1788.<sup>48</sup> As Brooks argues, this explains the proliferation of American institutions dedicated to moral formation, from the YMCA and the Sunday School movement to the Boy Scouts and Girl Scouts. As late as 1951, the largest union of public-school teachers, the National Education Association (NEA), spoke openly of moral formation, declaring in

a hundred-page book on the subject that “an unremitting concern for moral and spiritual values continues to be a top priority for education.”<sup>49</sup> Such a pronouncement is unthinkable today, and you will find nothing like it in the NEA’s current list of policy statements.<sup>50</sup>

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A public belief in the importance of moral formation and the commitment of institutions to provide it created civic virtue, and thus the atmosphere of trust necessary for the proper functioning of free enterprise and democracy. Arguably, this atmosphere once existed, but no longer does. Brooks’s explanation for this is a change in philosophy in America and many other places, from one based on community good to one that is focused on the self. He cites the massive influ-

ence of humanistic psychologist Carl Rogers (1902–87), whose ultra-individualistic philosophy held that power hierarchies oppress us, and that to be happier we should all liberate ourselves from externally imposed moral rules.

In a rising culture of self-actualization and self-esteem, narcissism predictably became more common—psychologist Jean Twenge calls it an “epidemic,” and the evidence appears to back her up.<sup>51</sup> The percentage of Western adolescents agreeing with the statement “I am an important person” increased from 12 percent in 1963 to around 80 percent in 1992; grandiose narcissism, as assessed by the Narcissistic Personality Inventory, increased by 30 percent between 1979 and 2006.<sup>52</sup>

The connection of rising narcissism to incivility is straightforward. Researchers have found that narcissistic people have an inflated sense of entitlement which makes them see slights and insults all around.<sup>53</sup> They are easily aggrieved and feel victimized during everyday encounters.<sup>54</sup> In a culture of narcissistic grievance, people are naturally classed as either aggressors or victims, which makes civility unlikely and causes almost any behavior to seem justifiable as self-defense.

An increasingly narcissistic populace naturally embraces narcissistic leaders. Indeed, researchers have found that populist politicians—a notably more common breed in recent years—tend to display signs of narcissism as well as Machiavellianism and psychopathy (the so-called dark triad of personality traits).<sup>55</sup> It is hard to imagine anything more harmful to civility and honesty than a political system that rewards such people, as one might plausibly argue we do today. Further, these leaders are backed by a commercial infrastructure in social and conventional

media that promotes them simply because they draw views and clicks. Conflict sells.

Some might take the rise of populism in politics as evidence that democracy is failing. Others might interpret the commercial backing of populism as proof that capitalism harms democracy. Neither argument is correct. It is uncivil people supporting dark-triad leaders, and commercial exploitation—arguably, a case of market failure akin to pollution or crime—that make it worse. The most plausible root cause is the decline of civic virtue. Attacks on capitalism—or democracy—as the reason for our predicament are misguided.

## The Way Forward

Democracy is not under threat from capitalism. Rather, the evidence shows that *both* capitalism *and* democracy are under threat in a culture and political environment where declining civility and honesty are driving a huge upward spike in distrust. Democracy and free enterprise alike depend on a cooperative competition of ideas, and this in turn requires social, legal, and political trust to undergird it. A culture of contempt and narcissism eats away at that essential foundation. If we incorrectly blame capitalism *per se*—as some do—and work to weaken it, there is no reason to believe that problems with democracy will improve. Rather, the net result will be falling levels of economic freedom and prosperity—and falling prosperity will only amplify populist, antidemocratic voices. The reestablishment of civic virtue should be our national priority, not wasting time and resources making things worse by weakening our market system.

It might be tempting to despair that a culture of civic virtue can be revived, but I disagree, based on the stated preferences of most Americans. In 2018, fully 93 percent of respondents told the research nonprofit More in Common that they are tired of how divided America has become as a country.<sup>56</sup> Large majorities say that we must learn to compromise and work together to solve our biggest problems. The American people—perhaps recognizing that decades of expressive individualism have not led to the benefits promised, but rather to growing hatred, contempt, grievance, isolation, and unhappiness—crave a stronger sense of national community.

This is a major opportunity for national renewal. A good place to start is civil society, in the form of community and nonprofit organizations. This is the central argument of *To Empower People*, a landmark 1977 book by Peter L. Berger and Richard John Neuhaus.<sup>57</sup> They claim that civic virtue requires civic institutions which can buffer citizens from the forces that atomize us and shrink our incentives to cooperate for common goals. More recently, policy scholar Yuval Levin has made much the same case. He argues that isolation and our strained civic fabric “can

really only be addressed by reviving and building institutions that can meet our needs while also drawing us together.”<sup>58</sup>

Levin believes that government can help to foster the institutions we need—for instance, schools that provide a mix of skills, morals, and wisdom. On the premise that modern public education as it is now run will not offer this, the school-choice movement (which seeks to have public money follow students to the schools, whether public or private, that their parents choose) looks to break the monopolistic model. Another quasi-governmental effort involves national service, with an expansion of opportunities (or even requirements) to participate in institutions from the military to the Peace Corps. The point of these efforts is to allow citizens to come together across divides as problem-solvers rather than passive, individual consumers of government services.

Institutions devoted to knowledge and ideas play a special role in the cultivation of a healthy civil society. The culture of contempt has been fomented by universities, where the diversity of viewpoints and perspectives considered permissible to discuss and debate has narrowed in recent years, lowering public confidence and leading some to assert that higher education is actively hurting our country.<sup>59</sup> A commitment to free speech and free expression, policies against taking institutional positions on contentious social and political issues, and a repudiation of “cancel culture” would go a long way to remedying this and returning higher education to a more constructive role in civil society.

But in the effort to revivify civic virtue we cannot give the private economy a pass. The greatest flaw in the argument that free enterprise damages democracy is found in this argument’s misunderstanding of what proper free enterprise is. Informed proponents of capitalism have always acknowledged that private markets can and do fail when certain conditions are not met. If monopolies are allowed to form or private actors are permitted to create external costs that they do not bear (such as pollution, real and cultural), those are market failures. Likewise, when there are public goods that we want but have little private incentive to pay for, or when information or power are concentrated in a few hands, markets are failing. Today’s cronyistic lobbying efforts, misinformation-producing media platforms, and anticompetitive monopolies do violence to the free-enterprise system by inducing market failures. Stronger regulatory enforcement would improve both democracy *and* capitalism.

Individuals have a role in our renewal as well. Leaders in business, the media, and education should show the way. Aside from leading the reforms outlined above, I believe that most leaders should refrain from taking sides in the domestic culture war. For instance, business leaders (like universities) should not weigh in on popular controversies. I recognize that this is a contentious proposition. Recently, on the wall at one major university, I saw these words from Holocaust survivor and Nobel Peace Prize laureate Elie Wiesel: “We must always take sides.

Neutrality helps the oppressor, never the victim. Silence encourages the tormentor, never the tormented. Sometimes we must interfere.” But as important as this is in Wiesel’s life under a genocidal dictatorship, this is not appropriate for American leaders today in roles unrelated to politics and contentious social issues. As alarmist as some like to be, the United States is simply not in the kind of despotic crisis Wiesel was referring to. Taking sides on social and political issues blows up ordinary differences of opinion into a struggle of good against evil, making unity harder and fomenting mistrust and contempt.

It is difficult for ordinary citizens to fight the receding tide of civic virtue, but they can still participate in renewal through their individual choices: Avoid polarizing media, refuse to support politicians who vilify fellow Americans, get involved in local community efforts that serve the common good, and seek to form friendships across political and ideological lines.

### Back to Foundations

Perhaps the best way to leave the subject at hand is by recalling the words of Adam Smith. He is often blamed for downgrading civic virtue while praising raw market power, thus making the opposite point from the one I am arguing here. “It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner,” wrote Smith in Part I, Chapter 2 of *The Wealth of Nations* (1776), “but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages.”

Indeed, in isolation and by modern standards of expressive individualism, capitalism can seem like a system based on selfishness and greed, and it is easy to argue that this kind of system would do damage to civic culture and democracy. But that is a profound misreading of Smith. *The Wealth of Nations* followed from his earlier classic *The Theory of Moral Sentiments* (1759). In that work—which he considered his greatest and to which he returned over the rest of his life—Smith wrote of the foundations on which any successful society and market-based economy must rely. “Virtue is excellence,” he wrote, “something uncommonly great and beautiful, which rises far above what is vulgar and ordinary” (Part I, Section 1, Chapter 5). Similarly, “hatred and anger are the greatest poison to the happiness of a good mind” (Part I, Section 2, Chapter 3). And finally, “the prudent man is always sincere, and feels horror at the very thought of exposing himself to the disgrace which attends upon the detection of falsehood” (Part VI, Section 1).

Adam Smith is perhaps the voice we need today to regain the proper balance in America. For democracy to function properly, what we need

is not less capitalism. On the contrary, free enterprise is an engine of prosperity like no other and can enhance the quality of life democracy brings about. There is nothing inherently corrupt or corrupting about capitalism, except insofar as we are corrupt and corrupted as its operators. The right focus starts with ourselves, striving for virtues such as civility and honesty toward one another, and even love.

## NOTES

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