“Reasonable” Persons and Caveat Emptor

Economic actors all have roles to play. The role of business people is to produce goods and services that people find to be wealth/happiness increasing. The role of governments is to define and enforce property rights. The role of consumers is to save and consume in such a way as to maximize their wealth/happiness. These economic actors interact, each pursuing their own goals.

Let’s say that I, as a consumer, think that I would be happier after I work out if I rehydrate. I’ve got a lot of rehydration options. I could drink water (from the faucet, the fridge, or a bottle.) I could do research into an even healthier (and yummier) way to rehydrate. Or, I could let advertisers tell me which way they would prefer me to rehydrate. So what should I consume?

Information comes at a cost. In order to reduce that cost of information, companies advertise their products. Pepsico spends millions of dollars informing people about electrolytes in order to sell Gatorade. By adopting bright colors and ending their beverage in “ade,” Coke attempts to lower the information costs regarding its’ sports drink, Powerade.

Over the years, I’ve consumed my fair share of sports drinks in an effort to refuel after working out. In the last year, a colleague of mine recommended Vitamin Water. Well, vitamins sound healthy, as does water, so I gave it a shot. I liked it and for a time drank it after working out, which is why I found the following information interesting. [A consumer advocate group is suing Coca Cola (the makers of Vitamin Water) for false advertising.](http://www.naturalnews.com/029425_vitaminwater_Coca-Cola.html) In their defense, Coke's attorneys state that, "...no consumer could reasonably be misled into thinking vitamin water was a healthy beverage."

So here I was drinking a beverage for its health benefits that “no reasonable person” would consume. This is where weaker minds would complain about the “evils” of capitalism. It has all the required parts: a multinational company dedicated to making money, nefarious advertising, and Joe and Josephine consumers as victims.

Yet this is a story about the awesomeness of capitalism. Ever a fan of reason, I have given up Vitamin Water. I don’t derive happiness from being labeled “unreasonable” by a product’s manufacturer. Because I live in a capitalist country, when I want to change sports drinks, I can. Capitalism provides me with options. Freedom is great, but it is only used to its greatest potential if it is met with personal responsibility.

English common law has long held to the principal of caveat emptor – let the buyer beware. Consumers have a responsibility to seek their own happiness and that means, at least to some degree, that consumers gain information. An uninformed consumer not only harms themselves, but also causes resources to be misdirected in the economy away from things that do make people happy into things that don’t.

Capitalism provides the means of wealth creation, rather than the ends. Consumers will only be happy in the end if they take their role as consumers seriously. It’s why the Declaration of Independence states that people have an inalienable right to the “pursuit of happiness”, not to happiness itself. Happiness requires personal responsibility.

In the end, capitalism allowed me to do research as to the beverage that brings the best combination of post workout health and yumminess. I now drink chocolate milk after my workout. Thank you Web MD. Now I just need to determine which brand of chocolate milk makes me the happiest! Pursuing my own happiness is a tough job, but if I don’t do it, no one else will.