

Vulgar Libertarianism Watch

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September 9, 2006

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Part 1

Since I first considered doing a blog, I've envisioned a recurring feature called "Vulgar Libertarianism Watch," or some such. At one point, I toyed with the idea of making that the name of the blog, and devoting most of my effort to reporting on the kind of faux "free market" analysis that consists of an apologetic for big business. But although there would be more than enough such material to keep me blogging indefinitely, I decided such an exclusive focus would be too much of a one-trick pony.

So I've decided to go with the original impulse, and regularly feature "Vulgar Libertarianism Watch" without making it the main focus of the blog. And what better way to kick things off than with the first installment of this feature?

First, a note on what vulgar libertarianism is. The term, coined as far as I know by yours truly, alludes both to the "vulgar Marxism" of twentieth century Marxoids, and to what Marx called the "vulgar political economy" of the generation after Ricardo and Mill. The defining feature of vulgar political economy, as Marx described it, was that it had ceased to be an attempt at the scientific explication of the laws of economics, and had become a hired prize-fighter on behalf of plutocratic interests. Classical political economy was a revolutionary creed that threatened the interests of the landed oligarchy and the mercantilists. And it was amenable to even more revolutionary uses, as evidenced by the Ricardian socialists. The most famous socialist treatment of Ricardo, of course, is that of Marx. But the socialist development of classical political economy also included free marketers like Thomas Hodgskin (the most preeminent of Ricardian socialists), the mutualist and individualist anarchists from Warren to Tucker and Spooner, and many Georgists. My own work falls within this latter array of petty bourgeois deviationationists. But with the triumph of the industrial owning classes in 1830s Britain, the focus of political economy shifted from scientific investigation and a radical challenge to the power of the Old Regime, to an apology for the status quo.

I described vulgar libertarianism as an ideology in the opening section of Chapter Four of my *Studies in Mutualist Political Economy*. Since that passage is as coherent a description as I am likely to write, rather than reinvent the wheel I'll just take the lazy man's way out and paste in the relevant paragraphs:

This school of libertarianism has inscribed on its banner the reactionary watchword: "Them pore ole bosses need all the help they can get." For every imaginable policy issue, the good guys and bad guys can be predicted with ease, by simply inverting the slogan of Animal Farm: "Two legs good, four legs baaaad." In every case, the good guys, the sacrificial victims of the Progressive State, are the rich and powerful. The bad guys are the consumer and the worker, acting to enrich themselves from the public treasury. As one of the most egregious examples of this tendency, consider Ayn Rand's characterization of big business as an "oppressed minority," and of the Military-Industrial Complex as a "myth or worse."

The ideal “free market” society of such people, it seems, is simply actually existing capitalism, minus the regulatory and welfare state: a hyper-thyroidal version of nineteenth century robber baron capitalism, perhaps; or better yet, a society “reformed” by the likes of Pinochet, the Dionysius to whom Milton Friedman and the Chicago Boys played Aristotle.

Vulgar libertarian apologists for capitalism use the term “free market” in an equivocal sense: they seem to have trouble remembering, from one moment to the next, whether they’re defending actually existing capitalism or free market principles. So we get the standard boilerplate article arguing that the rich can’t get rich at the expense of the poor, because “that’s not how the free market works”—implicitly assuming that this is a free market. When prodded, they’ll grudgingly admit that the present system is not a free market, and that it includes a lot of state intervention on behalf of the rich. But as soon as they think they can get away with it, they go right back to defending the wealth of existing corporations on the basis of “free market principles.”

So, without further ado, we proceed to dissect the first specimen of *libertarianus vulgaris*. It would have been too much of a coincidence for me to stumble across such an egregious example by chance at the same time I was planning to kick off my blog. In fact, what happened was just the opposite: I stumbled across this article and decided that it was too good a target to pass up. If I can’t get into gear and start blogging when something this good falls into my lap, I might as well just give up.

In “That Taco Bell Brouhaha,” Art Carden addresses the boycott (by the Wobblies, various student anti-sweatshop coalitions, and others) of Taco Bell on behalf of the Immolakee Indians who pick its tomatoes. In response to charges that Taco Bell’s wages are exploitative, Carden responds:

This is precisely wrong. Taco Bell’s wage policy alleviates the “continued misery of farmworkers and their families” rather than contributing to it. Wages are not foisted upon workers; they agree to pick tomatoes for “sub-poverty wages” for a reason. In a market economy, they do so because the ‘sub-poverty wages’ paid by Taco Bell suppliers are a better deal than anyone else is offering. It’s the same reason people line up for “sweatshop” jobs in developing countries. Far from contributing to “continued misery,” Taco Bell is making workers’ lives a little bit better by offering something better than their next-best option.

Before we rush to condemn free markets and market forces, we have to ask where the workers are coming from. In many cases, Taco Bell suppliers employ migrant workers who are making their own “run for the border.” Migrant workers in Immokalee come from places like Haiti, Mexico, and Central America—areas where markets have been crippled by state intervention for generations. The end result is a veritable army of workers who have not been allowed to build a skill set through free market employment and who are now suited to do nothing better than pick tomatoes for pennies. Far from being the enemies of labor, American markets are offering migrant workers an opportunity to substantially improve their standards of living and the prospects of their children.

There are so many features of vulgar libertarianism here, it's hard to decide where to begin. The defense of the behavior of big business under "actually existing capitalism" in terms of "how the free market works" is, as I already pointed out in the passage above from *Mutualist Political Economy*, an immediate tipoff that we've encountered a vulgar libertarian.

It's quite jarring, though, to encounter such writing at the website of an institution so closely associated with the memory of Murray Rothbard. A central theme of Rothbard's work, and that of left-Rothbardians like Joseph Stromberg, has been the essentially statist (and exploitative) nature of corporate capitalism in its existing form. As Rothbard put it in "The Student Revolution" (*The Libertarian*, May 1, 1969), "*our corporate state uses the coercive taxing power either to accumulate corporate capital or to lower corporate costs.*" So to pass from reading an excellent piece of free market analysis like this or this, to reading an apology for the status quo like the piece under consideration here, is positively obscene.

Especially typical of the vulgar libertarian style is the argument that Taco Bell offers a "better deal" than the "next-best option." This argument can be found, phrased in slightly different words, in pseudo-"free market" boilerplate in just about any issue of *The Freeman: Ideas on Liberty* or any daily installment of the Adam Smith Institute blog. Here are several almost identical examples culled from *The Freeman*:

But are the "low-wage, non-union" Ecuadorian laborers better off working now for some foreign corporation? Apparently they think so, or else they would have stayed with what they were doing previously. (Would you leave your job for one with less pay and worse conditions?) [Barry Loberfeld. "A Race to the Bottom" (July 2001)]

People line up in China and Indonesia and Malaysia when American multinationals open a factory. And that is because even though the wages are low by American standards, the jobs created by those American firms are often some of the best jobs in those economies. [Russell Roberts. "The Pursuit of Happiness: Does Trade Exploit the Poorest of the Poor?" (September 2001)]

What the Industrial Revolution made possible, then, was for these people, who had nothing else to offer to the market, to be able to sell their labor to capitalists in exchange for wages. That is why they were able to survive at all... As Mises argues, the very fact that people took factory jobs in the first place indicates that these jobs, however distasteful to us, represented the best opportunity they had. [Thomas E. Woods, Jr. "A Myth Shattered: Mises, Hayek, and the Industrial Revolution" (November 2001)]

In nineteenth-century America, anti-sweatshop activism was focused on domestic manufacturing facilities that employed poor immigrant men, women, and children. Although conditions were horrendous, they provided a means for many of the country's least-skilled people to earn livings. Typically, those who worked there did so because it was their best opportunity, given the choices available...

It is true that the wages earned by workers in developing nations are outrageously low compared to American wages, and their working conditions go counter to sensibilities in the rich, industrialized West. However, I have seen how the foreign-based opportunities are normally better than the local alternatives in case after case, from Central America to Southeast Asia. [Stephan Spath, "The Virtues of Sweatshops" (March 2002)]

More recently, the argument was reincarnated by Radley Balko, who referred to Third World sweatshops as “*the best of a series of bad employment options available*” to laborers there. Within a couple of days, this piece was recirculated over the “free market” [sic] blogosphere, along with numerous comments that “*sweatshops are far superior to third-world workers’ next best options...*,” or to similar effect (the last phrase comes from another article by Carden posted on the Mises blog last May, by the way). For more examples of the same argument, just Google “sweatshops”+ “next-best alternative”.

But the grand-daddy of this argument was Ludwig von Mises, writing in *Human Action*:

The factory owners did not have the power to compel anybody to take a factory job. They could only hire people who were ready to work for the wages offered to them. Low as these wage rates were, they were nonetheless much more than these paupers could earn in any other field open to them. [Regnery Third Revised Edition, 619–20]

See, laborers *just happen* to be stuck with this crappy set of options—the employing classes have absolutely nothing to do with it. And the owning classes *just happen* to have all these means of production on their hands, and the laboring classes just happen to be propertyless proletarians who are forced to sell their labor on the owners’ terms. The possibility that the employing classes might be *directly implicated* in state policies that reduced the available options of laborers is too ludicrous even to consider.

In the world the rest of us non-vulgar libertoids inhabit, of course, things are a little less rosy. There was a great deal of continuity between the Whig landed aristocracy that carried out the enclosures and other abrogations of traditional rights to the land, and the employing classes of early industrial Britain. The early industrialists of Manchester, far from being (as Mises portrayed them) an upstart class who accumulated capital through their own parsimony, were junior partners of the landed oligarchy; the latter were a major source of investment capital. And the factory owners benefited, in addition, from near-totalitarian social controls on the movement and free association of labor; this legal regime included the Combination Acts, the Riot Act, and the law of Settlements (the latter amounting to an internal passport system).

In addition, the general legal framework (as Benjamin Tucker described it) restricted labor’s access to its own capital through such forms of self-organization as mutual banks. As a result of this “money monopoly,” workers were forced to sell their labor in a buyer’s market on terms set by the owning classes, and thus pay tribute (in the form of a wage less than their labor-product) for access to the means of production.

Lysander Spooner, a hero to many anarcho-capitalists, in *Natural Law* described the process in somewhat less than capitalistic language:

In process of time, the robber, or slaveholding, class—who had seized all the lands, and held all the means of creating wealth—began to discover that the easiest mode of managing their slaves, and making them profitable, was not for each slaveholder to hold his specified number of slaves, as he had done before, and as he would hold so many cattle, but to give them so much liberty as would throw upon themselves (the slaves) the responsibility of their own subsistence, and yet compel them to sell their labor to the land-holding class—their former owners—for just what the latter might choose to give them. Of course, these liberated slaves,

as some have erroneously called them, having no lands, or other property, and no means of obtaining an independent subsistence, had no alternative—to save themselves from starvation—but to sell their labor to the landholders, in exchange only for the coarsest necessaries of life; not always for so much even as that.

These liberated slaves, as they were called, were now scarcely less slaves than they were before. Their means of subsistence were perhaps even more precarious than when each had his own owner, who had an interest to preserve his life. They were liable, at the caprice or interest of the landholders, to be thrown out of home, employment, and the opportunity of even earning a subsistence by their labor. They were, therefore, in large numbers, driven to the necessity of begging, stealing, or starving; and became, of course, dangerous to the property and quiet of their late masters.

The consequence was, that these late owners found it necessary, for their own safety and the safety of their property, to organize themselves more perfectly as a government and make laws for keeping these dangerous people in subjection; that is, laws fixing the prices at which they should be compelled to labor, and also prescribing fearful punishments, even death itself, for such thefts and trespasses as they were driven to commit, as their only means of saving themselves from starvation.

Part 2

More neoliberal paint-by-numbers from the Adam Smith Institute.

Dr. Madsen Pirie, in surveying the “Scorecard of Ideas,” attempts to debunk critics of corporate globalization (which we know, of course, is equivalent to “free trade” in ASI-speak). Our Word has already given his efforts a good fisting in the post linked above, but I’d like to comment on a couple of items myself.

One anti-globalist assertion supposedly debunked by Dr. Pirie is that “The rich world is getting richer, the poor poorer.” To disprove this claim, he refers to national income statistics. Unfortunately, such statistics are profoundly misleading. The monetization of activities formerly carried out in a traditional subsistence and barter economy results in skyrocketing nominal GDPs, even though such monetization usually results from the expropriation of formerly self-employed peasants and the use of the poll tax to coerce them into the wage labor market (as in British East Africa). For that matter, when the English rural labor force was dispossessed by the enclosure of commons and the abrogation of copyhold rights to the land, the “national income” no doubt went up considerably.

But best of all, in response to the claim that “Multinationals exploit people in poor countries,” Dr. Pirie dusts off the “best available alternative” chestnut debunked in our post yesterday.

One person’s exploitation is another’s opportunity. Multinationals pay lower wages in developing countries than in rich ones: that’s why they go there. But their pay and conditions are reportedly better than those available elsewhere in poor countries, and so represent economic advancement. There are usually waiting lists to work for them.

But golly, the transnationals sure do seem to gravitate toward banana republics where the death squads torture and “disappear” labor organizers and peasant co-op leaders, or toward “workers’ paradises” like China, where attempting to organize an independent union can get you a stint in a mental hospital. Wonder why that is? And the foreign policy of the U.S. government sure does seem to devote an awful lot of effort to making sure such anti-labor regimes stay in power. For example, the Suharto regime (which was put in power by a U.S.-sponsored coup, followed by the mass-murder of several hundred thousand leftists) treated independent labor organizing as a serious criminal offense. Even today, in the neoliberal Indonesian “democracy”(TM), they’re barely legal. And Indonesia is a favorite haven for sweatshops. Again, wonder why that is?

A man who hands over his wallet to a mugger does so because he prefers it to the “next-best alternative.” So what? As Benjamin Tucker pointed out over a century ago, the capitalists systematically manipulate the state to create a buyers’ market for wages and limit the conditions under which workers can sell their labor, and then blithely answer all criticisms with the response that the workers “voluntarily agreed” to work on those terms.

Now, to solemnly tell these men who are thus prevented by law from getting the wages which their labor would command in a free market that they have a right to reject any price that may be offered for their labor is undoubtedly to speak a formal truth, but it is also to utter a commonplace and a cruel impertinence. "The Lesson of Homestead,"
Instead of a Book.

Note—I don't know how long the trackback to the ASI post will hold up, since they're notorious for sabotaging links from sites that disagree with them and deleting critical comments from their blog (as Ian Bertram of Pancromatic has found). Thin-skinned buggers, eh?

Part 3

Alex Singleton at the ASI gives a glowing review of Philippe Legrain's *Open World: The Truth about Globalization*.

Legrain may provide an actual definition of "globalization" (I don't know—I haven't read the book). But Singleton does not—it simply goes without saying that we know what he means by the term. And we probably do: the kind of corporate mercantilism that neoliberals call "free trade," but which has about as much to do with the real free trade of Cobden as Insoc did with the English Socialism of Rutherford, Aaronson and Jones.

You see, "globalization" can refer to any increase in the total volume of a country's trade with the rest of the world. That doesn't mean much. When U.S. government subsidies to the export of capital make overseas production artificially competitive against production at home, the increased imports count as "globalization." But they're a net reduction in efficiency, brought about by state intervention on behalf of the government's corporate clients.

And that's the trouble with most of the trade that falls under the heading of "globalization" these days. Such global economic activity may be "trade," but it isn't free trade. It wouldn't pay for itself in a free market.

The central function of the World Bank and of Western foreign aid is to subsidize the export of capital by funding the transportation and utility infrastructure overseas, without which investments in production facilities would not be profitable. It renders offshore production artificially profitable, so that we buy stuff from China that we'd make for ourselves close to home in a free market.

In addition, "intellectual property" laws, impermissible in a free market, lock Western corporations into control of the latest production technology.

And subsidies to long-distance transportation artificially reduce the cost of shipping the stuff back home to us.

Let's not even get into the role of U.S. intervention and the threat of U.S. intervention in guaranteeing the political security of capital investments overseas. The last I heard, a free market means market actors fully internalize all the costs and risks of their activity, and pay for all the services needed (included security) to make their investments profitable.

According to Singleton, Legrain points to the greater rate of increase in national income for "globalizing" than for non-"globalizing" countries, as evidence of the salutary effects of "globalization."

But any number of things, good or bad, can cause an increase in national income. The monetization of the subsistence and barter economy, caused by expropriating the producing classes and coercing them into the labor market, can show up as an exponential increase in "national income." If somebody figures out how to suck air out of the atmosphere, bottle it up, and sell it back to workers as an alternative to suffocation, that'll probably kick the "national income" up a few notches. Not everything that increases "national income" is good (these people have heard of the broken window fallacy, right?).

In addition, if the income of the top few percent of the population increases drastically, but that of the majority stagnates, it may show up as a substantial increase in average real income. That's essentially what has happened in the U.S. over the past thirty years, where wage income has been nearly flat while the income and wealth of the plutocracy has increased several times over. Virtually all increases in productivity have gone to those at the top.

For the welfare of the average person, what kind of "globalization" takes place matters a lot more than how much.

Part 4 (Or Eamon Butler Phones It In)

In “The idyllic myth of peasant farming,” Dr. Eamon Butler takes the destruction of Ethiopian crops by roaming goats as a paradigm for the problems of “primitive” peasant agriculture. See, the negligence of the goat-owners makes it impossible for their neighbors to raise food of their own. It’s that simple: the only alternatives are either corporate rule by ADM and Cargill, or an ass-backward system in which those woolly-headed natives let their goats indiscriminately wreak havoc!

In the “Comments” thread, of course, Garrett Hardin’s Tragedy of the Commons gets dragged out for another dusting off. This despite the fact that Hardin evidently knew nothing about actual, historic commons: commons were, in fact, heavily regulated to limit the number of livestock any family could graze, the amount of wood they could gather, etc. Hardin confused the commons, which were the joint private property of a village, with unowned land. The prisoner’s dilemma Hardin described was, in fact, a pretty good account of what happens in the case of genuinely unowned land, in which there is no property system to internalize costs in those using it. A genuine commons, as they existed in historic Europe, would be a pretty good solution to the Ethiopian goat problem. The Anarchist FAQ has more on Hardin’s ahistorical myth of the commons. I do have to wonder, by the way: does this vulgar libertarian aversion to joint private property extend to the modern corporation?

In the course of his post, Butler comes up with some incredible gems of vulgar libertarian boilerplate. For example:

The environazis disperse this myth about peasant farmers being at one with nature. Sometimes the myth is so idyllic that I think they want us all to become peasant farmers. Anyway, the idea is that while big, grasping corporations are ruining the planet, if we just thought smaller and more rustic we could turn things round.

So much straw, so little time! Dr. Butler neglects to mention that the phony “free market” nazis, in their turn, disperse their own myth about giant agribusiness corporations being a product of the free market, and replacing peasant farmers through their superior efficiency alone.

How much more preferable would have been the “free market” recipe of British East Africa—for example Kenya, in which the peasantry were evicted from the best 20% of arable land so that white colonists could use it for cash crop agriculture! This is the same tried and true recipe for “free markets” used by the English gentry in enclosing the commons so they could get more work out of the laboring classes; E. G. Wakefield adapted the recipe to settler societies, advocating that colonial administrations preempt ownership of vacant land so as to make self-employment more difficult and relieve the better sort’s travails in finding good help at cheap wages. The hidden subtext in all this fake “free market” agitprop, of course, is the tacit understanding that robbery is only bad when it happens to rich people.

The time-honored “free market” recipe, among the ruling classes, goes like this: 1) rob the producing classes of their traditional property rights in the land, and turn them into tenants at-

will of the plutocracy; 2) through coercive controls on the population, like the Combination Laws and Law of Settlement, make it impossible for the producing classes to bargain effectively in the wage market; 3) when the process is complete, talk a lot about how great the free market works, and justify the existing concentration of capital ownership as a result of the superior efficiency of those who came out on top.

That's pretty much what the neoliberals (e.g., Bush) mean when they talk about promoting "democracy (more on which in yesterday's post), free markets and free trade":

The environment is a luxury that the world's poorest can't afford to bother about. The only solution is to make the world's poor farmers rich. And — Bush is right — the only way to do that is to spread democracy, the free economy, and trade across the planet.

Yep—rigged spectator democracy, a mercantilist "free" economy, and heavily subsidized trade. Those poor farmers should see the cash start rolling in any day now.

UPDATE (hat tip to Ken Macleod)—It seems I was unfair to Garrett Hardin. According to Dan Sullivan,

*In their search for excuses to deny any common right to land, royal libertarians are fond of citing Garrett Hardin's work, "Tragedy of the Commons." Or at least they cite the title, which is all most royal libertarians are familiar with. Hardin is himself an advocate of land value taxation, and has criticized misinterpretations of his work with the lament that "The title of my 1968 paper should have been "The Tragedy of the **Unmanaged Commons.**"*

Part 5

Via (you guessed it) the Adam Smith Institute: Alan Greenspan to Give Adam Smith Lecture

Alan Greenspan, chairman of the US Federal Reserve, is to deliver the Adam Smith lecture at Kirkcaldy in Scotland, Smith's birthplace, on Sunday February 6th.

No further comment is necessary—except maybe that that thumping sound you hear is Adam Smith spinning in his grave.

Part 6 (John Stossel)

John Stossel has managed to catapult himself to the top of the vulgar libertarian usual suspects list—no mean feat, with the kind of fierce competition the Adam Smith Institute puts up. Among the “myths” he has chosen to debunk are the following:

No. 4 — MYTH: Outsourcing Is Bad for American Workers

We’ve been hearing a lot lately about how American workers are suffering because companies are “outsourcing” their jobs to other countries. During the presidential campaign, both President Bush and Sen. John Kerry, D-Mass., told voters they were concerned about keeping jobs here at home. And CNN anchor Lou Dobbs has made complaints about outsourcing a running theme of his nightly news program.

Dobbs’ new book, “Exporting America,” says the government should limit free trade and immediately outlaw outsourcing of government contracts.

“Just because of cheap labor, we’re destroying our middle class. That is just stupid,” Dobbs said, adding, “Being stupid is un-American.”

Wait a second. It’s restricting outsourcing that would be un-American and stupid...

In the course of making his point, Stossel can’t resist using a Tom Friedmansesque anecdote about an outsourced employee who wound up with a better job. Of course, whether that anecdote is truly representative—whether the average outsourced employee winds up with a better real wage when he gets new work—he doesn’t say. He sure as hell *implies*, though!

But what’s really important is Stossel’s heavy reliance on a strawman. He begs the question of why so much outsourcing is going on. Stossel implies, without making any attempt to demonstrate, that the relocation of production overseas is the natural outcome of a free market; and that the only way to reduce it is by positive government action.

Neither could be further from the truth. In fact, present levels of outsourcing reflect massive government subsidies to the export of capital. And the only thing necessary to reduce those levels drastically is to corporations pay all the costs of investment on their own dime—what used to be known as *free trade*, I believe.

Of course, both the vulgar libertarians and the big government liberals have a common interest in presenting the issue that way. Big business interests benefit from the myth that their wealth and power comes from their success in the market, rather than from suckling at the government teat; they also benefit from the pretense that they fear government intervention in the economy and desire only to be left alone. Big government liberals, on the other hand, benefit from the myth that a *laissez-faire* era ever existed, and that the era of trusts and robber barons was a direct outgrowth of *laissez-faire* capitalism; they benefit from the myth that the “progressive” state stepped in to act as a “countervailing power” to big business, and to regulate it against its will. Compare the mirror-imaging in these two quotes:

Liberalism in America has ordinarily been the movement on the part of the other sections of society to restrain the power of the business community.—Art Schlesinger, *The Age of Jackson*.

Business has not really won or had its way in connection with even a single piece of proposed regulatory or social legislation in the last three-quarters of a century. Theodore Levitt, “Why Business Always Loses,” *Harvard Business Review* (1968).

Uh, yeah. I guess that explains the army of corporation lawyers and investment bankers (not to mention GE’s Gerard Swope) involved in formulating the New Deal.

Both the capitalist plutes and the New Class planners have a common interests in passing off a phony version of history on the American people; and New Left revisionist historians of corporate liberalism, like Gabriel Kolko, are dynamite to that phony version of history.

No. 2 — MYTH — Urban Sprawl Is Ruining America

Suburban sprawl is evil.

The unplanned growth, cookie cutter developments is gobbling up all the space and ruining America. Right?

Wrong.

But in town after town, civic leaders talk about going to war! They want “smart growth.” They say sprawl has wrecked lives.

So-called experts on TV say all sorts of nasty things about the changing suburban landscape.

Stossel puts forth Jim Kunstler as an example of the carping experts. Interestingly, though, there are some bits of information in Kunstler’s *The Geography of Nowhere* that don’t quite gibe with Stossel’s cartoony “market sprawl vs. elitist planners” picture of the world. If you read the book, you’ll find that suburban sprawl was, in fact, mandated by the planners. Car-centered bedroom communities, huge front lawns, and the whole split-level cul-de-sac shebang, were all the rage among urban planners in the postwar era. Large setbacks were actually mandated by design plattes. Mixed use development—with neighborhood grocers and other small businesses within easy walking distance of residential streets—was prohibited by the planners. Similarly, walk-up apartments and other forms of low-cost housing in downtown business districts were also prohibited by law. Simply put, living with walking or bicycle distance of where you worked or shopped, for all intents and purposes, was made illegal.

For another kind of government benefit to sprawl, consider the role of government at all levels in subsidizing the automobile-highway complex. For starters, Kunstler’s chapter on Robert Moses and Long Island is quite instructive. Urban freeway systems, massively subsidized by the same people who gasp in horror at the market-distorting effects of public transportation subsidies, are in effect subsidies to suburban sprawl.

Here in Northwest Arkansas, another form of government subsidy to sprawl has been an issue lately. The Fayetteville school system has already closed down one old neighborhood elementary school, to the dismay the communities served by it; more closings are likely in the works, for reasons of “efficiency.” Of course, new “replacement” schools are also part of the picture—where

this gets really interesting. Because those new schools are being built out on the western edge of town, close to the new real estate developments fed by assorted U.S. 471 exits. Golly, that must do wonders for the property values of a certain local real estate baron, whose names appears on half the “For Sale” signs in the two-county area. Surprise, surprise, surprise!

And let’s not even get into FHA redlining of already-built houses in old, inlying residential neighborhoods. Or the fact that utility ratepayers in those older areas pay higher electric and water bills to subsidize the extension of services to the new developments.

This issue presents the same spectacle of mirror-imaging between two contending sides in alleged disagreement, as we witnessed in our discussion of outsourcing above. The real estate industry’s apologists have a vested interest in pretending that suburban sprawl is the outcome of people’s choices in the free market, and that the only way to stop it is through coercive and paternalistic interference by elitist planners. The elitist planners, meanwhile, have a vested interest of their own—in pretending that sprawl is a result of the free market, and that the only way to stop it is by hiring more people like them to tell us what to do.

In the words of a regular feature in a certain vulgar libertarian journal of record, “It Just Ain’t So!”

Stossel continues:

What upsets many critics most is the loss of open space.

But is open space disappearing in America? No, that’s a total myth. More than 95 percent of the country is still undeveloped.

You see it if you cross this country. Only a small percentage is developed. Yes, in some places, like some suburbs, there are often huge traffic jams.

Ah! When somebody like Stossel drops something like this into my lap, I know that God is good. All that open, undeveloped space—wonder why that is? Which brings us back to yet another reason for sprawl.

You see, there are two forms of property, according to Thomas Hodgskin [Natural and Artificial Right of Property Contrasted]: labor-made property, and law-made property. Whether you’re a good Lockean, a Georgist, or a mutualist like me, you probably agree that the only legitimate way to acquire unowned land is to appropriate it by labor—to alter or develop it in some way, and thereby mix your labor with it. Simply having a government give you title to land, with no “labor” involved beyond that of drawing a line a map, is akin to a feudal land grant. The recipient of such a grant, in effect, is enabled to tax those who homestead within his feudal domain, and to charge a rent on the rightful owner who legitimately appropriates the land by his own labor. And whether you’re a mutualist, a Georgist, or just a Lockean who actually believes what you profess to believe, the vast majority of property in this country was appropriated by law rather than by labor. That’s why so much of this country is vacant—the land was politically appropriated, fenced off (or simply marked off on a map) and claimed by people who probably never even saw it in person.

As the Georgist Nock pointed out (after an observation on the amount of undeveloped land in language almost identical to Stossel’s),

If our geographical development had been determined in a natural way, by the demands of use instead of the demands of speculation, our western frontier would not

yet be anywhere near the Mississippi River... All discussions of “over-population” from Malthus down, are based on the premise of legal occupancy instead of actual occupancy, and are therefore utterly incompetent and worthless. [Our Enemy, the State]

Or in the words of that old right-winger Mises, ordinarily nobody’s idea of a land reformer:

Nowhere and at no time has the large-scale ownership of land come into being through the working of economic forces in the market. It is the result of military and political effort... The great landed fortunes did not arise through the economic superiority of large-scale ownership, but by violent annexation outside the area of trade... [Socialism]

Part 7: Those Big Government Progressives at the ASI

Dave Pollard laments: “There seems to be something in progressives’ DNA that inclines them to want to centralize, globalize, homogenize.”

As a case in point, he mentions the overwrought fellow at the alternative energy meeting Pollard mentioned earlier, who favored suppressing decentralized energy technology (I covered it here). As it turned out, the guy was a liberal (in the Ted Kennedy sense): he preferred “centrally-managed, efficient ‘wind farms.’”

But compare his views to those of the Adam Smith Institute’s Dr. Eamon Butler:

But there is another problem that could lead to power cuts in a few years too. The government decided to run down Britain’s nuclear capacity. But the idea that wind and wave power can fill the gap is just plain daft. (And many protestors are now pointing out that ugly wind farms in rural areas and the pylons needed to transport their energy are hardly environmentally friendly either.) Frankly, unless we start thinking about new nuclear build — and clear the planning blight from coal and gas generation — it’s going to be a cold, dark winter in 2008.

Notice how Butler just *assumes* that the only viable model for wind power involves generating the electricity at huge, Stalinesque wind farms, and distributing it via a centralized grid. Reminds me of Plunket’s Law, quoted by Kirkpatrick Sale from solar power specialist Jerry Plunkett:

The Federal government has what I believe is an almost incurable habit of undertaking large-scale projects. Given two equally valid technical responses to a national problem... the technology that is larger in scale will invariably be preferred to the smaller more decentralized technology.

Apparently there are a few big government liberals hiding out in the ASI.

As for “nuclear build,” if Dr. Butler thinks it can be done profitably without massive government subsidies and government indemnities for liability, I wish he’d explain how. It certainly hasn’t been done that way so far. As I have written elsewhere, virtually every step of the nuclear production chain involves heavy taxpayer subsidies:

Close to 100% of all research and development for nuclear power is either performed by the government itself, in its military reactor program, or by lump-sum R & D grants; the government waives use-charges for nuclear fuels, subsidizes uranium production, provides access to government land below market price (and builds hundreds of miles of access roads at taxpayer expense), enriches uranium, and disposes of waste at sweetheart prices. The Price-Anderson Act of 1957 limited the liability of the nuclear power industry, and assumed government liability above that level.

As for the actual process of generating and distributing power, even in these days of so-called “privatization” of electric utilities, we’ve seen just how privatized the risk and cost really are.

Altogether, the state of affairs was explained quite well by an unusually frank Westinghouse official testifying before Congress in the 1950s (quoted by Walter Adams):

If you were to inquire whether Westinghouse might consider putting up its own money., we would have to say “No.” The cost of the plant would be a question mark until after we built it and, by that sole means, found out the answer. We would not be sure of successful plant operation until after we had done all the work and operated successfully... This is still a situation of pyramiding uncertainties... There is a distinction between risk-taking and recklessness.

Lest Dr. Butler’s post be dismissed as an aberration, consider Dr. Madsen Pirie’s appeal to France, that bastion of free market economics, as an example of a commendable nuclear energy policy.

It’s safe to assume that neither Dr. Butler, “Britain’s largest energy companies,” nor “the unions working in them,” favor a free market in energy. That would mean a price of energy that reflected the actual cost of producing it—and people and businesses would consume a lot less of it, and get more of what they did consume from wind and solar power (generated in their own neighborhoods or even at home, not from giant farms). And people might live closer to where they worked and shopped, and buy goods produced a lot closer to home. But corporate capitalism as we know it could not survive without the government’s role in guaranteeing a supply of “cheap and abundant energy.”

The folks Adam Smith Institute, it seems, aren’t entirely opposed to big government welfare and regulations—just those that benefit working people.

Part 8: Intellectual Whoring for the Planter Aristocracy

Seth DeLong has an interesting article on Venezuelan land reform at Z Magazine.

As DeLong points out, Chavez's land reforms are considerably more cautious than those of, say, Arbenz in Guatemala fifty years ago. (Not that the latter were unjustified; even from an orthodox Lockean standpoint, let alone a Tuckerite or Georgist one, the claims of the great landlords there didn't bear much looking into.)

DeLong describes the general outlines of Chavez's policy:

The goals of this legislation were as follows: to set limits on the size of landholdings, tax unused property as an incentive to spur agricultural growth, redistribute unused, primarily government-owned land to peasant families and cooperatives and, lastly, expropriate uncultivated and fallow land from large, private estates for the purpose of redistribution. On the last and most controversial goal, the landowners would be compensated for their land at market value...

After a slow start, the Chavez government has redistributed about 2.2 million hectares of state owned land to more than 130,000 peasant families and cooperatives (1 hectare = 2.47 acres). So far, although not one acre of private property has been expropriated by the government, tensions are beginning to mount as Chavez extends his reform program from government-owned land to the latifundios (large, privately owned estates of more than 5,000 hectares, roughly 12,350 acres).

Naturally, all hell has broken out on the Right. A Washington Post editorial referred to Chavez as "a disciple of Castro" and warned in hysterical terms of his threat to "democracy and free enterprise" (for an idea of the kind of "democracy and free enterprise" the U.S. government and its lapdog press would like to see in place of Bolivarianism, check out this quote from the opposition leader). Carlos Ball of the CATO Institute, in a predictable vulgar libertarian exercise in mirror-imaging, characterized the land reform policy as "Chavez's Land Grab," and asserted that for Venezuela "Private property is history."

Given the origins of the landed elite's holdings in state grants rather than appropriation by labor, it would be more accurate to say that legitimate private property in land will exist for the first time with the breakup of the quasi-feudal latifundia.

In Venezuela roughly 75 to 80% of the country's private land is owned by 5% of all landowners. Regarding agricultural holdings, that figure drops to a mere 2% of the population owning 60% of the country's farmland, much of which is fallow. Because these stark statistics do not help one understand the extraordinary levels of both rural and urban inequality in Venezuela, perhaps the following analogy will. Imagine

if in this country a handful of families owned the entire state of California. There is no California Coastal Commission, no limits on the amount of land that may be purchased, no zoning laws, no government oversight of any kind, nothing of the sort. But none of this really matters to the average citizen because California, as a conglomeration of large, privately owned estates, will never be seen by most US residents (excepting itinerant laborers). In other words, try to think of one of the most beautiful state in the union as one giant gated community. Meanwhile, the country's landed oligarchy owns the vast majority of the land, most of which lies fallow because they prefer to sit on it for the purpose of land speculation rather than use it for agricultural production. With most of its arable land unused, your country is the only net importer of food on the continent and is forced to purchase more than two-thirds of its foodstuffs abroad.

The alleged "free market" libertarians who defend such a system of land ownership are not advocates of private property—they are what Jerome Tuccille called "anarcho-land-grabbers" in a 1970 article in *The Libertarian Forum*:

Free market anarchists base their theories of private property rights on the homestead principle: a person has the right to a private piece of real estate provided he mixes his labor with it and alters it in some way. Anarcho-land grabbers recognize no such restrictions. Simply climb to the highest mountain peak and claim all you can see. It then becomes morally and sacredly your own and no one else can so much as step on it.

That, or something like it, is pretty much how most of those "private property" titles came into existence in the first place—if they even saw the land at all, rather than having it granted sight-unseen by a pope or king drawing a line on the map. In all such cases, the so-called "owner" is nothing but a feudal lord, who with the state's help is in a position to collect tribute from the first person to homestead it with his own labor. In other words, a tax farmer who robs the legitimate first owner.

As that old disciple of Castro, Ludwig von Mises, put it in *Socialism*:

Nowhere and at no time has the large-scale ownership of land come into being through the working of economic forces in the market. It is the result of military and political effort. Founded by violence, it has been upheld by violence and by that alone. As soon as the latifundia are drawn into the sphere of market transactions they begin to crumble, until at last they disappear completely. Neither at their formation or in their maintenance have economic causes operated. The great landed fortunes did not arise through the economic superiority of large-scale ownership, but by violent annexation outside the area of trade... The non-economic origin of landed fortunes is clearly revealed by the fact that, as a rule, the expropriation by which they have been created in no way alters the manner of production. The old owner remains on the soil under a different legal title and continues to carry on production.

More recently, in *The Ethics of Liberty*, Murray Rothbard explained that

...THERE ARE TWO types of ethically invalid land titles: “feudalism,” in which there is continuing aggression by titleholders of land against peasants engaged in transforming the soil; and land-engrossing, where arbitrary claims to virgin land are used to keep first-transformers out of that land. We may call both of these aggressions “land monopoly”—not in the sense that some one person or group owns all the land in society, but in the sense that arbitrary privileges to land ownership are asserted in both cases, clashing with the libertarian rule of non-ownership of land except by actual transformers, their heirs, and their assigns.

Of course, as a mutualist I don’t share Rothbard’s Lockean views on property in land. The point, though, is that by either Lockean or mutualist standards, a great deal of existing property in land is completely illegitimate.

There is, believe it or not, a free market libertarian tradition that defends justly-acquired property, rather than reflexively identifying with the owners of all large property holdings as “our sort.” As Karl Hess put it in another *Libertarian Forum* article from 1970,

Because so many of its [the libertarian movement’s] people... have come from the right there remains about it at least an aura or, perhaps, miasma of defensiveness, as though its interests really center in, for instance, defending private property. The truth, of course, is that libertarianism wants to advance principles of property but that it in no way wishes to defend, willy nilly, all property which now is called private.

Much of that property is stolen. Much is of dubious title. All of it is deeply intertwined with an immoral, coercive state system which has condoned, built on, and profited from slavery; has expanded through and exploited a brutal and aggressive imperial and colonial foreign policy, and continues to hold the people in a roughly serf-master relationship to political-economic power concentrations.

Come to think of it, Rothbard referred with approval (in a footnote to the chapter quoted above) to the proposed “privatization” of Southern plantations by giving “forty acres and a mule” to former slaves.

Unfortunately, as Joseph Stromberg points out, the school of “libertarianism” that usually wins out under state capitalism is the one whose idea of the “free market” translates into “Them pore ole plantation owners need all the help they can get”:

Slavery had been abolished in Jamaica some thirty years earlier, but not everyone was happy with the resulting society. The 13,000 whites – out of a population of 440,000 – lived in constant fear of a revolt like that in Haiti (1791–1804). Many blacks, understandably tired of gang-work on plantations, even as free men receiving low wages, “squatted” on land in the hills, where they raised crops to support themselves. Rather than seeing this as a creative instance of Lockean homesteading, the British authorities lectured these would-be peasant farmers on their proper role in the market economy, which was to work for their former masters. When that didn’t work, soldiers burned the squatters’ villages from time to time, to encourage them to enter the real market – as defined by the authorities and the planters.

Fortunately, the authorities and planters of today have the CATO institute to put it all into scholarly language for them.

Incidentally, the right-wing furor to date has been a response entirely to Chavez's distribution of government land to peasants. Given such a strong reaction on the American Right to homesteading of government land by actual cultivators, one has to wonder how the so-called "Sagebrush Rebels" would react to the U.S. government opening up its lands to small-scale homesteading, instead of continuing to allow preferential access by mining, lumber, oil and agribusiness companies at heavily subsidized rates. A coup d'état, perhaps? The irony is that they'd probably get Milton Friedman to advise them, and the neocon think tanks would praise them to high heaven for restoring the "rule of law." They'd certainly get the imprimatur of Carlos Ball and other vulgar libertarians, whose idea of "market liberalism" is whoring for whatever benefits the rich.

Part 9 (or is it Part 1 Redux?)

The *Independent*'s article on sweatshop labor takes us right back to our starting point in the Vulgar Libertarianism Watch feature:

Economists across the political spectrum, from Paul Krugman on the left to Walter Williams on the right, have defended sweatshops. The economic reasoning is straightforward. People choose what is in their perceived best interests. If workers voluntarily choose to work in a sweatshop, without being physically coerced, it must be because it is their best option compared to their other even worse alternatives.

Admittedly, sweatshops have abhorrently low wages and poor working conditions by western standards. However, economists point out that alternatives to working in a sweatshop are often much worse; oftentimes scavenging through trash, prostitution, crime, or even starvation are the other choices workers face.

Sure. And if I stick the muzzle of a .45 in your belly, handing over your wallet might be your best option compared to your other even worse alternatives.

Whether physical coercion enters into the picture, in setting the “available alternatives” to sweatshop labor, is precisely the question at issue.

If the people working in sweatshops (or their parents or grandparents) were robbed of traditional property rights in agricultural land, in a modern replay of the enclosure movement, then I'd say that counts as physical coercion. If they are prevented from organizing independent labor unions, as a result of their authoritarian government's policy, that's physical coercion. And you'd better believe American sweatshops gravitate toward places where land robbery and death squad atrocities take place.

In fact, it's the very same kind of physical coercion that occurred in “laissez-faire” Britain during the Industrial Revolution: that other period in which, as vulgar libertarians like to point out endlessly, the “available alternatives” to the dark satanic mills were so unsatisfactory.

In the first installment of Vulgar Libertarianism Watch, I pointed out how frequently the term “available alternatives” seems to pop up in apologetics for modern sweatshops, and the sweatshops of early industrial Britain. The idea appears in Mises' defense of working conditions in the Industrial Revolution:

The factory owners did not have the power to compel anybody to take a factory job. They could only hire people who were ready to work for the wages offered to them. Low as these wage rates were, they were nonetheless much more than these paupers could earn in any other field open to them. [*Human Action*, Regnery Third Revised Edition, 619–20]

It appeared more recently in articles by Radley Balko, who described Third World sweatshops as “the best of a series of bad employment options available,” and Art Carden (on the Imolakee farm workers):

Wages are not foisted upon workers; they agree to pick tomatoes for “sub-poverty wages” for a reason. In a market economy, they do so because the ‘sub-poverty wages’ paid by Taco Bell suppliers are a better deal than anyone else is offering. It’s the same reason people line up for “sweatshop” jobs in developing countries. Far from contributing to “continued misery,” Taco Bell is making workers’ lives a little bit better by offering something better than their next-best option.

And in between, it has reared its ugly head in a long series of by-the-numbers boilerplate in *The Freeman: Ideas on Liberty*:

But are the “low-wage, non-union” Ecuadorian laborers better off working now for some foreign corporation? Apparently they think so, or else they would have stayed with what they were doing previously. (Would you leave your job for one with less pay and worse conditions?) [Barry Loberfeld. “A Race to the Bottom” (July 2001)]

People line up in China and Indonesia and Malaysia when American multinationals open a factory. And that is because even though the wages are low by American standards, the jobs created by those American firms are often some of the best jobs in those economies. [Russell Roberts. “The Pursuit of Happiness: Does Trade Exploit the Poorest of the Poor?” (September 2001)]

What the Industrial Revolution made possible, then, was for these people, who had nothing else to offer to the market, to be able to sell their labor to capitalists in exchange for wages. That is why they were able to survive at all... As Mises argues, the very fact that people took factory jobs in the first place indicates that these jobs, however distasteful to us, represented the best opportunity they had. [Thomas E. Woods, Jr. “A Myth Shattered: Mises, Hayek, and the Industrial Revolution” (November 2001)]

In nineteenth-century America, anti-sweatshop activism was focused on domestic manufacturing facilities that employed poor immigrant men, women, and children. Although conditions were horrendous, they provided a means for many of the country’s least-skilled people to earn livings. Typically, those who worked there did so because it was their best opportunity, given the choices available...

It is true that the wages earned by workers in developing nations are outrageously low compared to American wages, and their working conditions go counter to sensibilities in the rich, industrialized West. However, I have seen how the foreign-based opportunities are normally better than the local alternatives in case after case, from Central America to Southeast Asia. [Stephan Spath, “The Virtues of Sweatshops” (March 2002)]

If you’re a glutton for punishment, you can also call up an almighty long list of examples by Googling it.

Granted, there’s no gun immediately at the backs of Third World workers (at least for the most part), forcing them into the sweatshops. And there’s no sign over the gates that says “Arbeit macht frei.” But the coercion is there. It’s in the basic framework of rules, set largely by employers, that determines what the “available alternatives” are.

Another piece of corporate apologetics, whose central message amounts to “them pore ol’ bosses need all the help they can get.” And the pot-smoking Republicans wonder why it’s so hard to sell libertarian ideas to working people.

Part... 10? I'm Losing Count

Anyway, here it is *again*. Sigh. The “best available option” bromide has been, *once again*, hauled out in defense of sweatshops. This time the recyclers are Benjamin Powell and David Skarbek (via Catallarchy):

Though these efforts are intended to help poor workers in the third world, they actually hurt them...

Economists across the political spectrum, from Paul Krugman on the left, to Walter Williams on the right, have defended sweatshops. Their reasoning is straightforward: People choose what they perceive to be in their best interest. If workers voluntarily choose to work in sweatshops, without physical coercion, it must be because sweatshops are their best option...

I've already pointed out the flaws in this sorry excuse for an argument. The “best available options” are heavily influenced by authoritarian governments, by such means as land theft and draconian labor policies; and the corporations that use sweatshop labor tend to gravitate toward such authoritarian regimes, and often have incestuously close relations with those governments. People like Powell like to talk about the “best available option,” while ignoring the issue of employer *collusion* with authoritarian Third World governments in *determining* the range of options that are available. To borrow a metaphor from Harry Browne, corporate capital works through the state to break workers' legs, and then pats itself on the back for handing them a crutch: “See! Look at me! I've *provided* you a job! Ain't I wonderful?” It's only in societies where the producing classes have been robbed of the means of production, by the state, that work is viewed as something you're “given”—instead of something you *do*.

I think vulgar libertarians ought to have a special key for “best available option” on their keyboard, just to save time when they're churning out another piece of pro-sweatshop drivel for the mainstream press. If you want to see a very long series of examples of the “available alternatives” rhetoric, check out my inaugural post *Vulgar Libertarianism Watch, Part I*. It even includes several examples from *The Freeman: Ideas on Liberty* (see below).

Of course, Powell's CSM editorial is linked by Donald Boudreaux at Cafe Hayek. Boudreaux, a frequent writer of vulgar libertarian boilerplate himself at *The Freeman: Ideas on Liberty*, calls it “excellent.” Why am I not surprised?

Part 11

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Cameron Carswell at the Globalization Institute:

There is a myth that the status of the richer countries of the world has somehow come at the expense of the poorer ones, and that the only way for the poorer nations to climb the ladder is for massive transfers of wealth to occur.

This conflates two separate claims. If the status of the richer countries has come at the expense of the poorer ones through state intervention in the market, then the only way for the poorer nations to climb the ladder is to replace neo-mercantilist institutions like the World Bank, IMF, and WTO, and other forms of political intervention by the West, with a genuine Cobdenite free market. What the neoliberals call “free trade” is really Palmerstonianism: state loans to subsidize foreign capital investment by underwriting the operating expenses of plants overseas, and gun-boat diplomacy to prop up anti-labor governments and protect investments at taxpayer expense. Once again, I quote Joseph Stromberg:

For many in the US political and foreign policy Establishment, the formula for having free trade would go something like this: 1) Find yourself a global superpower; 2) have this superpower knock together the heads of all opponents and skeptics until everyone is playing by the same rules; 3) refer to this new imperial order as “free trade;” 4) talk quite a bit about “democracy.” This is the end of the story except for such possible corollaries as 1) never allow rival claimants to arise which might aspire to co-manage the system of “free trade”; 2) the global superpower rightfully in charge of world order must also control the world monetary system...

The formula outlined above was decidedly not the 18th and 19th-century liberal view of free trade. Free traders like Richard Cobden, John Bright, Frederic Bastiat, and Condy Raguet believed that free trade is the absence of barriers to goods crossing borders...

Classical free traders never thought it necessary to draw up thousands of pages of detailed regulations to implement free trade. They saw no need to fine-tune a sort of Gleichschaltung (co-ordination) of different nations’ labor laws, environmental regulations, and the host of other such issues dealt with by NAFTA, GATT, and so on. Clearly, there is a difference between free trade, considered as the repeal, by treaty or even unilaterally, of existing barriers to trade, and modern “free trade” which seems to require truckloads of regulations pondered over by legions of bureaucrats.

Carswell continues:

When a rich country trades with a poor one, the rich one gets richer, the other gets poorer. There is, according to this view, a fixed quantity of wealth...

Nonsense. All that “this view” requires is a state-enforced system of unequal exchange. By definition, state intervention in the market creates a zero sum game in which one party uses coercion to benefit at the other’s expense. The mutually beneficial, Pareto-optimal form of trade requires uncoerced exchange—about as far from the neoliberal regime as you can get.

Rather the development of China occurred due to a simple combination of a move toward free markets coupled with an opening of the country to foreign trade and investment. In short, China embraced globalization rather than trying to fence the world out, engaging in a massive programme of unilateral liberalization.

And political repression to keep sweatshop labor docile (there’s a reason the only union Wal-Mart likes is the Chinese state labor federation—you know, the one that belonging to won’t get you committed to a mental hospital); to protect industrial polluters from liability to local communities; and to suppress protests against the seizure of ordinary people’s land to give to politically connected businesses:

Each week brings news of at least one or two incidents, with thousands of villagers in a pitched battle with the police, or bloody crackdowns in which hundreds of protesters are tear-gassed and clubbed during roundups by the police. And by the government’s own official tally, hundreds of these events each week escape wider public attention altogether...

Last week, for example, the government announced it was setting up special police units in 36 cities to put down riots and counter what the authorities say is the threat of terrorism...

The entire campaign appears to have been kicked off with a strongly worded recent editorial, published in People’s Daily, the Communist Party’s mouthpiece, under the headline “Maintain Stability to Speed Development.” The commentary warned citizens to obey the law, saying threats to social order would not be tolerated.

In the last two weeks, the demonstrations have come to Shanghai, a showcase city that is among the country’s most tightly policed, and where public protests are relatively rare.

Day after day recently, the angry complaints of citizens could be heard in the heart of downtown here, especially across the street from the elegant exhibition center where city government was in session. In one protest, middle-aged residents invoked rebellious slogans from their youth during the Cultural Revolution, reportedly saying things like “to rebel is just” as they denounced summary evictions to make way for high-rise developers and demanded fair compensation...

In China, cases of dangerous industrial pollution are rife, even if their full human toll is not yet known. But local authorities often side with industrial interests, and the courts provide little relief...

Golly, aren't "free markets" grand?

This serves as a reminder that those countries that accept the globalization process can expect to be rewarded with higher living standards and rates of economic growth, and illustrates the fact that a country can create wealth, and such gains do not come at the expense of other nations.

Another mindless identification of "the globalization process" with free trade and free markets, regardless of who's paying for it. Get this through your head: increased "trade" is good only if it's worth it to people voluntarily spending their own money, and internalizing all their own risks and costs, without government protection or subsidies. "Trade" that exists because of government efforts to make it artificially profitable is nothing but parasitism and theft.

I close with a quote from Sean Gabb:

If you think that I came here tonight to defend multinational corporations and the international government institutions, you have chosen the wrong person. These are dishonest. They are corrupt. They are incompetent. They have blood on their hands.

But do not suppose for a moment that the world trading order as it actually exists is liberal or more than incidentally connected with free markets. A free market is a place where individuals and groups of individuals come together to transact voluntary exchanges without any backing of government force. To call the actually existing order liberal – or "neo-liberal" – is as taxonomically accurate as calling the old Soviet Communist Party syndicalist. That order is based on tariffs, subsidies and a web of other often invisible regulations. The international institutions are a projection of Western states. The multinational corporations are creatures of these states. They shelter behind the privilege of limited liability. They get their political friends to cartelise markets, and do favours in return.

This is not market liberalism. It is a fraud played on us all by our ruling classes – these being those politicians, bureaucrats, educators, lawyers and media and business people who derive wealth, power and status from an enlarged and activist state.

Please note, Mr. Carswell: *that* is what free market advocacy—as opposed to by-the-numbers corporate agitprop—looks like!

Part 12 (but this ought to count for two or three, at least)

What to make of this?

The expansion of human creativity, wealth and liberty made possible by the digital revolution will best be accomplished in a world respectful of property rights, writes The Progress & Freedom Foundation President Ray Gifford. In the Progress on Point “The Place for Property and Commons,” Gifford cites the agricultural and industrial revolutions of the 18th and 19th centuries, and in particular the “enclosure movement” in England in the 18th century, to demonstrate that progress and societal well-being can result from a greater emphasis on property rights and the return those rights give to producers...

The digital revolution, writes Gifford, is leading to massive increases in wealth and productivity, as well as changes to the social and political structures of our age, just as the agricultural and industrial revolutions did in their time. But those in the commons movement are mistaken in arguing that the digital revolution threatens to foreclose knowledge or innovation. When English common land was enclosed for more efficient private farming, this shift to a property rights model created a manifold increase in food production, as well as a new labor force that fueled the industrial revolution.

The “return... to producers” bit is especially hilarious, by the way. The enclosures were aimed precisely at *reducing* the return to producers to the smallest amount feasible—a fact that Gifford can verify for himself by a simple survey of the contemporary pro-enclosure literature. The employing classes of that day did everything but twirl their moustaches, chortle “We are evil, heh heh,” and tie Little Nell to the train tracks.

In his speech itself, Gifford facetiously describes the enclosures as “stronger property rights in land”—as opposed to “the old rules of peasants eking out a living on the commons.” Now, some backward-thinking folks might say that those “old rules” *were* property rights, and that enclosures were a *violation* of those property rights. It resulted in “stronger property rights in land,” all right: stronger property rights for the thief over his stolen loot.

And naturally, Gifford can’t resist defending the robbery on the grounds that the thieves made better use of the property (supposedly scientific farming would never have come about, otherwise). Hmm... that’s pretty much what the state of Connecticut was saying in the *Kelo* case, I believe.

What Gifford calls “property” in the digital sphere is an example of what Hodgskin called an “artificial,” as opposed to a “natural,” right of property. Property in tangibles and land is rooted in the fact of physical reality that two objects cannot occupy the same space at the same time.

My wallet cannot be in my pocket and yours at the same time. And when I occupy a piece of ground, and homestead it with my labor, it precludes your doing the same. By the very fact of maintaining my occupancy, I am at the same time excluding others. And I can call on my neighbors, if necessary, to support me in maintaining my occupancy against any attempt to dispossess me.

“Intellectual property” [sic], on the other hand, is a state-granted monopoly on something that is not finite by nature, and can be used by an unlimited number of people at the same time. And unlike tangible property, I cannot defend intellectual “property” rights by the mere fact of possession. In fact, I have to call on the state to invade *someone else’s* space and coercively prevent him from arranging *his own* tangible property in a configuration, or using it to organize information in a configuration, over which the state has granted me a monopoly. Would-be enforcers of “intellectual property” find that there’s always a way around their measures, requiring ever more intrusive forms of surveillance to control what we can do with our own stuff. The intrusive measures haven’t yet reached this level of absurdity—but give it time.

Intellectual property, in other words, is theft. Gifford comes close to admitting as much himself:

What do I mean by “legislative regulation?” Of course, in one sense, all rights are contingent upon their enforcement by the state. However, in the digital sphere, these rights are acutely the prerogative of the legislative sphere, and its extension, the administrative sphere. Thus, property rights for network owners are contingent upon their construction by the FCC and the state utility commissions. Can you, as a network owner, exclude certain content or uses of your network? That is a question for the FCC to answer. And then there is copyright and patent law, which constitutionally are matters for legislative regulation. The Congress gets to define the parameters of these intangible property rights, and their terms too.

In other words, they’re just some shit somebody made up.

I contrast this “legislative regulation” with “rule of law regulation.” Though admittedly a matter of degree and not kind, “rule of law regulation” as experienced through common law norms of property and contract and enforced through the formalism of courts is more stable and, well, normative than the less fixed legislative regulation.

This fact of legislative regulation in turn means there is intense pressure and grand incentives to seek definitions of the rights favorable to a given interest. There is, in other words, an enhanced incentive in the world of legislative regulation for rentseeking. Furthermore, there is less stability in the rights defined under legislative regulation, because they are always contingent upon the next session of congress or the next meeting of the regulatory commission.

You don’t say! “Rentseeking”... could you describe that for us, Mr. Gifford? You wouldn’t have heard of something called the RIAA, would you, Mr. Gifford?

There really *is* a parallel between the enclosures and digital copyright law: both are cases of privileged interests acting through the state to rob people of *genuine* property rights.

Shameless apologetics for the rich and powerful, wrapped up in faux populism. Isn’t one Tom Friedman enough?

Hat tip to Jesse Walker, who forwarded the link and suggested it might be just the thing for another “Vulgar Libertarianism” piece.

Part 13

Jeffrey Tucker's post at Mises Blog includes this howler:

In 1900, 40% of Americans worked on farms. Today it is only 3%. This is progress. It really is. What's more, it represents the results of choice. No one was ever forced to leave a farm. They choose to leave to undertake more socially useful and economically profitable endeavors.

Nobody was ever forced to leave a farm!!?? That sounds an awful lot like the vulgar libertarian argument that all those happy darkies choose to work in sweatshops because they're the "best available alternative." In the comment thread, P. M. Lawrence responds, in part:

(2) It is not true that wherever and whenever people were given the choice they chose urban life over agriculture. The Highland Clearances and Irish Evictions forced people into the cities. One natural experiment — Leverburgh — showed that when crofting remained an alternative, Scottish islanders stayed away from the factory in droves. Also, historically, cities like Antioch were stocked by compulsorily settling local peasantry as well as Macedonian veterans...

(4) Most rural people, if not oppressed by rents and/or taxes, were effectively free peasant proprietors; the comparison should be with those who stayed, not with those like the ploughboy who left. Even those were often demographically different from not having inherited yet, rather than part of a landless underclass (both cases existed). From what little we can reliably infer, unless someone is carrying an extra burden or being forced onto marginal land that yields with work, subsistence farming is a comfortable 20 hours per week...

Tucker, in response, conceded that some examples of forced industrialization existed—the best-known among them being Stalinist Russia and the American south after the Civil War. So, apparently, some people really were forced to, you know, *leave the farm*. Another example of forced industrialization that readers of E.P. Thompson, J.L. and Barbara Hammond, and the like might be familiar with is the Industrial Revolution in Britain. You know, those little matters of the enclosures, the laws of settlement, the combination laws, an internal passport system coupled with slave auctions by the parish Poor Law overseers, and so forth; but *other than that*, everything was completely voluntary and non-coercive!

So Tucker's fallback position, it seems, is nobody was ever forced to leave a farm, unless they were forced to leave a farm.

Part 14

Here's a great quote from Benjamin Tucker, his critique of the later Herbert Spencer, that reminds me of my own criticisms of vulgar libertarianism:

He is making a wholesale onslaught on Socialism as the incarnation of the doctrine of State omnipotence carried to its highest power. And I am not sure he is quite honest in this. I begin to be a little suspicious of him. It seems as if he had forgotten the teachings of his earlier writings, and had become a champion of the capitalistic class... amid his multitudinous illustrations... of the evils of legislatoin, he in every instance cites some law passed ostensibly at least to protect labor, alleviating suffering, or promote the people's welfare. But never once does he call attention to the far more deadly and deep-seated evils growing out of the innumerable laws creating privilege and sustaining monopoly (*Liberty*, May 17, 1884).

In my inaugural post on this blog, and the first installment of my recurring "Vulgar Libertarianism Watch" feature, I quoted a passage from Mutualist Political Economy on the defining characteristics of the vulgar libertarian:

This school of libertarianism has inscribed on its banner the reactionary watchword: "Them pore ole bosses need all the help they can get." For every imaginable policy issue, the good guys and bad guys can be predicted with ease, by simply inverting the slogan of Animal Farm: "Two legs good, four legs baaaad." In every case, the good guys, the sacrificial victims of the Progressive State, are the rich and powerful. The bad guys are the consumer and the worker, acting to enrich themselves from the public treasury. As one of the most egregious examples of this tendency, consider Ayn Rand's characterization of big business as an "oppressed minority," and of the Military-Industrial Complex as a "myth or worse."

The ideal "free market" society of such people, it seems, is simply actually existing capitalism, minus the regulatory and welfare state: a hyper-thyroidal version of nineteenth century robber baron capitalism, perhaps; or better yet, a society "reformed" by the likes of Pinochet, the Dionysius to whom Milton Friedman and the Chicago Boys played Aristotle.

Vulgar libertarian apologists for capitalism use the term "free market" in an equivocal sense: they seem to have trouble remembering, from one moment to the next, whether they're defending actually existing capitalism or free market principles. So we get the standard boilerplate article in *The Freeman* arguing that the rich can't get rich at the expense of the poor, because "that's not how the free market works"—implicitly assuming that this is a free market. When prodded, they'll grudgingly admit that the present system is not a free market, and that it includes a lot of state

intervention on behalf of the rich. But as soon as they think they can get away with it, they go right back to defending the wealth of existing corporations on the basis of “free market principles.”

[Note, as Gene Callahan pointed out, I mixed my classical metaphors—it should have been *Plato* and Dionysius, not Aristotle.]

If you want to see some textbook examples of that last vulgar libertarian trait, the equivocal use of “free market,” you can find at least three of them in an article by John Semmens in the October issue of *The Freeman: Ideas on Liberty*: “Wal-Mart Is Good for the Economy”:

Since competition in the free market is continuous, today’s losers can be tomorrow’s winners. Instead of fomenting political opposition to Wal-Mart, its rivals should be improving their own game...

Ideologues who rant against Wal-Mart do not understand economics. In a market economy, success goes to those businesses that best and most efficiently serve consumer needs...

The free market requires that transactions be carried out voluntarily between the parties. No one is forced to work for Wal-Mart. The wages it pays must be adequate to secure the services of its employees...

Semmens manages to drag out the old “next-best alternative” chestnut so dear to sweatshop apologists, which was the target of the first installment of “Vulgar Libertarianism Watch”:

So as bad as these “sweatshop” wages and working conditions may appear to Americans who have a fabulous array of lucrative employment opportunities, they are obviously superior to the alternatives that inhabitants of less-developed economies are offered. If the “sweatshop” jobs weren’t superior, people wouldn’t take them.

As I wrote in that first post, this argument neglects the fundamental question of just *why* the other alternatives are so shitty, and whether there might be some collusion between sweatshop employers and the state in determining what range of alternatives is available.

Semmens also seems to think the labor relations rules are slanted in favor of organized labor. Um, perhaps he’s heard of something called Taft-Hartley? He also displays a fundamental misunderstanding of the union shop, treating it as a creature of NLRB regulations. In fact, the union shop can be established by simple contract between management and the union local. Prohibiting the union shop, by impairing the right of free contract, is what requires government intervention (i.e., the so-called “right to work” law). Here’s Benjamin Tucker’s view of management-labor relations, with which I heartily concur:

...It is not enough, however true, to say that, “if a man has labor to sell, he must find some one with money to buy it”; it is necessary to add the much more important truth that, if a man has labor to sell, he has a right to a free market in which to sell it, — a market in which no one shall be prevented by restrictive laws from honestly obtaining the money to buy it. If the man with labor to sell has not this free market, then his liberty is violated and his property virtually taken from him. Now, such

a market has constantly been denied, not only to the laborers at Homestead, but to the laborers of the entire civilized world. And the men who have denied it are the Andrew Carnegies. Capitalists of whom this Pittsburgh forge-master is a typical representative have placed and kept upon the statute-books all sorts of prohibitions and taxes (of which the customs tariff is among the least harmful) designed to limit and effective in limiting the number of bidders for the labor of those who have labor to sell...

...Let Carnegie, Dana & Co. first see to it that every law in violation of equal liberty is removed from the statute-books. If, after that, any laborers shall interfere with the rights of their employers, or shall use force upon inoffensive "scabs," or shall attack their employers' watchmen, whether these be Pinkerton detectives, sheriff's deputies, or the State militia, I pledge myself that, as an Anarchist and in consequence of my Anarchistic faith, I will be among the first to volunteer as a member of a force to repress these disturbers of order and, if necessary, sweep them from the earth. But while these invasive laws remain, I must view every forcible conflict that arises as the consequence of an original violation of liberty on the part of the employing classes, and, if any sweeping is done, may the laborers hold the broom! Still, while my sympathies thus go with the under dog, I shall never cease to proclaim my conviction that the annihilation of neither party can secure justice, and that the only effective sweeping will be that which clears from the statute-book every restriction of the freedom of the market...

Finally, Semmens lauds Wal-Mart for its charitable contributions:

Wal-Mart runs the largest corporate cash-giving foundation in America. In 2004 Wal-Mart donated over \$170 million. More than 90 percent of these donations went to charities in the communities served by Wal-Mart stores.

But if Wal-Mart's profit isn't the reward of superior virtue, as Semmens contends, then his admiration for their corporal works of mercy may be somewhat misplaced. As I've heard from more than one native Ozarker, if they weren't such crooks in the first place, they might not have so much money to give away. After reading that, I couldn't resist dusting of my copy of Thompson's *The Making of the English Working Class* for one of my favorite quotes. As a group of textile workers passed a chapel built by their mill-owner, Mr. Sutcliffe, one of the workers

looked towards the chapel and wished that it might sink into hell, and Mr. Sutcliffe go with it.

The narrator of the anecdote remonstrated with him, apparently to little effect:

I said it was too bad, as Mr. Sutcliffe had built the chapel for their good. "Damn him," said another, "I know him, I have had a swatch of him, and a corner of that chapel is mine, and it all belongs to his workpeople.

Note—Although more than one writer for *The Freeman* has been in my crosshairs in previous editions of this feature, I should add the caveat that this is called *Vulgar Libertarianism*, not

Libertarian, Watch for a reason. With the possible exception of the Adam Smith Institute's blog, which may be beyond redemption, nobody is ever consistently vulgar libertarian. I learned that lesson with Alex Singleton, another of my frequent targets, who himself got fragged by some disgruntled vulgar libertarians for going wobbly on drug patents and other IP issues (check out the new Pharmopoly blog, by the way). *The Freeman* often mixes vulgar libertarian chaff like my blog-fodder above with some nourishing kernels of genuine wheat by (for example) Roderick Long and Chris Sciabarra. Just thought I ought to throw in that disclaimer, especially since I got a nice email from *The Freeman* editor Sheldon Richman today, and I don't want to seem *too* churlish.

Part 15: Lula and Chavez and Morales, Oh My!

There's been a lot of right-wing pissing and moaning out there recently about Venezuela and Bolivia, a lot of it under "free market" colors. First off, Doug Allen at Catallarchy:

Add another anti-US leftist [Evo Morales] to the Latin American leader list.

Well, for anyone who's just emerged from a time warp and has a century worth of news to catch up on, I'd say the Latin American left has some pretty fucking good *reasons* to be anti-US. In the comments to the same post, Jonathan Wilde identifies Hugo Chavez as

the latest in a long tradition of South American populist thugs like Allende and Lula.

Well, golly, we can't have any of those *thugs* in South America now, can we? Given the vast number of individuals who might have deserved that epithet in recent Latin American history, Wilde's singling out of Allende and Lula speaks volumes. First, consider the wide range of political forces in Latin America over the past half century or so; the single biggest, probably, is the U.S. government—the Marines, CIA, and School of the Americas, inter alia. Next, consider the governments installed by the U.S. over the same period by means of those same interventionist forces, starting with the intervention in Guatemala in 1954, continuing through the Brazilian coup in the 1960s, the overthrow of Allende, Operation Condor, and the tens upon tens of thousands of people murdered by U.S.-supported death squads in the 1980s. Finally, consider that the two most prominent political figures in Chile alone in the past 35 years have been Allende and Pinochet. The choice of Allende and Lula as exemplary "thugs," in such a context, indicates (to put it mildly) a rather idiosyncratic view of reality.

MaxSpeak quotes a similar piece of invective against Chavez from the *Washington Post*: Jackson Diehl, "Our Latin Conundrum"

The year ended with a string of reverses. In a regional summit in Mar del Plata, Argentina, in November, President Bush was jeered by demonstrators and taunted by Venezuela's Hugo Chavez, who aspires to make Latin America anti-American and anti-democratic. He was seconded by Argentina's Nestor Kirchner, who in the past few weeks has moved from the hemisphere's camp of moderate democratic leftists toward Chavez's "revolutionary" embrace.

Then came the Chavez-backed victory in Bolivia of Evo Morales, a former llama herder and coca farmer who describes himself as Washington's "nightmare." Lacking any coherent policies of his own, Morales will probably take instruction from Chavez, Kirchner and Fidel Castro — who at age 79 must believe he is finally seeing the

emergence of the totalitarian bloc he and Che Guevara tried and failed to create in the 1960s...

In the short term, however, much of Latin America is going to be an unfriendly place for liberal ideas and free markets — and with them the United States.

Most of Latin America has been an unfriendly place for liberal ideas and free markets for decades—and their worst enemies have been the people who throw around the term “free market” the most. MaxSpeak comments:

If you start counting you find relatively few right-wing outfits in control. This is bad. Liberal governments start to question previous arrangements for ownership of their nations’ resources. They take a jaundiced view of privatization. They’re not happy about paying extortion for the use of patents and copyrights. They don’t like the IMF’s regime of parasitic financial monopoly. This all makes them hostile to “liberal ideas and free markets.” [sic] Who wouldn’t be. Bully for them.

Hugo Chavez wins elections and the U.S. supports coups-d’etat, and Chavez is “anti-democratic.” Beautiful. The electoral victories of the Left pave the way for a Castroite “totalitarian bloc.” Chavez is a pain for contemplating a regional television network, but it’s fine for the VOA to do its number anywhere in the world. Oh for the Washington-supported dictatorships of yesteryear.

MaxSpeak gets to the heart of the matter. I suspect that for Diehl, as well as for Allen, questioning “previous arrangements for ownership of... resources,” reconsidering the benefits of faux privatization (aka looting) via insider deals with politically connected financial elites, and refusing to pay extortion for patents and copyrights is the very *definition* of “unfriendly... for free markets.”

But none of those things really has much to do with free markets, now, does it? Any time a leftist land reform threatens the power of the latifundia owners to extract rent from the majority of people actually cultivate the land, the Catoids squeal like stuck pigs over “property rights.” But in fact that land belongs to the people who appropriated it with their labor, not to a statist class of landlords, and the Catoids are just pimping free market principles for the defense of the mercantilist corporations—the institution at the center of the single greatest concentration of statist power in the world today.

So Chavez, Lula and Morales are hostile to the Catoid/ASI version of “free markets.” They’re probably hostile to *real* free markets as well. But they can’t possibly be any more hostile toward *real* free markets than are the neoliberal swine from whose filthy mouths the words “free market” most commonly issue. If they’re hostile to free markets, then more damnation to the corporate apologists who’ve deliberately tainted the term by association with their shameless defense of corporate power.

To put Morales’ anti-US thuggery in context, we’d do well to consider the track record of *pro*-US (or more accurately, US-installed) thuggery that previously existed. Mark Monson, on the Land Theory yahoogroup, linked to an excellent article by Leila Lu on the concentration of landed property in a tiny number of latifundia, going back to colonial times.

In Latin America alone, since WWII, the U.S. neoliberal empire has probably overthrown and replaced more governments than any other empire in history. In just about every case, its enemies were the people actually working the land. And in just about every case, the “pro-US”

forces put in power were the landlord oligarchies, the right-wing paramilitaries, and the death squads: in other words, the kind of “pro-market” forces who deal with peasant activists, cooperative leaders, and independent labor organizers by working on their testicles with pliers, by torturing, murdering, and disappearing them, or by leaving their mutilated bodies to be found in a ditch and thus keep the workers and peasants properly terrorized and docile.

In a recent comment thread, troutsy asked for my opinion of Chavez. OK, here it is: he’s certainly not especially market-friendly, as Latin American pols go. But he’s certainly *no more* market-*unfriendly* than the corporate mercantilists who use gunboat diplomacy to make the world safe for corporate rule, and then profane the words “free market” and “free trade” with their stinking pie-holes.

I don’t believe Chavez’s intervention on behalf of the cooperative economy and local counter-institutions is sustainable in the long run. In the end, these institutions must be able to survive in a free market without state inputs if they are to be viable. But the practical effect of Chavez’s current state intervention is merely to countervail the previous fifty years of intervention *against* peasant proprietorship, and *against* economic institutions controlled by ordinary people, and thus to partially cancel out the legacy benefits currently enjoyed by the giant transnationals. So while I can’t applaud his statism, I can’t exactly work up much moral outrage over the poor, picked-on corporations that are squealing so much about his “thuggery” and enmity toward “free markets.”

If Chavez and Lula are “thugs,” then so were the political leaders installed by the transnational corporations over the past fifty years. And equally thugs, likewise, have been the corporations which profited from the rule of those thugs this past half century, and which now seek to regain power by *coup* if necessary to keep their statist corporate welfare gravy train from being cut off.

If Chavez and the agribusiness, oil, software, and other corporations wind up fighting each other to a standstill, the end result is likely to be better (and more legitimately free market) than the previous situation, in which those corporations had unchallenged hegemony. I figure that the practical effect of Chavez’s anti-corporate statism, following on the heels of fifty years of much greater pro-corporate statism, might just possibly be for the two to cancel each other out. Maybe when the dust settles, the final outcome might leave in place a network of cooperatives and local social economy institutions that really *can* survive in the free market. Such a network of cooperative institutions, if it survives Chavez, can’t possibly be any *less* libertarian than the existing transnational corporations that too many “libertarians” instinctively identify with.

Part 16 (Misoids take on distributism)

Thomas Woods. "What's Wrong with 'Distributism'"

Even granting the distributist premise that smaller businesses have been swallowed up by larger firms, it is by no means obvious that it is always preferable for a man to operate his own business rather than to work for another. It may well be that a man is better able to care for his family precisely if he does not own his own business or work the backbreaking schedule of running his own farm, partially because he is not ruined if the enterprise for which he works should have to close, and partially because he doubtless enjoys more leisure time that he can spend with his family than if he had the cares and responsibilities of his own business. Surely, therefore, we are dealing here with a matter for individual circumstances rather than crude generalization.

This makes the unwarranted assumption that working for someone else is the only way of reducing risk, as opposed to cooperative ownership, federation, etc.. It assumes, as a basic premise, the very thing that distributism objects to: that capital is concentrated in the hands of a few owners who hire wage labor, instead of widely distributed among the general population who pool it through cooperative mechanisms.

And the proper contrast is not between the work schedule of an American farmer, producing for a capitalist commodity market, despite the hindrances of banks and railroads, versus the early 19th century factory labor. The proper contrast is between a laborer making a subsistence living off a small family plot with access to a common, and supplementing his income when necessary with wage labor, versus that same factory worker. To compare the hours and quality of work of a genuine subsistence farmer with the mind-numbing 12- or 14-hour days in a dark satanic mill is a joke.

Suppose, moreover, that "distributism" had been in effect as the Industrial Revolution was developing in Britain in the late 18th century. We would have heard ceaseless laments regarding the increasing concentration of economic power and the dramatic growth in the number people working for wages. What we probably wouldn't have heard about was the actual condition of those people who were seeking employment in the factories. They weren't lucky enough to be able to make a profitable living in agriculture, and their families had not provided them with the tools necessary to enter an independent trade and operate one of the small shops that delight the distributist.

Had they not had the opportunity to work for a wage, therefore, they and their families would simply have starved. It is as simple as that. Capitalism, and not distributism, literally saved these people from utter destitution and made possible

the enormous growth in population, in life expectancy, in health, and in living standards more generally that England experienced at the time and which later spread to western Europe at large...

To back this up, Woods quotes Mises and Hayek with variations on the “best available alternative” defense of working conditions in the early industrial revolution. That argument was the subject of my first “Vulgar Libertarianism Watch” piece. As I showed then, it is *not* “as simple as that.” And “luck” had nothing to do with it—the land expropriations of the 17th and 18th centuries, and the “downsizing” of the agricultural population, were a case of the propertied classes making their own “luck.” And the story if this, their luck, is written in letters of fire and blood.

Those who care to support locally based and smaller-scale agriculture have already been doing so for two decades now by means of community-supported agriculture, which is booming. On a purely voluntary basis, people who wish to support local agriculture pay several hundred dollars at the beginning of the year to provide the farmer with the capital he needs; they then receive locally grown produce for the rest of the year. The organizers of this movement, rather than wasting their time and ours complaining about the need for state intervention, actually did something: they put together a voluntary program that has enjoyed considerable success across the country. Perhaps, if distributists feel as strongly about their position as they claim, this example can provide a model of how their time might be better spent.

This is one thing I agree with, sort of. Belloc strikes me as profoundly pessimistic. He assumed that concentration of property in a few hands was the natural tendency of a free market, and that state intervention was needed to reverse that natural process. In fact, the concentration of wealth is overwhelmingly owing to existing state intervention. The working of a free market would break it up. Belloc might have been more optimistic had he seen the free market as working in favor of distributism rather than against it.

What wouldn't be a “waste of time,” though, would be for the community-supported agriculture movement to lobby for an end to the subsidies and other competitive advantages the federal government provides to corporate agribusiness.

To the extent that the anti-corporate Left sees state intervention as necessary to break the present power of big business, it's owing to the fact (as Nock said), that vulgar libertarians and state socialists have a common interest in obscuring the nature of the present system. Vulgar libertarian apologists for big business like to pretend that the current winners got that way through superior efficiency in the market. And state socialists like to pretend, likewise, that a bureaucratic apparatus controlled by themselves is the only way to counter the natural outgrowth of big business from the free market.

Part 17

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Cato Unbound recently promoted an essay by William Easterly, “Why Aid Doesn’t Work,” as an attempt to “kick off” a blogospheric “conversation” on the issue.

Implicit in Easterly’s essay is the assumption that “globalization” is the result of pro-market policies, rather than state intervention on behalf of transnational corporations:

Economic development happens, not through aid, but through the homegrown efforts of entrepreneurs and social and political reformers. While the West was agonizing over a few tens of billion dollars in aid, the citizens of India and China raised their own incomes by \$715 billion by their own efforts in free markets.

Silly me. I thought China had encouraged foreign investment through corporate welfare, like expropriating village land for industrial parks, and sweatshop-friendly labor policies, like forcible suppression of independent labor unions.

Easterly also implicitly assumes that the kind of “structural adjustment” demanded by the Bretton Woods agencies is equivalent to “free market reform”:

Dozens of “structural adjustment” loans (aid loans conditional on policy reforms) made to Africa, the former Soviet Union, and Latin America, only to see the failure of both policy reform and economic growth. The evidence suggests that aid results in less democratic and honest government, not more.

In fact, as I’ve repeatedly argued (see, for example, “The Neoliberal Myth of Small Government”), most of the “reforms” pushed by the IMF and World Bank are just warmed-over state capitalism.

Take so-called “privatization,” for example. Here’s how Sean Corrigan, a columnist at LewRockwell.Com described the process a few years ago:

Does he [Treasury Secretary O’Neill] not know that the whole IMF-US Treasury carpet-bagging strategy of full-spectrum dominance is based on promoting unproductive government-led indebtedness abroad, at increasingly usurious rates of interest, and then—either before or, more often these days, after, the point of default—bailing out the Western banks who have been the agents provocateurs of this financial Operation Overlord, with newly-minted dollars, to the detriment of the citizenry at home?

Is he not aware that, subsequent to the collapse, these latter-day Reconstructionists must be allowed to swoop and to buy controlling ownership stakes in resources and productive capital made ludicrously cheap by devaluation, or outright monetary collapse?

Does he not understand that he must simultaneously coerce the target nation into sweating its people to churn out export goods in order to service the newly refinanced debt, in addition to piling up excess dollar reserves as a supposed bulwark against future speculative attacks (usually financed by the same Western banks' lending to their Special Forces colleagues at the macro hedge funds) — thus ensuring the reverse mercantilism of Rubinomics is maintained?

Joseph Stromberg, another Rothbardian free marketer, characterized most privatization as “funny auctions, that amounted to new expropriations by domestic and foreign investors...”

And as Nicholas Hildyard pointed out, the privatization is only nominal. It leaves a larger share of functions under nominally private direction, but operating within a web of protections, advantages and subsidies largely defined by the state:

While the privatisation of state industries and assets has certainly cut down the direct involvement of the state in the production and distribution of many goods and services, the process has been accompanied by new state regulations, subsidies and institutions aimed at introducing and entrenching a “favourable environment” for the newly-privatised industries.

As on the mark as these three critics are, there are a few points I'd add. First, the state assets to be “privatized” are often infrastructure, built with World Bank loans, whose main purpose was to make foreign capital investments profitable. Second, the debt acquired to build that infrastructure is used to blackmail the local government into adopting neoliberal structural adjustment “reforms” that include selling the same infrastructure, to the same politically connected international investors, for pennies on the dollar. Third, to entice foreign capital into buying the assets, the local government often has to spend more money to make them saleable than they get from the proceeds. Fourth, the new owners' first order of business is usually systematic asset-stripping, resulting in far more money than they paid for the “privatized” property. In other words, what we're really talking about is *looting*.

Easterly, finally, tosses around the generic term “aid” as though it referred mainly to aid to the poor (as Eric Cartman might say, “a bunch of tree-hugging hippie crap”), when in fact the majority of Western foreign aid and loans from multilateral financial bodies has been corporate welfare to Western corporations. The World Bank was created, originally, to subsidize the export of surplus capital. And the majority of its loans have been, as we saw above, for the transportation and utility infrastructure needed to make Western capital investments profitable. According to Gabriel Kolko's 1988 estimate [*Confronting the Third World: United States Foreign Policy 1945–1980*], almost two thirds of the World Bank's loans since its inception had gone to transportation and power infrastructure. A laudatory Treasury Department report referred to such infrastructure projects (comprising some 48% of lending in FY 1980) as “externalities” to business, and spoke glowingly of the benefits of such projects in promoting the expansion of business into large market areas and the consolidation and commercialization of agriculture [Dept. of the Treasury. *United States Participation in the Multilateral Development Banks in the 1980s* (GPO, 1982)].

So what kinds of genuinely free market policies could the West undertake to promote prosperity in the Third World? Here are a few, for starters:

1. Western governments should support *genuine* property rights in the land. That is, they should stop siding with the Latifundistas and other landed oligarchies against land reform, and support strengthening of the peasantry's traditional tenure rights in the land. The history of American foreign policy in the Third World, unfortunately, is pretty accurately symbolized by its intervention on behalf of United Fruit Company in Guatemala: decades of collusion between landlord and general oligarchies, American agribusiness interests, and the U.S. national security establishment. Murray Rothbard, a libertarian considerably less prone than the Catoids to confuse "property rights" and the "free market" with plutocratic interests, acknowledged that most "property rights" in the Third World were really what Thomas Hodgskin called "artificial" and Albert Jay Nock called "law-made" (see "Rothbard on Feudalism and Land Reform") Such property claims, descended largely from state grants of land under colonial regimes, came at the expense of the legitimate property rights of the peasants who had appropriated the land through their own labor.

One reason Third World labor is willing to work in sweatshops as their "best available alternative" is that they've been forcibly deprived of any better alternative. If the countless land expropriations of recent decades had not taken place, if the property rights of peasant cultivators had been upheld against quasi-feudal property rights based on state land grants to absentee landlords, if hundreds of millions of now landless laborers still had independent access to subsistence farming, the bargaining position of labor against Wal-Mart's suppliers would be considerably different. As was the case with the enclosures in Britain, employers find it a lot harder to get cheap labor when workers have independent access to the means of production. Some factual questions were recently raised about Ellennita Muetze Hellmer's *JLS* article "Establishing Government Accountability in the Anti-Sweatshop Campaign," but that shouldn't obscure the validity of her central point: it's disingenuous for sweatshop employers to congratulate themselves on providing crutches to destitute Third World laborers when they've colluded with government in breaking their legs in the first place.

2. Repudiate international "intellectual property" accords. The central motivation behind the GATT intellectual property regime was to permanently lock in the collective monopoly of advanced production technology by TNCs, and impede the rise of independent competition in the Third World. It would, as Martin Khor wrote, "effectively prevent the diffusion of technology to the Third World, and would tremendously increase monopoly royalties of the TNCs whilst curbing the potential development of Third World technology." The developed world pushed particularly hard to protect industries relying on or producing "generic technologies," and to restrict diffusion of "dual use" technologies. Not to put too fine a point on it, the aim of international "intellectual property" law is to lock the Third World into a permanent status of global sweatshop, hewers of wood and drawers of water for Western capital [Martin Khor, *The Uruguay Round and Third World Sovereignty* (Penang, Malaysia: Third World Network, 1990); Chakravarthi Raghavan, *Recolonization: GATT, the Uruguay Round & the Third World* (Penang, Malaysia: Third World Network, 1990)].

3. Replace the phony neoliberal version of "privatization" with the real thing—that is, privatization based on respect for the property rights of the taxpayers whose sweat equity is embodied in the assets. Murray Rothbard argued that state property should be treated as "unowned" in the Lockean sense, and subject to homesteading by those actually mixing their labor with it ["Confiscation and the Homestead Principle," *Libertarian Forum* June 15, 1969]. In the case of public utilities, that means organizing them either as producers' co-ops under the control of workers'

syndicates, or consumer cooperatives owned by the ratepayers. All state property and services should, in some similar fashion, be returned directly to the people. The state has no right to sell, to its favored cronies, property that was originally paid for with money looted from the taxpayers.

4. More generally, the U.S. should abandon the Palmerstonian model of fake “free trade” for the genuine article, as conceived by Cobden. According to Oliver MacDonough [“The Anti-Imperialism of Free Trade,” *The Economic History Review* (Second Series) 14:3 (1962)], the Palmerstonian system was utterly loathed by the Cobdenites. The sort of thing Cobden objected to included the “dispatch of a fleet ‘to protect British interests’ in Portugal,” to the “loan-mongering and debt-collecting operations in which our Government engaged either as principal or agent,” and generally, all “intervention on behalf of British creditors overseas” and all forcible opening of foreign markets. Cobden opposed, above all, the confusion of “free trade” with “mere increases of commerce or with the forcible ‘opening up’ of markets.”

Real free trade policy, on the other hand, doesn’t require multilateral bureaucracies like the WTO. It simply requires eliminating U.S. trade barriers, and allowing Americans to trade or invest anywhere they want to in the world on whatever terms they can negotiate—provided that they also internalize all costs and risks of doing business overseas, without the U.S. government subsidizing their operating costs, insuring them against nationalization by hostile governments, and suchlike. It’s that simple.

Part 18

n absolutely awful article by—who else—Madsen Pirie of the Adam Smith Institute: “Big business — it’s mankind’s biggest boon.”

The article attempts a sleight of hand, jumping back and forth from a defense of “business” and voluntary exchange in general, and a critique of the zero-sum assumptions of collectivists, to a defense of the giant corporation—for the most part the *creature* of the state’s zero-sum intervention in the economy.

It is all very well for film-makers and NGO zealots to sneer at business, but it is businesses that bring the food to their tables and make the drugs available when they are sick. It is the large corporations that add cultural richness to our lives by enabling, say, a recording of folk-singers from Mali to be downloaded on to an iPod in Sydney. It is big business that liberates people to widen their horizons by jumping on a jumbo jet to a far-flung part of the world. It is the large corporations that have diminished domestic drudgery by providing vacuum cleaners, microwaves and refrigerators. For that matter, it is large corporations that help to finance, produce, distribute and market anti-corporation movies, watched on TV screens or cut on to DVDs made by big businesses.

Whether these things are currently done by large corporations is beside the point. An apologist for the old state-owned and -planned economy in the USSR might just as easily have said, “it is state industry that brings you your food and medicine.” The proper question is whether the large corporation is necessary to provide them, and whether it acts in collusion with the state to crowd out other ways of providing them.

Most of Pirie’s choices of examples are unfortunate, not to say comical, from the standpoint of his “free market” rhetoric. Consider, for example, the origins of the jumbo jet in the Cold War military-industrial complex. The aircraft industry was spiralling into the red after WWII, until Truman’s heavy bomber program breathed life into it. The jumbo jet itself would have been impossible without taxpayer-funded heavy bombers, because the production runs for jumbo jets alone were too short to pay for the expensive machine tools required to build them. The aircraft industry is the most state-dependent welfare bum of any industry in America—well, except perhaps the drug industry, another one of Pirie’s examples. Consider, again, the extent of government funding of drug research, the government’s patent system, and the government’s reimportation bans. A major part of the development costs that patents were supposedly intended to recoup are actually the costs of gaming the patent system: developing “me, too” versions of drugs about to go off-patent, or establishing patent lock-down on alternative forms of a drug. The entertainment industry is also an unfortunate choice for an example, given the RIAA and MPAA lips firmly clamped around the nipples of Congress.

And I wonder why Pirie puts so much emphasis on “large corporations.” Most consumer goods like microwaves, vacuum cleaners and refrigerators could be made more efficiently by smaller

factories producing for local markets. The problem is that the state subsidizes so many of the inefficiency costs of large size, and so restrains competition, that inefficiency doesn't carry the competitive disadvantages it would in a free market.

The constant reference to *large corporations*, and not just to business as such, gives away Pirie's real agenda. This little puff piece was designed, not to defend *business* as such, but as propaganda on behalf of some of the most powerful institutions in the world. Anyone with the gall to use language about "the spontaneous nature of economic activity, and the free trade and choices that it brings" in a defense of the state capitalist corporation (that includes the aircraft, drug and entertainment industries, no less) is a master of disingenuity. But it's no surprise, coming from the ASI. The ASI's mission is to defend, not the principles of the free market as such, but the interests of the large corporation. The "free market" language is just protective coloring.

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