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# Laissez-Faire Libertarianism Versus Anarchism

Sam Dolgoff

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The Laissez-faire “Libertarian” Anarcho-Capitalist movement has grown considerably during the last fifteen years. The *Descriptive Directory of Libertarian and Anarchist Groups* (established in 1972), gives an idea of its importance. The Society for Individual Freedom counted 98 groups in 20 states, operates a mail order service for sale of books and publishes the monthly, *The Individualist*. Another organization, the Radical Libertarian Alliance consists of 14 groups in different states and edits several journals. The *Directory* also lists 18 other student groups and alliances in the U.S. including their publications. There are also 21 institutes dedicated to the study of the theory and practice of “Libertarian” Anarcho-Capitalism. The recently organized national Laissez-faire Libertarian Political Party nominates its own candidates (or in some cases endorses other candidates) in national, state, and municipal elections.

At the 1969 convention of the Young Americans for Freedom (YAF) attended by 1200 delegates, the movement divided itself into two principal tendencies, the Conservatives

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and the Anarcho-Capitalist “Libertarians”. The Conservatives were strongly influenced by William F. Buckley, editor of the *National Review*, Senator Barry Goldwater, Republican candidate for President in 1964, and Ronald Reagan, now seeking nomination for President in the 1980 elections. The prominent representatives of the Anarcho-Capitalist “Libertarian” tendency: the economist Murray Rothbard,<sup>1</sup> Jerome Tuccille, and others, succeeded in convincing many naïve young radicals that there is a connection between Laissez-faire Capitalism and Anarchism.

A good example is the newly organized “Radical Caucus of the Libertarian Party”. Its organ is *Libertarian Vanguard* and its chief editor is Murray Rothbard. The August 1979 issue, to win over leftist youths, repeats leftist slogans. Violently opposed to colonialism it “...supports the right of third world peasants to take back land unjustly acquired by the imperialists...”; applauds the fall of Nicaraguan dictator Somoza; opposes compulsory military service; defends the rights of homosexuals; joins anti-nuclear demonstrations and other mass demonstrations.

While dedicating itself to the overthrow of statism, the “Radical Caucus” would join the state apparatus. It belongs to the Libertarian Political Party and nominates its own candidates in municipal elections.

While rejecting socialism, anarcho-syndicalism, and communist-anarchism, the anarcho-capitalist writers base themselves primarily on the ideas of 19<sup>th</sup> century individualist-anarchists: Benjamin R. Tucker, Ezra Heywood, John J. Ingalls, Lysander Spooner, and others. These [anarcho-capitalist] writers claim that they too, share individualist-anarchist ideas on the state, sovereignty of the individual, anti-collectivism, decentralization, free competition in a free market, etc.

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<sup>1</sup> Murray Rothbard was a founder of the Cato Institute, a right-wing think tank funded by the Koch family of oil billionaires. Rothbard later fell out with the Kochs and was fired from his position.

Rothbard acknowledged that he owes "...a great intellectual debt to the...theorists who saw deeply into the nature of the state...who began to demonstrate how a totally free, stateless market might operate successfully, particularly...Benjamin R. Tucker..." (*Power and the Market: Man, Economy and the State*).

Jerome Tuccille pays tribute to the "...fine old American Anarchists of the 19<sup>th</sup> century for their dedication to individualism and a truly COMPETITIVE Free Market economy..." (*Radical Libertarianism*, p.25-Tuccille's emphasis).

There is, indeed, at first glance a resemblance between the ideas of the Anarcho-individualists and the Laissez-faire defenders of capitalism. And it is the resemblance that fosters the impression that there is a close [relationship] between them. Like Tucker. The capitalist Laissez-faire individualists rejected the idea that economic equality was a primary condition to liberty. Equality would have to be imposed and hence meant a return to authority. Communal ownership also meant coercion. Tucker declared that "...products can be rightfully possessed only by individuals and voluntary associations...the community, if anything, is a compulsory association and can never possess anything except by a thief's title..." (quoted by James. J. Martin, *Men Against the State*, p.229). It was for this reason that both the anarcho-individualists and the Laissez-faire capitalists attacked the doctrines of anarcho-collectivists and anarcho-communists like Bakunin and Kropotkin, asserting that they were not at all anarchists, but actually communists.

Anarchists of all tendencies, despite their differences, will wholeheartedly endorse the Laissez-fairist Alfred J. Nock's castigation of the state: "...the state claims and exercises the monopoly of crime...it forbids private murder, but itself organizes murder on a colossal scale...it punishes private theft, but itself lays unscrupulous hands on anything it wants, whether property of citizen or alien..." (*On Doing the Right Thing*).

Although both the Anarcho-individualists and Laissez-faire Capitalists – often in the same language – proclaimed anti-statism, the sovereignty of the individual, anti-collectivism, decentralization, “free competition and Free Market” they differ fundamentally. The Laissez-fairists insist that these measures are absolutely necessary for the preservation of capitalism; while the Anarcho-individualists insisted with equal fervor, that the realization of these ideals is impossible under capitalism.

Martin remarks that “...no other radical group denounced...Laissez-faire capitalism more than the spokesmen for Individualist Anarchism...John J. Ingalls castigated Laissez-faire as a system of capitalism wholly dependent upon laws and customs maintained to thwart equal opportunity and to prevent freedom of competition and exchange...” (Martin, *ibid.* p.160).

Benjamin Tucker attacks the essential principle of Laissez-fairism: “...there are three forms of usury, interest on money, rent on land and homes, and profit in exchange. Whoever is in receipt of these is a usurer...” (quoted Martin, *ibid.* p.160).

The Anarcho-Individualist Ezra Heywood was more explicit: “...occupancy and use are the only real title to ownership. No one is entitled to charge more for goods and services than the cost of production...for example, the owner of a house has no right to collect rent once the building paid for itself...there must be extinction of interest, rent, and profit...” (quoted Martin, *ibid.* p.118).

Although almost all anarchist tendencies reject the long-outdated individualist-anarchist economic formulations, it must be conceded that the implementation of [their] ideas, repudiating Laissez-fairism, would lead to the abolition of capitalism.

No one could better expose the cynical hypocrisy of the self-styled “Libertarian” defenders of capitalism and better document the irreconcilable opposition between anarchism and “libertarian” capitalism than the Laissez-faire writers themselves.

The supposition that Laissez-faire “Libertarians” are really “right wing anarchists” is a dangerous, widespread illusion. Laissez-faire literature demonstrates that the libertarian phraseology actually camouflages a most reactionary, a most anti-humanistic doctrine repugnant to all lovers of freedom.

Hayak, too, conceded the necessity for state action in certain matters "...which affect the social welfare, such as, signposts on certain roads, roads themselves which cannot be paid for by the individual user...certain harmful effects of deforestation, harmful methods of farming or smoke and noise from factories etc...(p. 39)

The state would control weights and measures; prevent fraud and deceptions; prevent violence, for example "...strike pickets, provide a certain amount of insurance against accidents, etc." Hayak even makes the surprising statement that "...the case for the state's helping to organize a comprehensive system of social insurance is very strong indeed..." (p. 121).

Rothbard would do away with the state, but "...an act of fraud or any other violations would be punishable in the courts under *Libertarian Law*, the *Legal Code* of the free society which would prohibit all invasions of persons and protect property...the collapse of a building, for example, killing several persons is to send the owner to the *Libertarian Jail* for manslaughter after a trial in a *Libertarian Court*...there will also be just a few *Appeals Court Systems* whose decisions will be *binding*...there will also have to be some cutoff point at which judicial procedures and punishment against convicted criminals begins..." (our emphasis, p.5).

Rothbard admits that the Laissez-fairists who would limit government to defending property rights "...are trapped in an insoluble contradiction..." (p.6) in which he is also trapped. He would not really abolish, but merely transfer the repressive powers of the state to private armies, private police forces, and private juridical companies paid to protect the exploiting capitalists against their rebellious victims.

Rothbard even admits the possibility that "...one or more of the private defense companies may turn its coercive power to criminal uses...that a purely market society could fall prey to criminality...even the possibility for the state to be reestablished..." (Pp.5,6)

Laissez-fairist Ludwig von Mises states flatly that: "Capitalism cannot survive abolition of profit...people who question profits made by others are envious...they hate to admit that they too could earn profits if they would have displayed the same judgement...that the successful business man displays...the elimination of profit would transform society into a senseless jumble...and create poverty for all..." (*Planning for Freedom* p.122, 149).

Laissez-fairist Frederich A. Hayak insists that the "...system of private property is the most important guarantee of freedom not only for those who own property, but scarcely less those who do not..." [He predicts that although] "...under the regime of freedom there will always exist inequalities which will appear unjust to those who suffer from them..." [In spite of the admission that] "severe hardships having no moral justification are inseparable from the competitive system..." [the downtrodden masses will still enjoy the dubious blessings of "freedom" imposed upon them from their masters.] (*The Road to Serfdom*, Pp 106,102)

A collection of quotes from Rothbard's book meant to expound the virtues of Laissez-faire capitalism, actually constitutes a severe indictment of the system:

"...savings and accumulation for one's self and one's heirs is inviolable..." (p.57)

[Rothbard is against usury laws] "...restricting interest rates for loan..." [Under his system the] "...lender will be able to charge high interest rates if the borrower is willing to pay the price" (Pg. 25-26).

"...capitalist production is the only method by which poverty can be eliminated..." (p.164).

"...the goal of equality of opportunity is unrealizable and absurd..." (p. 163).

"...the greater a man's income, the greater his service to others..." (p. 166).

“...in the free market capitalist society the worker is not guaranteed that he will be able to make a living in any work he wants to pursue...” (p. 190).

“...asking for higher wages leads to permanent unemployment...by enforcing restrictive production rules, unions reduce general productivity and hence standards of living...unions should allow individual workers voluntarily to accept work rules laid down by the employers...” (p. 43).

“...child labor laws amount to compulsory unemployment...it removes a part of the labor force from competition in the labor market...the income of families with children is lowered and childless families gain at the expense of families with children...” (Pp. 41–42).

In arguing against the conservationists, Rothbard justifies the criminal depletion and destruction of natural resources on the pretext that they should be exploited to the full and abandoned when no longer profitable or when technology opens up new fields for exploitation. Thus, the brutal destruction of American forests is justified because clearing land for crop production is more profitable. (see page 25)

Rothbard disagrees with Walter Lippman and other advocates of the “free market” that corporations like Standard Oil, American Telephone and Telegraph, General Motors are monopolies.

“...corporations are not at all monopolistic privileges. They are free associations of individuals pooling their capital...” (p. 59).

Rothbard, of course, ignores the obvious fact that the individual capitalists and associations unite to organize a trust in order to monopolize the market for the corporation’s products or services.

“...any proclaimed defense against economic power makes no sense at all...for example, Ford Motor Company owns all the jobs and no one has the natural right to a Ford job...those who lament the plight of the autoworker who cannot obtain

a job with Ford do not seem to realize that before Ford and without Ford there would be no job to be obtained at all...labor is a commodity, the worker has a right to sell and the employer an equal right to buy...the employer exchanges money for the labor power under freedom of exchange...” (Pp. 170–171).

Rothbard argues that the government subsidization of unemployment insurance, welfare programs, and payments to dependent children, the aged, etc. increases poverty and encourages beneficiaries to have more children (see p.196). Our critique of Rothbard does not imply endorsement of state welfare legislation. The government does not merit praise because it was COMPELLED to enact child-labor laws or other welfare measures – a fact that Rothbard ignores. We criticize him because he will go to any length, however reprehensible, to whitewash the atrocities of capitalism, to condemn the state but exonerate capitalism – the state’s partner in crime.

Although nominally opposed to increasing the power and prerogatives of the state in economic and political affairs, the Laissez-fairists realized that their unhampered exploitation must be protected. They therefore maintained that the state should be primarily a police organization to protect property, crush rebellion, enforce contracts, and defend the system from outside aggression.

Adam Smith, the early theoretician of Laissez-faire argued that “...civil government, the state, insofar as it is instituted for security of property, is, in reality, instituted for defense of the rich against the poor...for those who have property against those who have none...” (quoted by Leo Huberman, *The Truth About Socialism*, p.100).

Adam Smith also recommended state intervention in other areas: “The state should provide services, which though to the highest degree, advantageous to a great society, are, however of such a nature...that the profit would never repay the expense to any individual or small number of individuals...” (ibid. p. 39).