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Abundance Down There, And Back Up

While a number of thinkers and economists have been lamenting The Great Stagnation, a quiet revolution is developing. And much of it is happening “down there”—in areas invisible to the naked eye.

You've probably encountered a number of lamentations about the automation of everything. And in the short term, these processes may be quite jarring, particularly to ordinary people and to a political class obsessed with job creation for its own sake. If a robot can cut your hair or a kiosk can replace an order taker at a burger joint, it'll probably happen. And, indeed, if you can someday “print” a pencil, then Leonard Read's illustrious pencil might be telling quite a different story.

And yet Ricardo's Law never sleeps. With freed up resources, we simply have to figure out new and creative ways to serve people. As venture capitalist and FEE supporter John Chisholm wrote in a recent *Forbes* column, it's time to create your own job:

Choose any product or service in an area you are passionate and knowledgeable about. The area may be aerospace, boats, cars, cooking, education, electronics, fashion, fiction, films, fitness, gadgets, gardening, health, history, math, merchandising, music, politics, scuba, space, sports, statistics, travel, woodworking, you name it. Now think of limitations of the product or service you selected.

If you find those limitations, then you can exploit them by finding ways to make life better for people by bridging the gaps or solving the problems those limitations present. Adopting an entrepreneurial mindset will be critical—even in the most mundane areas of the economy. Instead of thinking about automation and nano-manufacturing as being job killers, think of them as productivity enhancers that create new wants and needs. In other words, ask not why the burger-flipper must lose her job to R2D2. Ask what the burger-flipper will be doing next.

So the next twenty years are going to be interesting. We can say with confidence that three things are going to happen:

- Automation is going to displace a lot of skilled and unskilled labor—particularly as minimum wages and other bad laws raise labor costs that make automation more attractive.
- Nanotechnology is going to mean that the production processes we're used to are going to change. Entire sections of a manufacturing ecosystem (logistics, warehousing, assembly) may disappear thanks to new nanoscale manufacturing techniques that obviate the need for many discrete-but-interconnected parts created in different places.
- Connectivity is going to mean that some things can be manufactured—right there—in your home or place of business. Or that new assembly and logistics systems will emerge over the old ones. The logic of “I, Pencil” will still hold for some things, but not others.

All three of these forces working in combination will be extremely transformative.

This is creative destruction. It's been happening for a thousand years. The only thing that's changed is the pace of change, and perhaps the need for more creativity and more awareness by ordinary people. And I realize that's a tall order. But it will happen.

All of this is going to yield radical abundance. Better, faster, and cheaper is going to be the new normal. That means ordinary people have access to better, faster, and cheaper goods, but will also have to learn to live in a better-faster-cheaper world.

Ironically, only the political class stands in the way of these transformative processes in sectors like healthcare, education, and energy. So it's no accident that things are getting worse, slower, and more expensive in these sectors. Eventually, however, sharp, savvy entrepreneurs will find cracks and fissures in these State-heavy sectors and restore the benefits of creative destruction.

Let's hope so, for everyone's sake. **FEE**



The Reluctant Visionary

Nanotechnology-driven manufacturing will change our world in fundamental ways—but we shouldn't get too worked up about it

PHIL BOWERMASTER

In 1959, Richard Feynman delivered a lecture with the provocative title “There’s Plenty of Room at the Bottom.” Speaking at a meeting of the American Physical Society at Caltech, the Nobel-laureate-to-be speculated about the possibility of manipulating matter at the atomic level via exquisitely small machines. Would it be possible, Feynman asked, for such machinery to configure atoms themselves, producing atomically precise outputs? Might we one day have billions of submicroscopic factories working in parallel to produce anything and everything we need?

It was a profound and exciting idea, and yet one that received very little serious attention in the years that followed, until an MIT student named K. Eric Drexler took up the cause in the 1980s. Working within Marvin Minsky’s MIT Media Lab, Drexler earned a Ph.D. in molecular nanotechnology—the first such degree ever awarded anywhere. Along the way he wrote the bestselling *Engines of Creation* (1986), which outlined his vision of nanotechnology for non-technical audiences, and the technical treatise *Nanosystems* (1991), which got into the nuts and bolts of nanotech.

Engines of Creation kicked off a worldwide nanotechnology craze. Corporations and universities began sponsoring research. Governments formed committees to develop technology roadmaps. Speculation in the media and popular culture grew ever wilder and more colorful, promoting images of tiny robots that could keep our clothes stain-free and our arteries unclogged, provided they didn’t go into an unstoppable feeding frenzy and reduce the entire world to a quivering mass of goo. Along with this buzz grew skepticism as to when and if we would ever see such technology, and whether molecular nanotechnology as described by Drexler was even possible.

Atomically Precise Manufacturing

Now, more than 25 years after the publication of *Engines*,

Drexler returns to the subject of nanotechnology with *Radical Abundance*. Eschewing as tainted both by hype and bureaucratic mismanagement the word he introduced to the world, Drexler refers in his new work to “atomically precise manufacturing” (APM), which he says reflects the concepts he originally introduced.

Drexler devotes an early chapter to the functioning of a typical APM environment, a small factory roughly the size of a garage that produces, appropriately enough, automobiles. At the top or front of this fully automated factory, full-size automobile parts are assembled to produce a finished product. One step below or behind this level, smaller components that make up the auto parts are assembled from still smaller components. And so the system regresses all the way to the molecular scale. Each preceding level produces components of roughly half the size of the next and, because of the tremendous advantages of scale, operates at about twice the speed.

This small factory can produce a car in a matter of minutes, which doesn’t sound all that extraordinary when compared to today’s fully automated assembly lines. But there is really no comparison. Today’s assembly lines can produce a finished car from premanufactured parts in a relatively compact space and in an impressively short period of time, but where did those parts come from? How long did it take to make them, and the materials they were made from? And what is the origin of those materials?

In his classic essay “I, Pencil,” economist Leonard E. Read outlines the unexpectedly widespread origins of a humble wooden pencil. Trees from Oregon, graphite from Sri Lanka, clay from Mississippi, factice (the eraser) from Indonesia, and many other components come together to provide this simple everyday object. Imagine conducting such an analysis for something as complex as a modern automobile. A car that takes a few minutes to assemble actually takes years to build if we add together all the effort required to produce the (finally) ready-to-assemble parts

from earlier components traced all the way back to raw materials.

But Drexler's APM factory produces a finished car *directly from raw materials*, cutting years down to minutes and shrinking a globe-spanning supply chain to the size of the (remarkably small) factory. In his essay, Read notes that the knowledge required to make a pencil is distributed as widely as its constituent parts. In a strangely prophetic passage, he writes (speaking as the pencil):

Since only God can make a tree, I insist that only God could make me. Man can no more direct these millions of know-hows to bring me into being than he can put molecules together to create a tree.

In Drexler's vision of atomically precise manufacturing, the production of material goods becomes an instance of information technology: The finished car is a digital product comparable to a movie burned onto a DVD. All of the know-how required to turn a few basic materials into a working automobile is written into the software that governs the operation of the APM factory, which begins its assembly process by quite literally putting molecules together.

It's Different Down There

It is that first step of the APM process, molecular assembly, that is by far the hardest to pull off. The question of whether and how molecular assembly could be accomplished is at the crux of the ongoing controversy concerning nanotechnology. There is little dispute that a very small factory can be built that operates in essentially the same way as a full-sized factory, or even that a microscopic factory can be built to operate essentially the same way as the very small one. But as Feynman pointed out all the way back in 1959, and as Drexler goes to some length to explain, once we begin to approach the atomic scale, the rules are quite different. Gravity becomes much less of a factor, surface tension and friction become much more significant factors, and something has to be done about the fact that molecules are always vibrating. The portion of the APM system that operates at the molecular scale would therefore have to be very different from the rest of the system.

That first step has had no shortage of detractors, including the late Richard Smalley, himself a Nobel laureate for his discovery of buckminsterfullerene ("bucky balls"), one of the top scientific contributions to the field of nanotechnology. Drexler describes Smalley as "the leading critic of what were wrongly said to be my views," citing multiple examples of inconsistency on Smalley's part concerning both Drexler's ideas and Drexler himself.

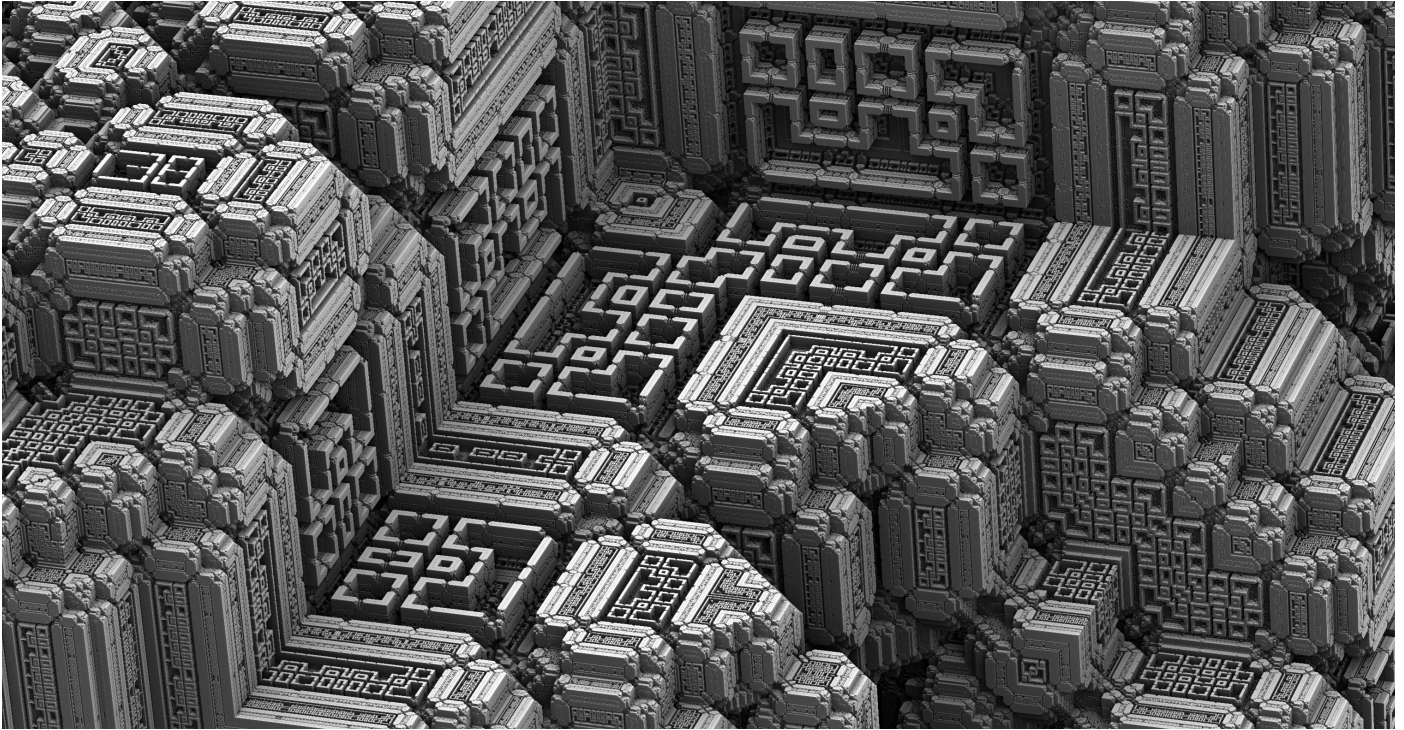
The two men famously debated the issue of molecular assembly in the pages of *Scientific American* and *Chemical and Engineering News*. As recounted in the footnotes to *Radical Abundance*, Drexler portrays Smalley as a primary contributor to many prevalent misunderstandings that surround nanotechnology, in particular the fear of deadly swarms of "nanobots." Concerning molecular assembly, Drexler notes that Smalley's major objection was the so-called "fat-finger" argument, which states that it would be impossible to make a stable and usable pair of molecular fingers (or pincers) that would be able to grasp a single atom in order to put it into place.

This argument is a straw man, says Drexler, with little bearing on anything that he has ever proposed or any of the likely paths to atomically precise manufacturing. He devotes a chapter to cataloging the different disciplines that currently achieve atomic precision. These include chemistry, genetic engineering, materials processing methods, and work that is being done with crystals. While skeptics argue that we are no closer today to nanotechnology than we were when Drexler wrote *Engines of Creation*, contributors to these fields—none of which is considered to be part of "nanotechnology" per se—are rapidly, if quietly, laying the groundwork for that first step of the APM process.

The Fourth Major Revolution

The significance of turning the production of physical goods into an information technology would be difficult to overstate. Drexler puts APM in context as the fourth major revolution after agriculture, the Industrial Revolution, and the digital revolution. APM borrows from and builds upon each of its predecessors, and has the potential to be as disruptive as each of them.

Consider how disruptive the move to the digital realm was for the music industry. In the analog world,



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recorded music was relatively scarce. Although the means existed by which we could produce our own copies of commercially manufactured recordings—remember the mix tape?—those technologies weren't much of a threat to the recording industry. Most of the music people owned, they had purchased at a record store or other retail outlet.

Then along comes digital. Suddenly, creating a perfect copy of a commercially produced recording is as easy as copying and pasting text in an email. Music becomes “free” to anyone who has a Napster account. The music industry is shaken to its core and, although it fights back against the new model with some success, ultimately its survival requires that it morph into something very much like the model that is killing it.

Where music is concerned, we already live in an age of radical abundance. Similar transformations have occurred in book publishing and film and video production. But those transformations are nothing compared to what will happen when that same “copy and paste” paradigm can be applied to essentially any manufactured good. As with recorded music, the cost of producing such goods will drop to a fraction of what it currently is, while much of the infrastructure currently required to produce these goods will become obsolete.

But in this case, that obsolete “infrastructure” is, essentially, *the entire world economy of physical goods*, from the extraction of raw materials to the production of precise machine tools to the manufacture of finished products. So we have, on the one hand, a superabundance of everything we could want or need, and on the other hand, the complete destruction—it might be fair to call it the “creative destruction”—of the economy as we have known it. Drexler describes this scenario as one of “catastrophic success.”

That same catastrophic success is what hit the music industry a few years back. In the end, we can expect a worldwide physical infrastructure for the production and distribution of goods as different from what we currently have as iTunes is from the old record-store model. Of course, as painful as that transition may be, there is no doubt that we would be immensely better off for having made it, enjoying the same kinds of economic benefits that we gained in moving from an agrarian society to an industrial one.

In fact, we should expect those benefits to be significantly *greater* than the ones provided by the previous revolutions, seeing as this revolution is effectively the culmination of all of them. We are talking about a world

where people can make their own stuff, anything they want or need, and even produce their own energy. Drexler doesn't get into many specifics about how very bright that future might look, however. On the contrary, at this point he issues an unexpected warning about abundance of a particular kind. He sees little advantage to an abundance of *enthusiasm*.

There's something that I feel I must say to some of my readers, and I hope that they will understand a somewhat counterintuitive message and take it to heart. If you find these ideas about prospective technologies compelling, convincing, and exciting—if you imagine vistas far beyond any I've outlined, or see solutions to urgent global problems and feel the urge to share the full measure of your excitement—then please lie down until the urge passes. In the world as it is, this kind of excitement triggers a negative response, and for reasons that usually make sense; almost all grand ideas proclaimed by excited proponents turn out to be wrong and are generally discounted without consideration. If you want to make a positive difference, please help to keep fundamentals first, help to correct mistaken ideas, and join the conversation without shouting.

It seems that decades of clearing up misconceptions about fat fingers and swarms of lethal nanobots have taken their toll. Drexler is apparently tired of those arguments, tired of the hype, and tired of the true potential of this technology being, in his view, overlooked. He makes a sober and articulate case for why we should expect to see APM technologies become a reality in the near future. The impact of those technologies will be enormous.

So let's talk about it, says Drexler. Quietly.

It will be interesting to see whether he gets his wish. It is possible that APM will arrive in full force after we have had the chance to deliberate, to plan, to prepare ourselves for the shock. But if the previous revolutions are any indication, we can expect the real dialog about catastrophic success and radical abundance to take place even as we are being overwhelmed by those changes. **FEE**

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from **THE MARCH**
MRB Chelko

Borges said.
In all the world.

One man has been born.
One man

has died. Statistics.
All other insistences. That we are many.

In this Irish Pub beside MoMA.
I must be

getting sick. I must be getting
older. Unreasonable even

in my belief that
Austin, Michael, and I.

Eating cheese steaks. Are.
All of us. That agonized

WWI soldier
scratched to life wildly

by some German Expressionist whose name
we already don't remember.

Some dead
tortured artist.

The single man
who is always alone.

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Natural Rights Come from Human Nature

TIBOR R. MACHAN



When various skeptics question the soundness of the American political system, one of their targets is the idea of human nature. After all, the founders took their political philosophy mainly from John Locke, who thought human nature does exist and, based on what we know of it (and a few other evident matters), we can reach the conclusion that all human beings have certain rights. This is what is meant by holding that there are natural rights and that they are prelegal, not a creation of government.

One of President Obama's top advisers—and the man until recently in charge of the federal government's regulatory operations—rejects this idea. Cass Sunstein, who is now a professor of law at Harvard, rejects any notion of rights not fashioned by government. And one reason for this may well be, although I am not certain about it, that Professor Sunstein does not agree that human nature exists.

Certainly many prominent legal and political theorists share this skepticism, first among them the English jurist and political theorist Jeremy Bentham, who dubbed natural rights “nonsense upon stilts.” More recently one skeptic argued that because in some cultures there is no reference to human nature anywhere, let alone in the law, the idea of human nature cannot be right, as if consensus determined whether human nature exists. As if it were impossible that some folks could be entirely ignorant of what human nature is, so much so that they might even deny its existence. Yet, the following, from Laszlo Versenyi's “Virtue as a Self-Directed Art,” should dispel the skepticism:

If human nature is unknowable then so is human good and it is impossible to talk about human excellence in general. Indeed it is impossible to talk about man as such, since man as such could not even be identified. Barring all knowledge of human nature—that which makes a man a man—the word man would mean nothing and we could not even

conceive of man as a definite being distinguishable from all other beings. Consequently anything we might say about man would be necessarily meaningless, including the statement that human nature as such is unknowable to man. Thus the postulate of the strict unknowability of man is self-contradictory. To the extent that we talk about man we obviously hold that his nature is, in some respect at least, knowable.

When the idea emerged in philosophy that things have a nature—starting with Socrates and his pupil Plato—it was thought that the nature of something resembled geometrical objects by being perfect and timeless. So if there is a human nature, it must be something perfect and atemporal.

However, because none of us is going to live for eternity, none of us can establish anything as *timelessly* true. If human nature has to be something like that, then skepticism about it would be fully warranted.

But human nature—and, indeed, the nature of anything else—need not be timeless. What makes us all human, our human nature, can be the most up-to-date, well-informed specification of attributes, capacities, or properties so far. Anything else would be unreasonable to ask for since none of us is going to be here until the end of time and cannot thus establish that what we understand as human nature will not need some modification or adjustment. The principles the American founders rested on human nature were understood as capable of being updated, which is why the U. S. Constitution has provisions for its amendment. This, however, does not justify fundamental doubt or skepticism about either human nature or the principles based on it, such as our natural rights or, indeed, anything else that we know.

So, at least one source of skepticism about our basic rights—rights that do not depend upon government's granting them (even if their protection is government's

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Natural Rights Don't Exist

BRAD TAYLOR



The doctrine of natural rights seems like a good deal for libertarians. If individuals have intrinsic and inviolable rights to their person and property, we can avoid the messiness of consequentialist reasoning and confidently claim that freedom is the objectively correct answer, regardless of any cultural context or government decree.

But natural rights are incapable of doing the philosophical work expected of them. The argument for such rights is weak, their consistent application would seriously undermine the market order, and a more robust case for freedom can be made on other grounds.

To put things bluntly: *Natural rights theory is wrong, useless, and unnecessary.*

The natural rights position is based on a claim about the requirements of human flourishing. Humans are by nature free individuals in need of an autonomous sphere of private choices. The only appropriate political order is one that respects this fact, and the rights thus entailed are “natural” insofar as they are required by human nature. Rights, in their contemporary secular version, are not commands from God or ghostly entities but normatively meaningful abstractions emerging from the requirements of human life.

The claim that humans have, by nature, a single overriding interest specific enough to logically entail a particular set of normative constraints is, charitably, rather speculative. I can accept that there are basic goods valuable to all people (Rawls called these “primary goods”), and it’s not totally implausible to label such goods as objectively or “naturally” desirable. It *is* totally implausible, however, to claim that there is one basic good that ought to be maximized at all cost.

While libertarians are happy to claim that non-coercion is a supreme good that cannot be traded off against other things, their actions reveal a more pluralistic set of preferences. Humans value many things—freedom, wealth, security—and are perfectly willing to trade these

off in practice. The natural rights libertarian might assert that people *shouldn't* give up freedom for wealth even if the exchange rate is desirable, but this is nothing more than an assertion. I’m inclined to trust individual action, and this suggests that the world is a normatively messy place.

If humans value many things and disagreement over the relative importance of various dimensions is allowed, we should not expect to find one objectively best way of organizing human affairs.

This is not to say that all approaches to governance are equally reasonable. If giving people the space to live a good life is the proper goal of law—and I think it should be—then we can use the plural but objective goods as standards of evaluation. There may be no objective way to determine whether a policy that increases wealth at the expense of liberty is desirable—though reasoned argument is certainly possible—but we can objectively say that an institution that makes us rich and free is better than one that makes us unfree and poor.

In any case, libertarian natural rights taken seriously as absolute constraints are incapable of providing a coherent justification for the institutional framework libertarians see as natural and desirable. By giving each individual veto rights over actions that might affect him, it paradoxically shrinks the sphere of permissible private action to an extent that even the most eager of statist would find excessive.

Consider the case of pollution. Suppose that smoke from a nearby factory creates a mildly unpleasant odor in my backyard and reduces my enjoyment of my property. Reasonable people would chalk this up to the unavoidable costs of sharing a planet, but consistent natural rights libertarians must treat involuntary pollution—no matter how mild—as impermissible.

Natural rights theorists massively understate the practical implications of treating pollution as a legal offense. Driving a car, running a factory, or flying a plane

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Natural Rights Come from Human Nature

main job)—can be set aside. But there is more.

We are all dependent upon knowing the nature of things so that we can organize our knowledge of the world. We know, for example, that there are fruits (a class of some kind of beings) and games (another class) and subatomic particles (yet another class) and so on. These classes or natures of things are not something separate from the things being classified, but constitute their common features, ones without which they wouldn't be what they are. Across the world, for example, apples and dogs and chickens and tomatoes and, yes, human beings are all recognized for what they are because we know their natures even when some cases are difficult to identify fully, completely, or when there are some oddities involved.

So there is good reason that governments do not create rights for us—we have them, instead, by virtue of our human nature. And this puts a limit on what governments may do, including do to us. They need to secure our rights, and as they do so they must also respect them. **FEE**

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Natural Rights Don't Exist

without the permission of every individual potentially affected by the resulting noise and fumes would be a crime. The price of moral consistency would not simply be “increased unemployment and related hardship” but something far higher.

We all agree that my neighbor should be free to smoke cigars on his porch even if I'm mildly offended by the smell, but not free constantly to burn large quantities of plastic in a way that makes my property uninhabitable. The challenge of political theory lies in answering the less obvious questions. In this respect natural rights theory is severely and fundamentally implausible.

Humans acting in a decentralized manner are able to creatively resolve disputes and overcome collective action problems. The resulting institutions—which display a great deal of diversity—are not imperfect reproductions of some eternal set of perfect rules; they are inventive, context-sensitive solutions to practical problems. Normative rights and duties emerge from the interaction of individuals. They are legal rather than legislative in Hayek's sense, a spontaneous order rather than a top-down decree or an unchanging reality.

It may be comforting to treat natural rights theory as an impenetrable fortress capable of providing absolute protection against the objections of political opponents. A political view that dogmatically shouts “freedom!” to every criticism and closes its ears to the potential trade-offs such criticisms reflect will not, and should not, be taken seriously.

The instrumental case for classical liberalism is strong regardless of one's philosophical predispositions—voluntary interaction furthers the utilitarian goal of efficiency, the left-liberal goal of poverty reduction, and the conservative goal of community better than any of the feasible alternatives. The institutions of private property and free exchange have proved to be unusually effective and versatile, but they are a human achievement rather than a fact of nature and must be judged in terms of their effects rather than their adherence to abstract principles. **FEE**

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What Are We For?

Libertarians can offer a positive, optimistic alternative vision of society

MICHAEL MUNGER

I have always found it quaint and rather touching that there is a movement [Libertarians] in the U.S. that thinks Americans are not yet selfish enough.

—Christopher Hitchens

Quite a few of my friends have forwarded me this quote. They consider it funny, but also insightful. In their view, the libertarian movement has no positive program, no specific goals or values of any kind. All libertarians do is oppose things and praise greed.

Given the general perception of libertarians, this seems to be a fair point: Other than greed, what are libertarians for?

Everyone seems to know what we're against: taxes, spending, regulation, and war. Most imagine the libertarian as some hairy guy living off the grid, carrying an AR-15 and tending his pot patch. The problem is that our side only rarely tries to offer a more balanced view, because many of us find the role of outré contrarian to be pretty darned comfortable.

The problem with that position—perpetual outsider and opponent—is that American politics needs us right now. The government is not providing the basic services that our more idealistic fellow citizens expect, and they want to know why. The things they think they want—healthcare, pensions, schools, the war on terrorism, and the war on drugs—are a litany of failures. We don't need to pile on and say we're against those things. We need to offer an alternative.

In other words: What positive, optimistic alternative vision of society (yes, of society, the social thing, where you actually talk to other people and work together) can we offer? Unless we can answer that, the next question will be, "Why don't libertarians care about real people?"

If you get all the way to that question, we have a respectable counter. We no longer expect politicians, bureaucrats, or self-appointed custodians of public welfare to care about real people; only a naive idealist

would do that. But we can realistically expect people to care about each other. Then, tell folks about Alexis de Tocqueville.

PlayPump: Somebody Ought to Do Something!

Before returning to Tocqueville, let us take an important detour.

In 2005, NPR reporter Amy Costello described a new technology: the "PlayPump," which looks like a child's merry-go-round but which also pumps water from the ground. When the children play, some water is brought to the surface, meaning that women who had had to walk several kilometers for water could now get water from a tap. It seemed like a terrific solution; 10 minutes walking around the pump saved 30 minutes to an hour of walking—each way—to get water from the river.

But when Costello followed up, five years later, things hadn't turned out very well. In her words,

I uncovered an array of problems with the way the technology had been implemented on the ground and I was dismayed to discover that the promise of the PlayPump had fallen woefully short.

During my reporting trip for the follow-up story, I traveled to Mozambique, where I met women who had been without their own supply of clean drinking water for months, because their PlayPump had broken down and had never been repaired or replaced. As I sat in the sand with those women, hearing their stories of anger and frustration, I felt partly responsible for their plight. After all, it was my initial glowing report that had helped to

What Are We For?



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catapult the technology on to an international stage where it received millions of dollars in additional financing.

As a result of this experience, I have come to realize that we need to ask hard questions about seemingly good ideas. We should look closely and more critically at celebrated social entrepreneurs and the programs they spawn across the globe. I want to follow up on promising technologies and see what happened to them five, ten years down the road. I imagine we'll discover that many ideas that appear simple and "good" on the surface, are actually not simple at all and are likely fraught with moral and ethical complexities.

It turns out that returning aid workers asked why no one had fixed the pump. The people of the town said that they were waiting for the government to do it. They were angry because they were sick and weak, because no one would help them. Far from lifting them up, the "aid" had only left them more dependent on others, less able to care for themselves.

If a society, any society, comes to believe that citizens have no power to fix things, and that we have to wait on the government, we all become sick, weak, and angry. Those people in Mozambique could have worked together and fixed that pump. But they have been taught since birth, since their grandparents' birth, to think of themselves as children in a "family" headed by the State.

Get 'er Done

In 1831 French historian and politician Alexis de Tocqueville published *Democracy in America*, a memoir of

his travels in the United States. It could have been called *How Americans Get Things Done*. Tocqueville marveled at how Americans worked together privately to solve civic problems.

He was no fan of majority rule. The problem with political democracy, he said, is that citizens are isolated and "enfeebled." They can do hardly anything by themselves, and they can't force others to help them. He admired the American solution to this problem: Organize into private groups, and leave government out of it. As Tocqueville put it:

They all, therefore, become powerless if they do not learn voluntarily to help one another. If men living in democratic countries had no right and no inclination to associate for political purposes, their independence would be in great jeopardy, but they might long preserve their wealth and their cultivation: whereas if they never acquired the habit of forming associations in ordinary life, civilization itself would be endangered.

When libertarians seem to be "against" everything, this is what we are worried about. If citizens ignored politics, things wouldn't be so bad. But we are worried that our excessive focus on politics will cause us to ignore society and each other. If we fail to connect as social beings in complex reciprocal exchange relations, modern "democratic" life becomes anomic and mean, just as Tocqueville foresaw.

That—*that*—is what we are for: voluntary associations, in all their richness and bewildering complexity.

If you want to go out and persuade some people to work with you, and all voluntarily work for the benefit of each, then that is libertarian social change. If someone wants

to opt out and form a different association, they are free to do so. And that's a good thing, because you get diverse experimentation in problem solving.

Waiting for the State

Tocqueville criticizes his countrymen in France. He had seen, in the legacy of the French Revolution, the damage that political democracy and a reliance on majority rule could do.

But when I read his critique today, I get a sick feeling. His criticism of France in 1831 is an even more scathing indictment of American society today. We have become a political democracy: Voting is the extent of civic action, and interest-group lobbying for power and wealth is the only route open to solve civic problems.

The American spirit does not allow for sitting back and waiting for the State to do it. If you are my neighbor, I'll help you, and you'll help me. We have direct, powerful, voluntary connections based on a thickly woven moral fabric of reciprocal obligations, complex organizations, and intricate relationships voluntarily negotiated and voluntarily ended.

Democracy, to the extent that it substitutes votes for action and taxes for charity, enfeebles the natural impulse people have to help each other. State action crowds out voluntary private associations. If the government is supposed to take care of all of us, then I have no moral obligation to pitch in, to help out. I see you attacked, and I look up and down the street and cluck to myself, "Why don't the police do something?" If I see a bad school, I wonder why the state doesn't improve it. If I see a broken pump, I wait with my neighbors, and we watch our children play in the dust. The great Murray Rothbard diagnosed the problem perfectly when he said that leaping from the necessity of social connection to claims about the necessity of State action is the world's greatest non sequitur.

What Are We For?

So back to the main question.

Libertarians are for voluntary action, always. It is because we are for society—a vibrant, active society—that we resist the expansion of State power.

It is because we are for giving people a chance to reach their full potential that we doubt the motives and

effectiveness of government. Political coercion corrupts the human spirit; political leaders tell us they take our wealth for our own good, and political processes straitjacket independent thought—the essence of liberty.

We are for individuals, working together in complex, interconnected organizations they have designed in their efforts to solve problems.

We are for liberty, for celebrating the infinite and infinitely varied capacities of the human mind. Libertarians are for a limitless sense of the possible, for the idea that for a society of truly free and responsible citizens, nothing is impossible.

We are for a libertarian *society*, where a couple wakes up, in their own home, on land that they control, on property that they can defend with the help of their neighbors. This couple formed a bond, by mutual consent, without needing the license or endorsement of any outside agency. They send their children to schools that they have chosen, whose curriculum they endorse. When they go out to their cars, they don't take an I.D. It's no one's business who they are, or where they are, so long as they initiate no violence and break no laws. They work in jobs they have trained for, and they enjoy the full fruits of that labor. They contribute to charities or work for causes they believe in, and are not forced at gunpoint to support causes they loathe.

What do these schools, these jobs, these causes, look like? What will people do? I have no clue. Each person will come up with a plan and try to carry it out, given his or her own goals, abilities, and vision of joy. Isn't it arrogant to think that I could know what people will seek? Wouldn't it be despotic to think that I have to know before people are allowed to try?

We are for each American. We are for families. And we are for groups of people working together to solve problems, serving their consciences and their own goals. We are for responsibility, and choices, not because people need to be more selfish but because they need to feel they have the power to act and the compass to achieve.

Only our movement can give America back the most sacred bequest—liberty. **FEE**

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A Bitcoin for Your Thoughts

An interview with a full-time bitcoin trader

Chances are you've heard something about bitcoin (BTC) by this point, maybe from people who own a couple of bitcoins and think they're pretty neat. We've been covering bitcoin for a while here ourselves and for good reason: It's part of some exciting trends. But what's it really like to live with BTC? Or, more to the point, to make an actual living from BTC, turning this arcane bit of coding into housing, food, clothing, and all the other real-world stuff money's pretty handy for? We decided to ask a BTC trader, who wishes to remain anonymous, for some commentary from the inside of the BTC community.

The Freeman: We've been told you make your living from bitcoin. How do you go about that? Do you have a mining rig?

Trader: Yes, I currently day-trade BTC. I trade BTC futures and invest in BTC companies. I am also involved in development for BTC-related ventures.

The Freeman: How did you become involved in BTC in the first place? What made you decide to pursue a living from it?

Trader: I first heard about bitcoin from a friend in 2011. His interest was mostly humorous, relating anecdotes of people running GPU-mining farms being targeted for drug raids because their heat signatures were similar to [those of] indoor hydroponics. About a year later, while working in San Francisco, I would hear about it and decided to download the client and tried to run the mining protocol. But when the four CPU cores of my little Lenovo laptop went straight to 100 percent and generated a hashing rate far below the current difficulty, I realized I was going to break my computer before I mined any bitcoins. Instead I investigated a little more, and got my first 0.05 BTC (or was it 0.005?) from a free faucet. Unfortunately, I was too busy with work, and the opinion of the IT people around me at the time was that the security risks of storing any amount of wealth in BTC [were] too great. It wasn't until early 2013 and my third encounter

with BTC that I made the plunge, convincing a friend to buy \$1,000 worth of BTC on Mt. Gox (he had an account at the time).

Although I was certainly a bit dense at first, the more I read about bitcoin and the underlying technology, the more I realized how truly powerful and new it is. My increasing exposure and interest in bitcoin has also dovetailed nicely with my foray into Linux, open-source software, and programming.

The Freeman: Some specifics for the bitcoin crowd: Which exchange do you use? Which BTC wallet? How do you convert to USD for everyday purchases?

Trader: The ideal is never needing to convert—to use BTC for every purchase—but we're still years away from that. I convert USD in person, either through LocalBitcoins or at Satoshi Square [ed: Satoshi Square is a gathering in



Carlos Amarillo/Shutterstock

Union Square Park in Manhattan]. For people new to the space I recommend setting up a Coinbase account—you can link it directly with a bank account for additional liquidity. Personally, I use a wide variety of wallets including running my own Bitcoin-QT client. If you plan on using BTC as a store of value it is considered best practice to save it in cold storage, encrypting it with keys from a computer that does not have Internet access.

The space changes rapidly and it can be very difficult to separate out the trustworthy and reliable services. It is essential to realize that whenever you send BTC to a third party they are in control of your funds, that you are trusting the operators to be both secure and honest. Currently I trade futures on icbit.se and 796.com, but please don't consider this an endorsement of either site (but I must say I have been very impressed with 796). If either closed up shop tomorrow I would have little to no

recourse in recovering my funds from them. I have also traded stocks on btct.co and BitFunder, but both have closed because of, seemingly, SEC regulatory concerns. Cryptostocks.com and havelockinvestments.com are two BTC stock markets which have continued to operate, but whether that'll be true tomorrow or a month from now is uncertain.

The Freeman: What's the biggest roadblock to widespread adoption of BTC?

Trader: Development and to a lesser extent regulation. Adoption is somewhat of a chicken and egg problem, but essentially the more people use it the more other people will too. However, if you run a business I see little reason not to incorporate it as a payment option. Services like BitPay or Coinbase make integration simple and the savings on transaction fees will be worth it.

The other issue is regulation and I can understand why

Free Money for Everyone

Radical entrepreneurship in bitcoin makes it the exemplar

MALAVIKA NAIR

Bitcoin has been making headlines lately. With the recent shutdown of the website Silk Road and the subsequent rise in price, BTC continues to surprise and confound.

Though much uncertainty remains about the future of bitcoin, there is one reason why people interested in free markets should take note: We are being treated to a rare glimpse of what free-market competition and entrepreneurship in a monetary good would look like.

Without any central regulation, there are scores of bitcoin entrepreneurs working at making it easier to

understand and to use bitcoin. These entrepreneurs are challenging conventional ideas about what the market can supply and what it cannot, for money is one of those goods that is strictly regarded to be in the domain of government provision.

There are several common arguments in favor of a monopoly supplier of money along with government regulation through a central bank. One such argument is that the provision of money and monetary services suffers from the problem of asymmetric information. The argument goes like this: One person in every transaction is better informed about the true nature of the good or service than the other. This asymmetry of information can lead to poor market outcomes or to market failure if the ill-informed people opt out of the market or if the better-informed take advantage of the ill-informed.

One frequently used example is that depositors are not as well-informed about banks' true balance sheets or the value of the assets as the banks themselves. In the event of a panic, depositors of even sound financial institutions start bank runs due to a lack of trustworthy information. This could cause fundamentally solvent but merely illiquid banks to go bankrupt, and even lead to system collapse. The

it is a concern for others. Few people I meet are as risk tolerant as me (which is probably a good thing), and as services mature and become more reliable, people will place more trust in them. I don't believe regulation is necessary for this to occur, but some do.

The Freeman: Do you use any other altcurrencies?

Trader: I have used a few other altcurrencies, principally Litecoin and Namecoin, but I spend very little time on them. I also recommend people involved in cryptocurrencies to keep an eye on ColoredCoins.

The Freeman: Have you run into any legal troubles using bitcoin as your main currency? We've seen reports of people getting their bank accounts shut down for "suspicious activity" while using lots of bitcoins. Any troubles on your end?

Trader: Luckily I have not, but I also no longer have a

bank account. I have some concern over how to file my taxes, but that's months away.

The Freeman: How many businesses around you (NYC) take bitcoins?

Trader: A few. Foodler accepts bitcoins and plenty of restaurants use that service. EVR in Manhattan, and there is a small grocer which accepts BTC. Since I live in a major metropolitan area, converting BTC into USD has not been too difficult, so I have not aggressively sought out BTC-accepting businesses. Almost all my online purchases and donations are done through BTC.

The Freeman: There are always stories of BTC sites being hacked. Do you see it delivering on its promise of resiliency—and getting stronger over time?

Trader: Yes, security, it is a major concern. Just recently inputs.io (an online wallet service) was compromised.

prescribed solution to this problem is for the government to provide deposit insurance that reassures depositors merely by its presence, preventing unnecessary runs.

The asymmetric information problem with Bitcoin is huge. If you are an average computer user like me, Bitcoin seems confusing and abstruse, something meant only for the initiated. Chances are you have little to no idea what a bitcoin really is. How can you begin to trust and use something that you don't even understand? Of course, in a marketplace, this lack of information presents opportunities, entrepreneurial gaps to be exploited for profit.

It used to be that lurking on online bitcoin forums was the only way to get information. Now, there are companies that publish magazines and even a Bitcoin Foundation that works at making information available and easily accessible to the uninitiated bystander. Take for example *Bitcoin Magazine*, launched in May 2012, available for



123dartist/Shutterstock.com

a subscription of about \$9 a month while many of its lead articles run free on its website. One can find articles meant for amateurs as well as geeks. Under its "Bitcoin 101" category online, there are several articles that decode bitcoin language and break down concepts and explain them in an easy way. Ever wondered if bitcoin has been hacked? *Bitcoin Magazine* has you covered with "Common

I am likely in the minority when I write this, but in general ongoing security concerns are a very good thing for everyone. BTC, and the very real wealth behind it, are on the forefront of Internet security. Oftentimes when a system is compromised those operating will not even be aware of it because the information the attacker is interested in can be copied without tipping off the original owner. However, bitcoins, because of the underlying protocol, are unique, and cannot be simply copied but must be taken much like any other possession, such as a car, or a wallet full of cash—when it’s missing, it’s obvious. In this way BTC can be viewed as a sort of canary in the coal mine.

Security has improved dramatically, and will continue to improve, which benefits everyone whether or not they use cryptocurrencies.

The Freeman: Do you see BTC replacing fiat currencies,

living alongside them, or just clearing the way for a successor altcurrency? Some mixture of all of them?

Trader: The honest answer is I don’t know. It is something of a truism in the bitcoin community that it will either spectacularly succeed or fail miserably. I believe whatever happens the underlying technology will be used (is being used), and will be incorporated in one way or another—there are simply too many advantages for it not to be.

A larger point can be made about technological adoption, that oftentimes there is a hurdle in adapting to new methods, be it from landlines to cell phones to smart phones or fax machines to scanners, but adapt we must or risk obsolescence.

The Freeman: Thank you for taking the time to speak with us. **FEE**

Misconceptions about Bitcoin.” Having a hard time understanding all the terms like “blockchain,” “mining,” or a “hash”? Check out the two-part series, “Introduction to Bitcoin Terminology.”

There is even a free magazine named *yBitcoin* making its debut this fall; its publishers claim that it “eloquently demystifies the most disruptive innovation since the internet.” The company Bitpay, now the largest bitcoin payment processor, has several informative videos on its website that elucidate how the system works and how the company adds value. What’s your excuse for not understanding the basics now?

Asymmetric information is of course everywhere. Markets work at solving this problem every day. Simple examples of websites like Yelp or Rotten Tomatoes that provide cheap and accessible information in return for making a profit illustrate this point. Free-flowing exchange and trade require both parties to be well-informed about the goods under consideration, and the situation is no different with money. The entrepreneurs surrounding Bitcoin are proving that the market’s ability to reduce the cost of acquiring and disseminating information works with money just as well.

Such is important for yet another reason, not directly related to bitcoin. We have become accustomed to having it easy when it comes to “choosing” our money. Most of us don’t think twice about which bank we put our money in. Institutions like a central bank that monopolizes the money supply, and government deposit insurance, have the perverse effect of making us complacent and reducing the incentive to gain information about the good in question. In a free market for money, much of that onus would shift back onto consumers. It would be up to consumers to be well-informed and much more vigilant about buying and holding a certain currency or monetary good. We can, of course, expect specialized entrepreneurs to arise and fill the gap by providing good quality accessible information. However, much like buying a car, a house, or even choosing which mutual fund to invest in, the choice of currency in a free market will require us to study a little.

It’s a small price to pay to circumvent central banking. Are we up for it? **FEE**

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Good Guys Bad Guys

L.J. LANE

GOOD GUYS

Okay. Just to help me understand your point... I'll play the roles of the "good guys" and you play the "bad guys."

If I'm the U.S. then the "bad guys" are...?



Yea but... who? "Terrorists." That's a pretty broad term.



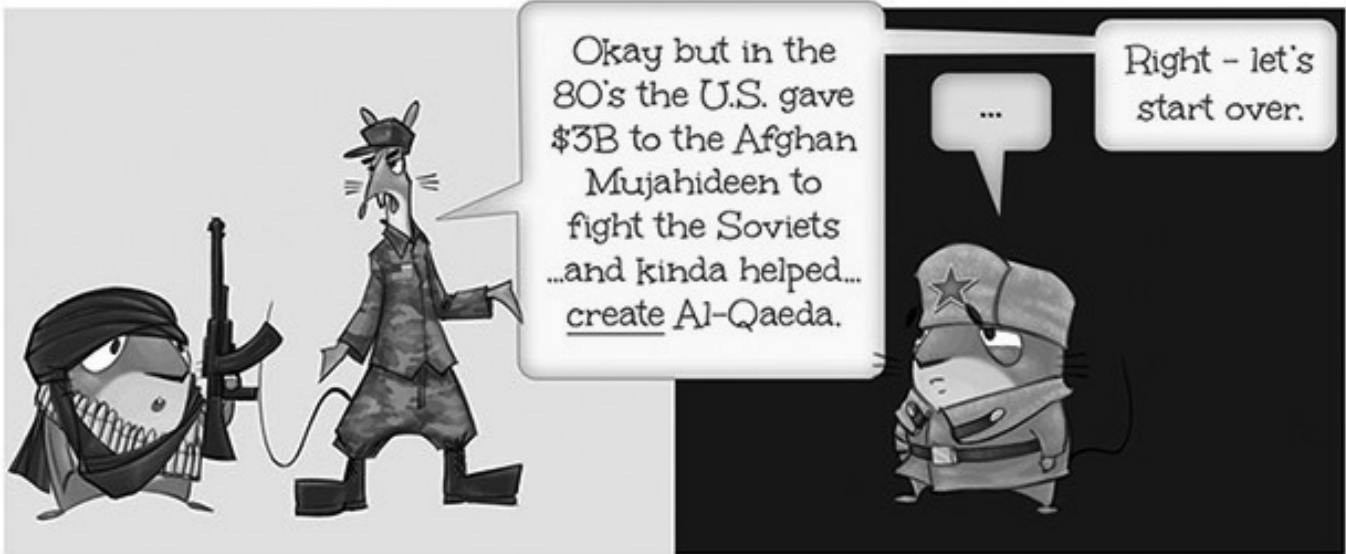
BAD GUYS

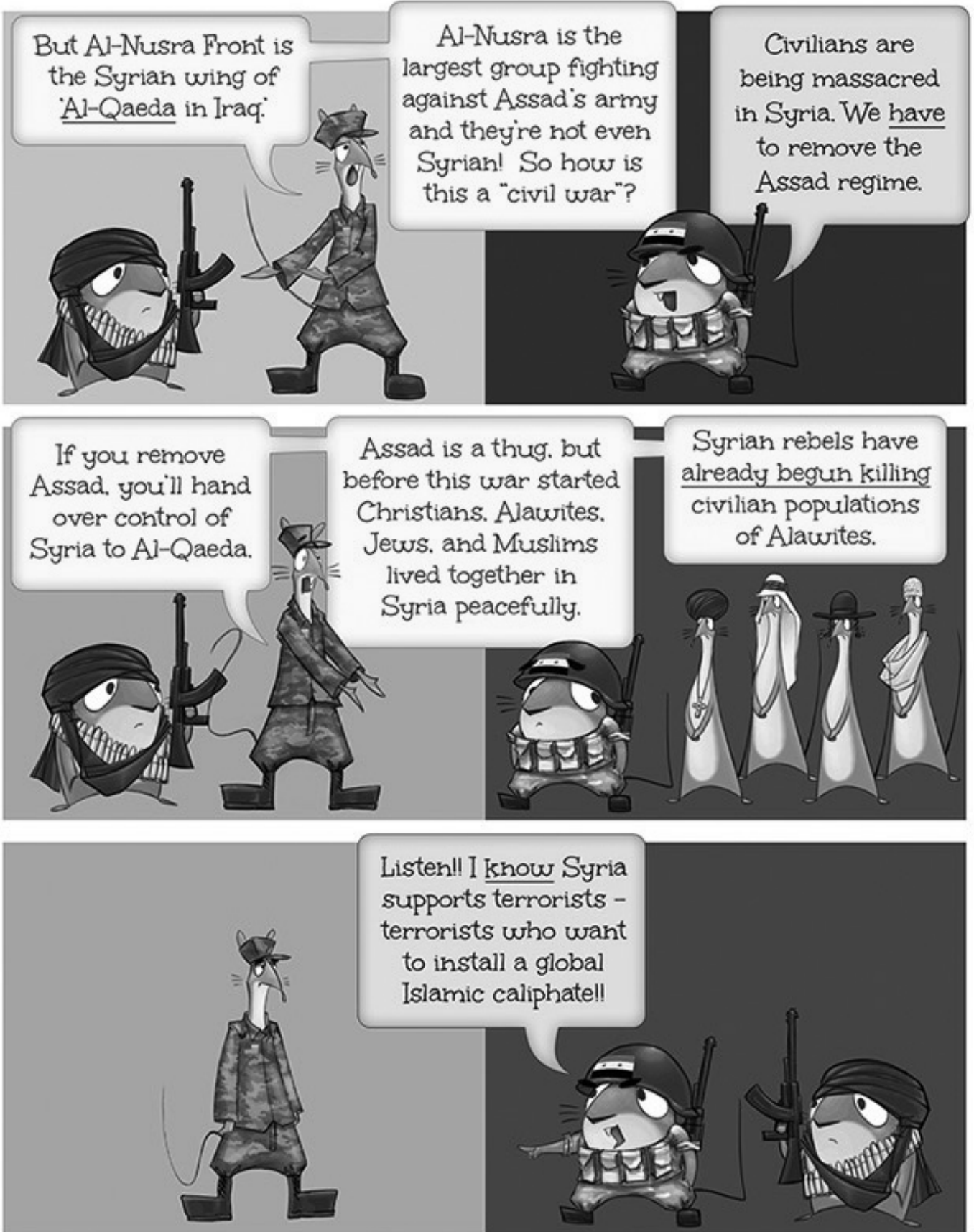
The terrorists.

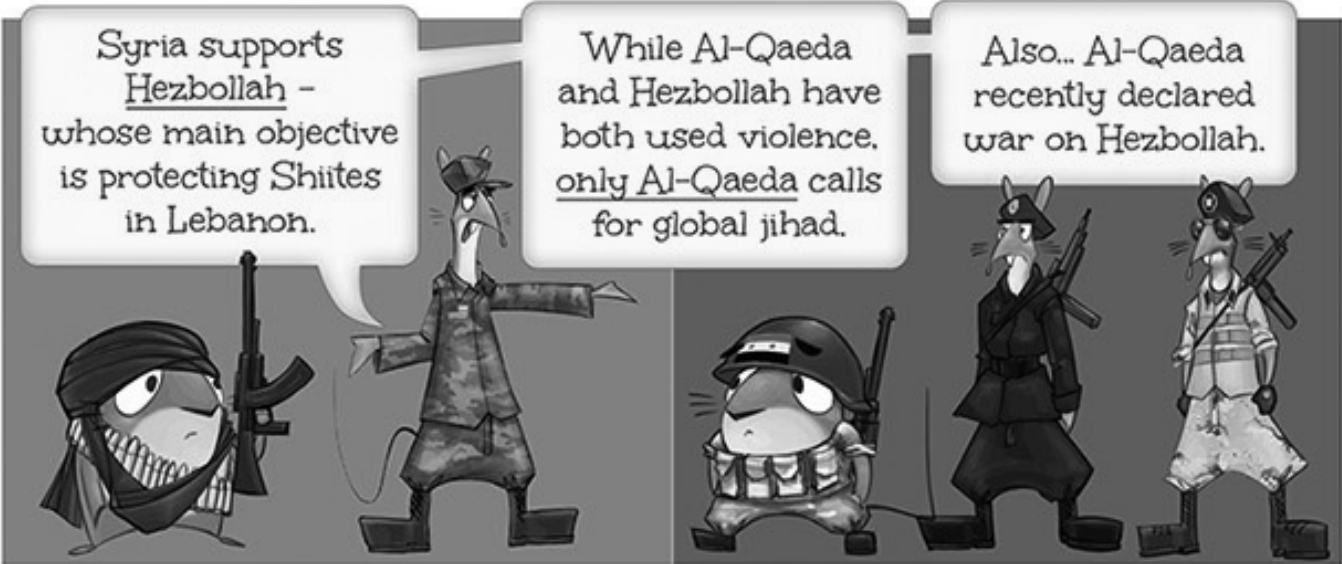


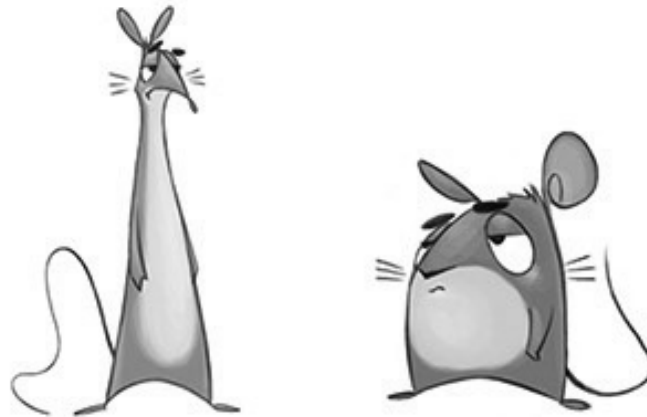
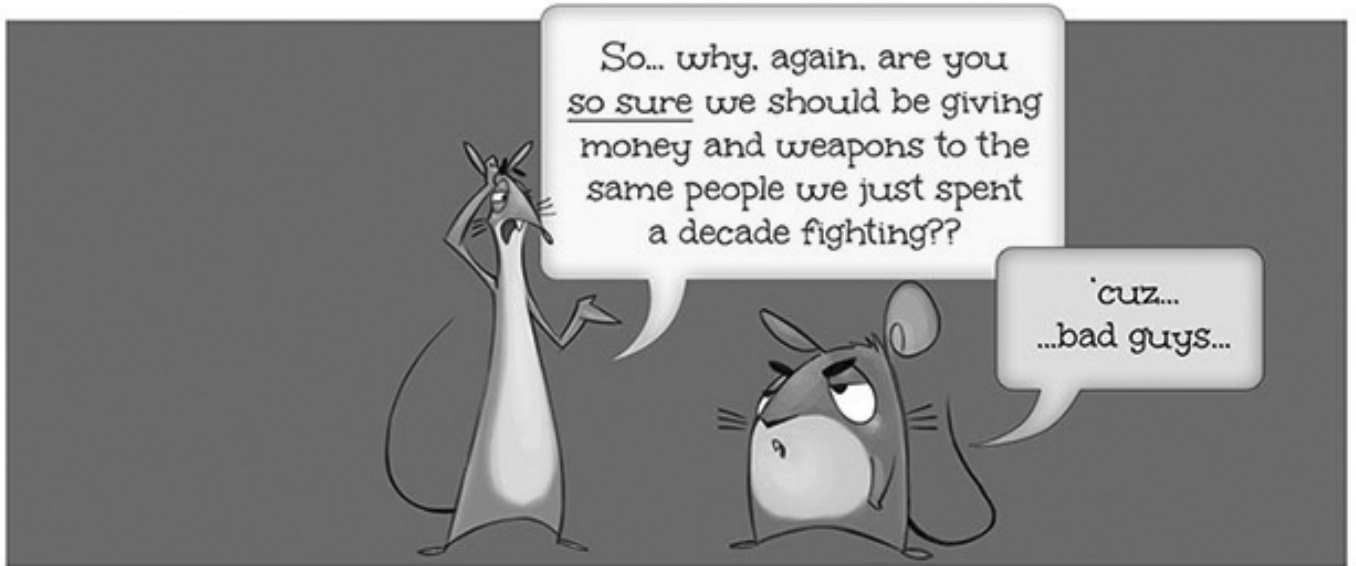
Al-Qaeda.
The bad guys.

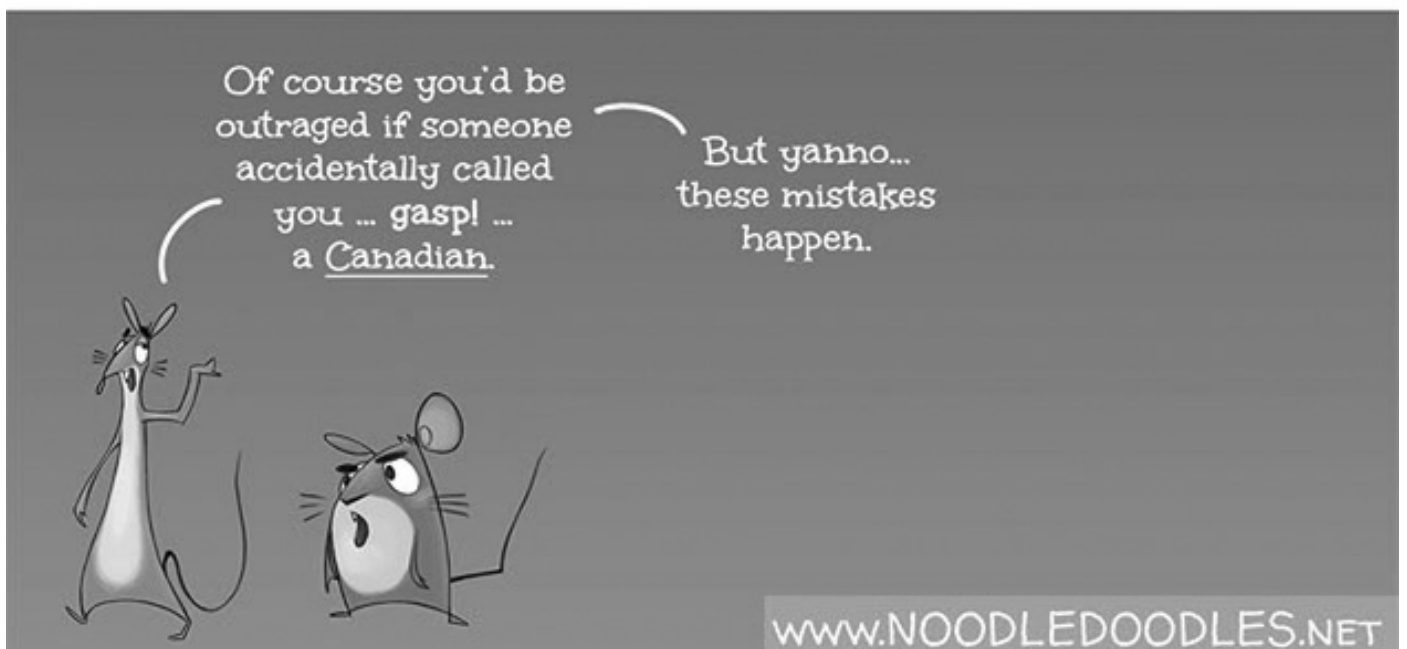












The Economics of the Corn Dog

One man's story of being gouged by a heartless vendor at a biker rally

BRETT STONE

Recently, at the Lone Star Biker Rally in Galveston, Texas, I had a sort of epiphany involving corn dogs.

Wandering among the mobile vendors lining the side streets of the historic downtown area, as bikers from all over the country roared down the main drag, I set off in search of a jumbo corn dog. I went up to the first stand I saw but they were sold out. Disappointed, I made my way down the block and found the next stand—sold out too. But across the street I finally found another stand that had them—for \$5.50 apiece. It also had a long, barely moving line, so I had time to stand there and think.

My first impression was that the price seemed too high—I could see people calling it a rip-off or gouging, and moving on. Although I don't know the corn dog's bottom-line cost of the corn meal, weenie, frying oil, and wooden stick, I'd estimate that corn dogs cost around \$1 to make—probably even less when bought in bulk. There's clearly a high markup. Maybe I could conclude I was being exploited. Admittedly, I wasn't thrilled to pay so much, but there I was standing in line.

Next I thought: Maybe it's just greed? Perhaps they jacked up the price just because they could. There was clearly competition from other vendors, but their corn dogs were all similarly priced. If I'd stopped thinking here I might have assumed there's a corn dog cartel that schemes in a smoky room and agrees to their inflated prices beforehand.

That seemed unlikely, so I took a step forward in the line.

Then I wondered about the cost of paying the city of Galveston for a vendor's license for the weekend.

While I don't know the exact price, it's a safe assumption that it's not cheap. A quick glance at the vendor application page shows that vendors also need to pay a fire tent fee, a health permit fee, and a state sales tax registration fee. All these sunk costs are certainly factors in the production cost and subsequent price, but also come with the effect of limiting competition, to where a local guy on a bike cannot choose to meet the sudden demand by selling cheaper corn dogs from a bicycle stand. Maybe this guy set up in a dark alley selling black-market corn dogs—but if so, I didn't see him.

I suspected most of those vendors were from out of town, maybe out of state. So the cost of transporting all their equipment, in large, fuel-guzzling trucks, must also be a factor. And these people had to sleep somewhere for the weekend, so there's another cost that has to be considered.

OK, maybe they're not so evil after all. I took another step up in line.

And then there's the cost of compensating the employees. To work in those conditions, at that pace, for that amount of time, the compensation must be worth the effort. Sure, many of these stands are probably family-owned and -staffed, but still: The

profits must be greater than what this amount of time and energy could be worth in other lines of employment.

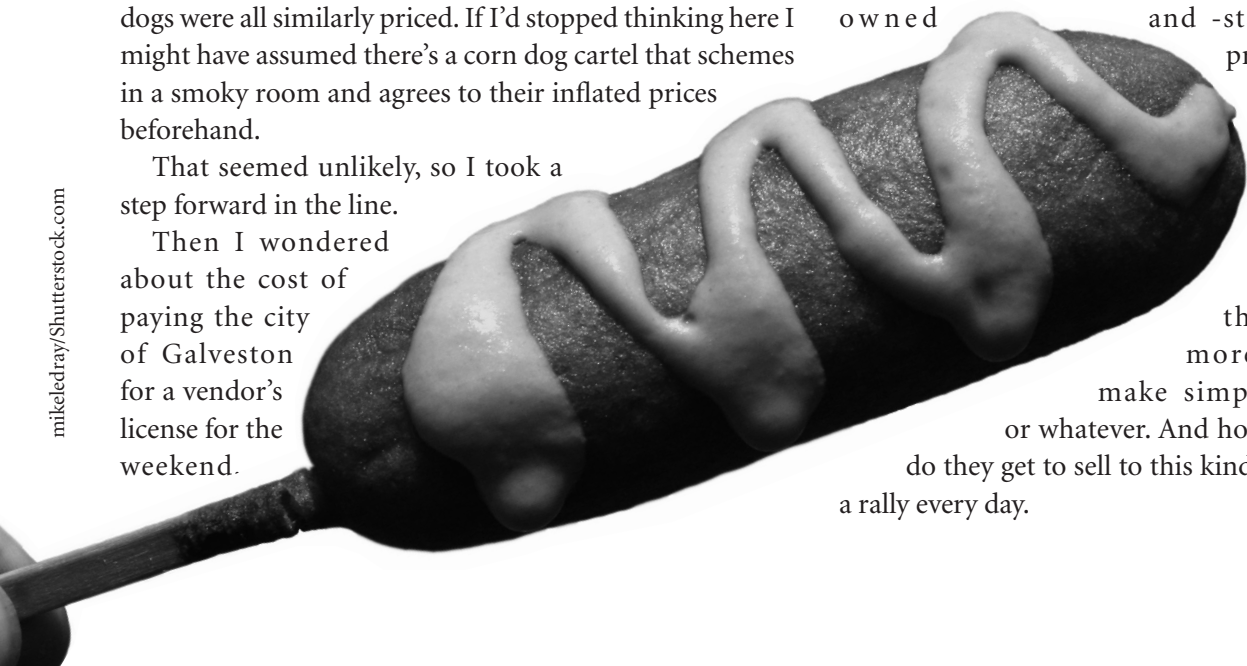
In other words, all this must be worth more than they could

make simply flipping burgers

or whatever. And how many opportunities

do they get to sell to this kind of crowd? There's not

a rally every day.



This line of thought stirs feelings of empathy; these people work hard, and despite the seemingly high prices they charge, probably don't make all that much when all things are considered. Maybe they're the ones being exploited.

The labor theory of value says that the value of a given product is proportional to the amount of labor involved in its production. On the surface, and perhaps even a few layers down, this is an apparently logical way to account for prices. Karl Marx based many of his conclusions on it and even Adam Smith was among its proponents. Perhaps there's some truth in that line of thinking, but something vital is still missing. For instance, some people care little for corn dogs regardless of the price. A vegetarian wouldn't eat one if it were free.

I also chose to bring my own beer and keep it in a cooler, even though there were numerous vendors that sell beer. I valued the beer, but not enough to overpay for it in the street.

I was getting close to the corn dog stand now.

The most revealing thing of all is the simple fact that I was willing and eager to pay \$5.50 for a corn dog. Getting lost in the production-cost aspects suddenly seemed a lot less revealing. Clearly the high price did not significantly reduce demand—we'd all been standing in line for a while now—and the market was more than able to bear the extra cost. If anything, corn dogs were actually priced too low: Other stands had already sold out.

As I took one more step up in line I realized I was living out an example of the subjective value theory, which states that a product's value is ultimately determined by what consumers value. A product's value can vary widely among individuals, or even vary with the same individual

AS I TOOK ONE more step up in line I realized I was living out an example of the subjective value theory, which states that a product's value is ultimately determined by what consumers value. A product's value can vary widely among individuals, or even vary with the same individual in different circumstances and points in time.

in different circumstances and points in time.

So even though, for \$5.50, I could go to the store and buy an entire box of corn dogs and make them myself, I would have to leave the rally, which wasn't desirable. And I wanted a hot, fresh corn dog right then. It wasn't much effort to bring ice and beer, but it would have been extremely costly (considering the effort, opportunity cost, and time expended) to bring my own fryer and corn dogs.

The convenience of having hot food served to me in the street, in the midst of thousands of people, automatically raised my willingness to part with my money. Had it been a normal day, I probably wouldn't have paid that much. But in those specific circumstances, I valued the corn dog more than the \$5.50. And of course, the vendor valued my money more than the corn dog.

But the best conclusion of all is that this line of thought means that both parties benefit when a voluntary trade is made, or else they wouldn't participate. On a normal day, when I'm unwilling to pay \$5.50 for a corn dog, the vendors don't even set up shop. Therefore as I stepped up to the stand and ordered my corn dog, I realized it wasn't a rip-off or exploitation in any way; we both came out better and the world was a better place for it. Rather than being a greedy scalper of cornmeal and mystery meat, the vendor was performing a highly valued service, and I was glad for the experience.

In fact, after I paid and the man handed me my jumbo corn dog, I left a dollar in the tip jar. He smiled and thanked me, and I did the same. **FEE**

Brett Stone (brettstone79@gmail.com) is a family man and closet guitarist who works in accounts payable in Alvin, Texas. When he's not waiting in line for a corn dog, he continues his decade-long self-education in economics.

Effectively Irrational

30 common fallacies used against libertarians

MAX BORDERS



By now you have probably heard of Bryan Caplan’s “rational irrationality.” The idea is that if the cost of holding irrational beliefs is low enough, there may be more irrationality demanded. Indeed, if holding an irrational view makes someone feel better about himself or keep membership in some in-group—but holding the view doesn’t directly harm the holder—he may very well stick with that view.

Caplan contrasts this with the idea of “rational ignorance,” which is more familiar to our readers. That simply means the cost of acquiring enough information to have a truly informed opinion about some issue is generally high, so people remain ignorant.

Both of these behaviors certainly play a role in the preponderance of dumb policies and dumb views. But are there corollaries in debate tactics?

Most libertarians find they’re arguing in social media these days. So they’re not only finding new people on whom to test their ideas, they’re finding new fallacies in response. And sometimes these fallacies work, despite being fallacious, which is probably why they’re so commonplace. This is especially true on social media, where one can quickly learn that the real point of these exchanges is to play to the audience, to provide them with an excuse to withdraw into whatever biases they already hold. Still, maybe it’s possible to raise the costs of employing these fallacies—at least a little.

We’ve decided to offer you a fun list of them, which you

can use as a handy guide in the process of engaging in well-mannered, reasoned discourse online.

1 Argument ad KochBrotherium: This fallacy is a cousin to the genetic fallacy and guilt by association. The twist, of course, is that anything that the Koch Brothers ever say, said, fund, funded, might fund, came close to funding, could have funded, will fund, walked by, looked at, support, think about, or mention is invalid by virtue of, well, “Koch Brothers! Boo!”

MOST LIBERTARIANS find they’re arguing in social media these days. So they’re not only finding new people on whom to test their ideas, they’re finding new fallacies in response.

2 The Unicorn: You’ll recognize this fallacy from the question, “Why does no libertarian country exist anywhere in the world?” Embedded in the question is the assumption that libertarian countries don’t exist because they are fantastic creatures, like unicorns. Of course, just because something doesn’t

exist yet does not mean it *can’t* exist. Indeed, the Internet in 1990 and the American Republic in 1775 beg to differ. And the unicorn fallacy fundamentally confuses the libertarian worldview with some “L”ibertarian platform that might be the product of some electoral processes—processes most libertarians reject. Michael Lind and E. J. Dionne have brandished this fallacy rather shamelessly, and have had it parried rather effectively by better minds.

3 Nut-Picking: This fallacy has nothing to do with Jimmy Carter. In this style of argument, the arguer finds the kookiest or most insane person who self-identifies as libertarian and then ascribes all of that person’s beliefs or claims to all libertarians. (This one could also be called the Alex Jones fallacy.) This is a tough one to counter simply

because there are plenty of nuts to pick from, and plenty of them use the l-word.

4 Must Be Scared/Have No Answer: This one's pretty simple really, and a unique creature of "debate" via social media. The libertarian leaves his computer or signs off for a while and the opponent accuses the libertarian of not being able to answer his or her Facebook claims, which the libertarian simply never saw or had no time to answer.

5 The Tin Man: This fallacy was identified and named by Cole James Gentles, who inspired this article. With the tin man the arguer either concludes or falsely assumes that the libertarian "has no heart" because she argues against some favored policy. This cousin of the straw man (scarecrow) fallacy assumes a direct line between sympathies and outcomes. Any failure to support some means amounts to a failure to support the wished-for end.

The tin man fallacy is rooted in the assumption that one's opponent, often a libertarian, has no heart. Unlike the straw man fallacy, in which the debater needs to mischaracterize their opponent's position, the tin man fallacy allows the debater to build a sturdy-looking, if hollow, general facsimile of their opponent's position ("You are against state mandated universal health care?"), but not give him a heart ("Then you don't care about poor people who don't have access to affordable, quality insurance, or people with pre-existing conditions!! You heartless monster! WHY DO YOU HATE THE POOR?!" Heard that one before?)

The frightening part of this fallacy is that its wielder usually thinks *exitus acta probat*.

6 Availability Cascade: Something big and bloody happens on the news (or goes viral), so the arguer implies or concludes that it's a widespread occurrence.

Example: A mass shooting has occurred, which points to an epidemic of gun violence.

It's not clear that if gun violence is at a multidecadal low point, the incident reflects an "epidemic." The ready availability of some story leads one to conclude that a

problem is widespread and demands a drastic response. Cass Sunstein, known for his work on "nudging," gets credit along with Timur Kuran for identifying this phenomenon. (An availability cascade doesn't always have to involve specious reasoning, but it very often does.)

7 Man on the Moon: Remember Rachel Maddow standing in front of the Hoover Dam? She's trying to convince her viewers that the government (which she calls "the country") must tax and build some major make-work project in order to revive the economy (or whatever).

Maddow is employing a form of the man on the moon fallacy, which takes the form, "If we can put a man on the moon, we can do X." But it misconstrues any reservations about big, awe-inspiring State projects as doubts about "America's"

ability to do big things. It's just assumed that anything requiring extensive collaboration must be done via State power for it to count. Questions of the value, cost, or feasibility (or some combination thereof) of any particular project are sealed off from the word "if." And of course "we" is never carefully unpacked.

8 The Gap: I wrote a whole book about why the following involves fallacious thinking. The fallacy goes something like this: "*The free market widens the gap between rich and poor.*" Now, strictly speaking that claim might be correct. But so what? I'll pass over the problem that the "free market" has probably already been attacked with the unicorn fallacy at some prior point in the same hypothetical conversation. In any case, because economies are dynamic, the "rich" and "poor" change from day to day, and measured in quintiles, we don't know whether the "gap" will be greater or smaller from one day to the next, even assuming a free market. The real problem with such reasoning is the built-in assumption that a gap *itself* is a bad thing. Suppose a really tall man moves into my neighborhood. Apart from my suddenly wishing I were taller, does the presence of the tall man make me worse off somehow? Of course not. The existence of the rich person doesn't make me worse off, either, unless he got rich by

THE TIN MAN
fallacy is rooted in the assumption
that one's opponent, often a
libertarian, has no heart.

using political means to transfer money from my pocket to his. This happens all the time. But such transfers have nothing whatsoever to do with free markets.

Measuring an asset gap in and of itself tells us little. Indeed, without the functional story of how any gap came to be—stories, not snapshots matter here—we can’t make any judgments about it whatsoever. “Gap” talk is just a fetish that ignores how much better off the poor are thanks to the existence of innovators and entrepreneurs who got rich by creating value. And the unstated assumption is that if any group of people has more wealth at any particular point, the people with less are somehow being wronged simply because the other group has more. The gap fallacy is also meant to preempt debate, usually in the service of another agenda (which is rarely more than reinforcing the opponent’s opinion of himself as a good guy).

9 The Two-Step: Some opponents will simply change the subject in the middle of a discussion, leaving the original claim by the wayside. Usually neither party notices the two-step. For example, the opponent may refuse to answer the libertarian’s direct question and instead respond with another question. Or the debater may slide into one or another irrelevant point that has no bearing on the original point at issue. This process can go on for a while unless the libertarian rigorously brings the opponent back to the original point. The red herring, *ad hoc*, and *non sequitur* are similar enough fallacies, so the two-step may also be classified as an evasive tactic.

10 Panglossian Fallacy: Because the military-industrial complex was somehow involved in developing aspects of what later became the commercialized Internet, it follows that government funding is indispensable for such wonderful things to appear—and that all the things that go along with the funding (and revenue-collection) apparatus are therefore also acceptable. This variation of the *post hoc* fallacy is seductive particularly because we can never know what would have happened in

the counterfactual private sector. Form: If it happened, it must be the best of all possible worlds. (See this article: tinyurl.com/lwgqpgc)

11 Your Side: Also known as tarring with the same brush, this fallacy has a couple of related forms (see No. 1 and No. 3). An opponent may accuse the libertarian of being a Republican or Tea Party conservative because he or she happens to agree with a majority of Republicans on some particular issue. One hears: “Your side thinks ...” when in actuality the libertarian doesn’t have a “side” per se. It works even better as a tactic if there is really no connection at all apart from being something the opponent’s “side” would never say. The “your side” fallacy allows the opponent to appeal

directly to tribal biases, which are more immediate and powerful than any argument. When it’s intentional, this rhetorical maneuver is meant to appeal to others who may be watching—the hope being that they’ll swerve into the ditch that is their own biases.

12 The We/Society Fallacy: This common form of hypostatization occurs when the user ascribes rational individual agency to “society” and conflates or confuses society with the State. Both usually happen immediately, or somewhere hidden, before the opponent even speaks. The opponent wants his moral position or emotional state to be reflected somehow in the organization of society. Although “we” or “society” is a useful ersatz word that appears to confer legitimacy on some aspect of the opponent’s claim, it is almost always an intellectual sleight-of-hand. Only individuals can act. Groups must work through processes of either collaboration or coercion. (Note: “The market” is often misused this way by both supporters and detractors.)

13 Deus ex Machina/Market Failure: People is people. And yet opponents sometimes think that it’s enough to argue that governments, by dint of largess and force, have the power to fix certain kinds of problems, which they label “market failures” because they happened outside the purview of State action. Note that this only

THE “YOUR SIDE” fallacy allows the opponent to appeal directly to tribal biases, which are more immediate and powerful than any argument.

works in one direction: Problems in any area covered by the State are usually chalked up to being problems merely of execution, whereas “market failures” allegedly reflect an inherent deficiency. Even if one agrees that one set of people working in voluntary cooperation cannot solve some problem (or at least haven’t yet), it does not follow that another group of people—

“the government”—can. Indeed, greats like James Buchanan and Gordon Tullock have given us very good reasons to doubt that government can solve problems; it seems more likely to make matters worse.

14 The Organic Fallacy: Such arguments take the form, “*It’s organic, therefore it’s good or good for you.*” Or similarly, “*It’s not organic, therefore it’s bad or bad for you.*” One hears this rationale to demand regulations and food labeling. And while there may be independent reasons to justify such regulations or labeling, these are not justified by the organic fallacy. It’s not clear that Socrates would argue for the health benefits of natural hemlock, nor would people with thyroidectomies argue they should go without Synthroid. I would add that, until there is more evidence to the contrary, there are plenty of GMOs that are good for me. (Note: Plenty of libertarians commit this fallacy too. Just because Monsanto is a rent-seeker doesn’t mean all its products are bad.)

15 Nobel Fallacy: You may recognize the form “*X has a Nobel Prize in economics, who are you to argue against his claims?*” I don’t care whether Krugman or Stiglitz has a Nobel Prize, they’re wrong about just about everything. And the truth or falsity of one’s claim doesn’t depend on his credentials. (Meanwhile Nobel Laureates James Buchanan, Vernon Smith, Elinor Ostrom, Douglass North, Milton Friedman, and Friedrich Hayek are mostly always right. I mean, that’s like 6–2 for the good guys. [*rimshot*])

16 No Parks for You: Snarkier opponents of libertarianism rhetorically ask why libertarians avail themselves of all the goods and services government happens

to provide. “*If you’re going to live by your principles, you can’t use X or Y*” (insert: state universities or public roads). Of course, it does not follow that one should not avail himself of some good or service he thinks should be provided by other means. Indeed, one could argue that he is more than justified in consuming some good or service he has been forced to pay for against his will.

PROBLEMS IN ANY area covered by the State are usually chalked up to being problems merely of execution, whereas “market failures” allegedly reflect an inherent deficiency.

17 The Self-Exile Fallacy: Snarkier still is the opponent who argues that “If you don’t like it, why don’t you just leave?” Implicit in this question is the suggestion that there is some positive duty for one to leave a condition he doesn’t like and/or that by one’s staying, he

his implicitly consenting to whatever the system is. By this “logic,” if you have just bought a house with an ‘80s bathroom, instead of improving, changing, or upgrading it, you should just take a bath in the kitchen sink.

18 Somalia: Opponents love to tell you that Somalia must be a “libertarian paradise.” Everyone laughs. If you respond with a phrase like “comparative institutional analysis,” everyone’s eyes glaze over and you lose, despite being correct. Somalia has been better off on most dimensions without a central government than it was under a brutal, centralized regime—warlordism notwithstanding.

19 Social Contract: Rousseau left a terrible intellectual legacy. And progressives use his “social contract” to justify anything under the statist’s sun. Of course, there could be a real social contract, but libertarian opponents prefer the one that allows them to justify anything under...

20 Start Somewhere: You’ve slogged through the data. You’ve offered a completely rational response. You’ve explained the ins and outs of why your opponent’s policy X won’t work and why it may even make things worse. The response? “We’ve got to start somewhere.” The idea here is that it’s better to do, well, anything—even if it might result in calamity. And,

of course, the State must do that potentially calamitous thing. (See also No. 23.)

21 Social Darwinism: “The free market is just social Darwinism!” This is actually a pretty old meme. It was used by progressive academics in the 1940s to smear the work of Herbert Spencer. Spencer was a biological Darwinist to be sure. And he also thought the market and social phenomena like institutions and ideas would be subjected to analogous evolutionary forces. But the unit of survival in markets is the business, not the individual. In other words, businesses that fail to create value for customers die. But advocating for free people to engage in voluntary exchange is not advocating that people leave the weak, poor, or vulnerable to suffer. Quite the contrary. Most advocates of the free market believe a robust

philanthropy sector is part and parcel of a system of voluntary exchange. Herbert Spencer thought so too. He writes: “Of course, in so far as the severity of this process is mitigated by the spontaneous sympathy of men for each other, it is proper that it should be mitigated.”

22 Argumentum Ad Googlum: This fallacy proceeds when the libertarian makes a good point or builds a stellar case, or asks a question the opponent can’t answer. The opponent disappears for a while, frantically Googling away. The opponent comes back with a series of links that stand in for argument. To be fair, this isn’t always a fallacy, as some will use links to support their claims. But often the tactic is used to thrust the burden of debate back onto the libertarian who is expected to read through the links and infer some point. At best, it’s bad form.

23 We’ve Got to Do Something!: Related to the “start somewhere” fallacy, “We’ve got to do something!” is an argument that really means (a) the State has to do something, and (b) State action is preferable to both no action and private action. Numerous examples of this

fallacy appear when opponents think any action riding on good intentions is good enough, consequences be damned. Often, however, it can be demonstrated that it is better for government to do nothing and to stop doing what it’s already doing. (Examples include stimulus spending, regulation, and other forms of intervention.) For government to do nothing is rarely presented as a premise subject to debate and evaluation. Someone genuinely open to ideas would ask, “What should be done about

this?” and “Who should do it?” Someone genuinely interested in answers would have the courtesy to make explicit what they already believe: “The government has to do something, which is beyond debate. Here’s what I think that something should be.”

24 Empirical Fallacy: A familiar opponents’ refrain of late

is: *How do we know X isn’t going to work until we try it? We have to wait and see the empirical evidence before calling X a failure.* With such reasoning we should let monkeys go to Washington and type randomly into a big machine that spits out statutes at random. Well, we already do this in a manner of speaking, but it might be a good idea to look at some well-established economic theory and economic thinking before sallying forth into legislative adventures that could have both predictably perverse and unintended consequences. More importantly, the opponent presumes it is the prerogative of the State—and, by extension, any governmental group within the State apparatus—to experiment on those under its auspices, and that it is the duty of the subjects in that jurisdiction to submit to the experimentation. (Also called the Pelosi Fallacy.)

25 No True Libertarian: Ever heard of the No True Scotsman fallacy? Usually it’s applied by someone in a group to question another’s membership in that same group in terms of their ideological purity. Libertarians are

THE OPPONENT presumes it is the prerogative of the State to experiment on those under its auspices, and that it is the duty of the subjects in that jurisdiction to submit to the experimentation.

famous for saying to each other, “If you think X, you’re no libertarian.” But libertarians’ opponents use a variation of this, too. They’ll say something like, “Libertarians believe in X. If you don’t, you’re no libertarian.” (X might be natural rights, collective non-State action, a social safety net, etc.) The No True Libertarian fallacy is a way of trying to force the libertarian to choose between a subtle variation in his argument and his own doctrine. It implies the libertarian lacks credibility: “This clown doesn’t know what he thinks!” Of course, such a tack has no bearing on the truth or falsity of either party’s claims, or the validity of their arguments. Libertarianism is a diverse school of thought. It is not a monolith. One need only demonstrate the consistency of his argument.

26 Fascist Ignorance: This one should be familiar: Libertarian opponents were outraged—OUTRAGED—when John Mackey pointed out quite correctly on NPR that Obamacare is a fascist policy. Fascism is, of course, a doctrine that calls for significant State control over private industries, to be carried out in the service of State ends. So the fallacy of fascist ignorance is a form of *ad hominem* in which a libertarian opponent refers to the libertarian or his views as “fascist” despite, strictly speaking, holding fascist views herself. (One might also refer to this as the “chicken calling the cow ‘poultry’” fallacy.) In the interests of good discourse, however, it’s probably not wise for anyone to evoke the power of the “F” word at all, given how much baggage it carries.

27 Just One Life: The emotional appeal, grounded in nothing substantive, is meant to be a moralistic shutdown card. It goes “*I’m sorry, but if we can save just one life with this policy, it’s worth it.*” What does that even mean? Does it mean that every life has infinite value? Does it mean that saving lives at the expense of others and all other considerations is the purpose of government? Or does it mean that “worth it” is completely vague, but you just care a lot? It’s a heroic-sounding sentiment, but it demonstrates only the speaker’s commitment and earnestness—not any analysis of the policy itself.

28 Consensus: This hybrid of the bandwagon and appeal to authority fallacies infects lots of discourse. It takes the form, “*Lots of really smart and educated*

people believe X, therefore it’s true.” From the USDA food pyramid dieticians to macroeconomists, authorities are not always right. There are limits to any individual’s ability to understand all the nuances of a given issue. Prediction and forecast are even more difficult. Political decision-makers must confront the exact same cognitive limitations as mere mortals, which is why they, like libertarian debate opponents, rely far too heavily on expert “consensus.”

29 Logo-phallo-euro-centric: Opponents accuse libertarianism of being hostile to women, minorities, homosexuals, and other marginalized groups. The fallacy lies in the idea that if your doctrine doesn’t acknowledge that groups deserve special, State-sanctioned treatment at the expense of other groups or individuals, it’s tantamount to some *ism*. Some even go as far as to say that if you use certain language some construe as racist, sexist, or homophobic, it invalidates libertarian doctrine. While many libertarians act like idiots and should probably not overreact to collectivist PC victim narratives with foul language, libertarian doctrine is at root a doctrine of anything peaceful—voluntary cooperation, decentralized power, and radical community formation. The heroes of libertarianism (of all races, sexes, and ethnic backgrounds) knew that collectivism and Statism are interdependent world views: It takes evoking collectivism and inventing group rights (or wrongs) to justify most State actions, and the State has historically had the power systematically to prop up or tear down people by group.

30 Who Will Build the Roads?: This familiar duck has a thousand variations, but the idea is that because the opponent has never seen it nor can imagine it being done without the State, it follows that it can’t. But of course, it (roads, aid, education, and the rest of it) can. (See also No. 13.) **FEE**

Note: huge credit to Cole James Gentles, Jeff Ellis, Sarah Skwire, and Zach Spencer for their assistance in compiling these fallacies. Thanks also to Michael Nolan for help in fleshing these out.

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Dead Models vs. Living Economics

Free-market economists against “perfect competition”

SANDY IKEDA



Since 2008, straw-man versions of free-market economics have popped up whenever someone needs an easy villain. Keynes roared back to prominence, and it looks like this reaction might be gaining steam.

According to an article in *The Guardian*, students at a few British universities, prompted by “a leading academic,” are demanding that economics professors stop teaching what they refer to as “neoclassical free-market theories.”

Michael Joffe, an economics professor at Imperial College, said, “The aim should be to provide students with analysis based on the way the world works, not the way theories argue it ought to work.”

Joffe is right on that point. But his target is wrong: It’s not free-market economics that’s the problem, it’s the model of perfect competition that often gets conflated with free-market economics. A commenter on my recent columns addressing falsehoods about the free market suggested I discuss this conflation.

I was thinking of putting it into a third “falsehoods” column. But the *Guardian* story makes me think the issue deserves more attention. Here’s the key passage:

The profession has been criticised for its adherence to models of a free market *that claim to show demand and supply continually rebalancing over relatively short periods of time*—in contrast to the decade-long mismatches that came ahead of the banking crash in

key markets such as housing and exotic derivatives, where asset bubbles ballooned [emphasis added].

Why Do You Support the Free Market?

Some people support the free market purely because of ideology: They believe it’s consistent with individual rights to life, liberty, and property. For them it matters little if critics are right about the weakness of economic models or about the facts of the case. In other words, even if the free market were indeed responsible for the crash of 2008, that would not shake their belief in the value of the free market.

“Free-market economists,” on the other hand, typically have confidence in free markets owing to our understanding of economics, although we often (notoriously) disagree on exactly what the correct economics is. A number of free-market economists base their confidence on what is known as the model of “perfect competition.”

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Briefly, that model shows how in the long run the price of a good in a competitive market will equal the additional cost of producing a unit of that good (its marginal cost), and it shows that no one has the power to set prices on her own. How do you get those results? By making something like the following assumptions:

1. Free entry: While buyers and sellers may incur costs to consume and to produce, there are no additional costs to enter or leave a market.
2. Product homogeneity: From the point of view of any buyer in the market, the output of one seller is a perfect substitute for the output of any other seller.

3. Many buyers and sellers: No single buyer or seller is large enough to independently raise or lower the market price.
4. Perfect knowledge: All buyers and sellers have so much information that they will never regret any action they take.

From these assumptions you can derive not only marginal-cost pricing but also nice efficiency properties as well: There is no waste and costs are minimized. Which is why people like the model.

Moreover, for some important questions the analysis of supply and demand under perfect competition is quite useful. Push the legal minimum wage too high and you'll generate unemployment; push the maximum rent-control rate too low and you'll get housing shortages.

Also, financial markets sometimes—though as we have seen, not always—conform to the predictions of perfect competition. It's a robust theory in many ways, but if you base your support for the free market on the model of perfect competition, you're on shaky ground. The evidence against it is pretty devastating.

Free Entry, Not Perfect Knowledge

In fact, it doesn't even take the Panic of 2008 to shake up the model; any comparison of the model with everyday reality would do the job. Assumptions two and three about product homogeneity and many buyers and sellers are pretty unrealistic, but it's the last assumption about perfect knowledge that's the killer. (I'm aware of Milton Friedman's "twist," which argues that this is irrelevant and only predictions matter, but it's a methodology I don't agree with.) Markets are rarely if ever at or near equilibrium, and people with imperfect knowledge make disequilibrating mistakes, even without the kind of government intervention that caused the Panic of 2008.

When the institutions are right, however, people learn from the mistakes that they or others make, and there's a theory of markets—certainly neither Keynesian nor Marxist—that fits the bill better than perfect competition.

COMPETITION
itself improves the level of
knowledge.

It's Austrian theory. Its practitioners argue that competition is an entrepreneurial-competitive process. This theory not only says that competition exists in the presence of ignorance, error, and disequilibrium, it explains how profit-seeking entrepreneurs in a free market positively thrive in this environment. The principal assumption that the theory rests on, besides the existence of private property, is No. 1: free entry.

As long as there are no legal barriers to entry, if Jack wants to sell an apple for \$1 and Jill is asking \$2 for that same quality apple—that is, there is a disequilibrium here in which either Jack or Jill (or both) is making an error—you can profit by buying low from Jack and selling high to Jill's

customer, Lucy. If another entrepreneur, Linus, spots what you're doing, he can bid up the price you're giving Jack and bid down the price at which you're selling to Lucy. Bottom line:

A process of entrepreneurial competition tends to remove errors. There is no need to assume perfect knowledge to get a competitive outcome; instead, competition itself improves the level of knowledge.

So Joffe and the critics are wrong about the theory. You don't knock out the theoretical legs from under the free market by "debunking" the model of perfect competition. He is also wrong about the history. As I've referenced many times, economists Steve Horwitz and Pete Boettke have documented how a government-led, interventionist dynamic, and not the free market, led to the Panic of 2008 (tinyurl.com/mceqdf [PDF]).

Joffe, the Imperial College professor, "called for economics courses to embrace the teachings of Marx and Keynes to undermine the dominance of neoclassical free-market theories." He also complains that "there is a lot that is taught on [*sic*] economics courses that bears little relation to the way things work in the real world." I agree. But that complaint would apply at least as much to the Keynesian and Marxian economics he hypes as to the static, equilibrium-based models of competition he slams. **FEE**

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The Paradox of Voting

“We as a society” does not exist

PIERRE LEMIEUX

Speaking about Obamacare, MIT economics professor Jonathan Gruber said, “We’ve decided as a society that we don’t want people to have insurance plans that expose them to more than six thousand dollars in out-of-pocket expenses.”

What does it mean that “we” decide something “as a society”? It’s an important question: This sort of statement gets used frequently as a justification for government intervention. When, in the same fashion, Obama says “we as a nation,” he is just using a variation of the same expression and talking like the average politician.

“We as a society” or “we as a nation” is generally used as an incantation with no scientific meaning. If it has any ascertainable meaning, it means “we who want to impose our current and perhaps changing whims on others.”

The simplest interpretation of “we as a society” is that it represents what a majority votes for. It would simply mean, *we as a majority of 51 percent* (or 60 percent, or 30 percent if we are talking of a mere plurality). But how is the majority representative of society? What tells us that another majority wouldn’t vote differently if the issues were presented differently? Whose preferences exactly does the majority represent?

That Median Voter

In certain cases, the majority represents the preferences of a small group of voters, perhaps a single voter. The “median-voter theorem” shows that if you have one voter (or one group of voters), whose preferences are exactly in the middle of the distribution of preferences, he will win elections.

For example, if the median voter prefers public expenditures to be \$3 trillion, no politician can win an election against one who runs on this proposal. Any politician who proposes to spend more or less will lose

more than 50 percent of the electorate to the one who stands exactly in the center. The median voter theorem explains why a successful politician has to “hug the center,” as *The Economist* puts it to explain the recent gubernatorial elections.

Preference Aggregation

When, however, the electorate is polarized around two opposing stances, the median voter theorem does not apply. More diverse individual preferences, and a more diverse society, weaken the median voter’s power. What

happens in this case? Who is the majority? How does it behave?

These issues fall under the label of “preference aggregation,” within a field of inquiry called social choice. The broad question is, how can the preferences of voters—or,

more generally, of individuals in society—be aggregated to produce social choices?

A little intellectual voyage will help us answer this question.

First, meet Jean-Antoine-Nicolas de Caritat, marquis de Condorcet (1743–1794). Condorcet was a French mathematician, philosopher, and classical liberal. Like many politicians, he became cross with the French authorities under the Terror (the nastier phase of the French revolution), was arrested on March 27, 1794, and died in jail a few days later.

His death, however, had nothing to do with his 1785 book, *Essay on the Application of Probability Analysis to Decisions Made with a Plurality of Votes*—except perhaps to the extent that he was not an intellectual yes man. Condorcet was the first one to clearly isolate a strange phenomenon that came to be known as the “paradox of voting”: Even if each voter is rational, the result of a vote can be irrational.

MORE DIVERSE
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this case? Who is the majority?

“Rational” in this context simply means consistent or transitive preferences: If you prefer X to Y, and Y to Z, you will also prefer X to Z. The Condorcet paradox says that even with rational electors, a majority that prefers X to Y and Y to Z can prefer Z to X.

An example will make this easier to grasp. Suppose the issue is whether the president should have more power over the budget (compared to Congress), less power, or the same degree of power as now. Let P represent the status quo, P- mean less power to the president, and P+ more power. Now consider an electorate composed of three voters: Alice, Bob, and Charlie. Suppose that Alice prefers P- to P to P+, which we can write as $P- > P > P+$. We use symbols to economize on words: “>” simply means “preferred to.” Like all other voters, Alice is rational, which implies that she also prefers P- to P+. Assume that Bob’s preferences are $P > P+ > P-$. As for Charlie, his preferences are represented by $P+ > P- > P$. Bob and Charlie are also supposed to have transitive preferences.

It is easy to check that if our voters are asked to vote between P- and P, the majority (Alice and Charlie) will choose P-. If the electorate votes between P and P+, the majority (Alice and Bob) will choose P. Since the electorate prefers P- to P, and P to P+, you would think that it would prefer P- to P+ if presented with these two alternatives. But no! You can check that P+ would win over P- with a majority of votes (Bob and Charlie). The electorate is irrational even if each voter is rational.

Other preference orderings will produce a rational electoral choice. But the example shows that the paradox of voting can appear. “We as a society” is more a casino roulette than a rational actor.

Cyclical Majorities

This theory explains many observable phenomena. It explains the inconsistencies we often find in public opinion surveys. It may explain why voters vote both for job creation programs and for minimum wages that destroy jobs. It explains the votes on the Muscle Shoals hydroelectric project in the U.S. senate in 1925. Over less than a week in January of that year, and without any senator changing his mind, the U.S. senate voted to refer the alternatives to a study commission instead of allowing private development, then for private development instead of public ownership, and then again for public ownership instead of a study commission (see John N. Neufeld et al., “A Paradox of

Voting: Cyclical Majorities and the Case of Muscle Shoals,” *Political Research Quarterly*, vol. 47, no. 2, 1994).

This is another example of the paradox of voting, also called “cyclical majorities.” Voters—U.S. senators in this case—cycle between issues without being able to reach a definitive decision.

Mathematician Charles L. Dodgson (1832–1898) rediscovered the phenomenon of cycling a hundred years after Condorcet. Dodgson was also known as Lewis Carroll, author of *Alice in Wonderland* and other literary works. That such a creative spirit as Dodgson worked on cycling lends more credence to the importance of the topic.

Our intellectual voyage now takes us to Duncan Black (1908–1991), a Scottish economist who rediscovered the paradox in the mid-twentieth century. When a numerical example he was working on showed an irrational electorate made of rational voters, Black was deeply disturbed: “On finding that the arithmetic was correct and the intransitivity persisted,” he later explained, “my stomach revolted in something akin to physical sickness.” He had to admit that his prior intuition—that rational voters produce a rational electorate—was disturbingly wrong.

The final destination in our voyage is Kenneth Arrow, a Stanford University economist who extended the opportunity for nausea to all economists and political scientists who study the issue. In his 1951 book, *Social Choice and Individual Values*, Arrow mathematically demonstrated that the discovery of Condorcet, Dodgson, and Black was only a special case of a more general theorem: Whatever the decision mechanism used, a social choice cannot be both democratic and rational. If all individual preferences are to count equally (and given a few other axioms), a social choice must be either irrational or imposed by some on others. For his work, Arrow (along with with John Hicks) won the 1972 Nobel Prize in economics.

The political implications are striking. Saying “we as a society” means one of two things: “We who agree with the choice imposed on others,” or, “We are irrational in this choice, and could as well have chosen something else.” In other words, “we as a society” does not really exist, except perhaps with respect to a few fundamental values on which unanimity obtains. **FEE**

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Black Death and Taxes

They had more to do with each other than you might think

B.K. MARCUS

Besieging the Black Sea port of Caffa, the Mongols began to fall to the invisible arrows of a plague that had followed the Silk Road from the arid plains of central Asia. While the Genoese they wanted to capture were safe within the city, Mongol bodies piled up outside its walls.

The Mongols of the Golden Horde then did something unprecedented in both the history of warfare and the history of disease. They piled their dead into catapults and hurled them over the city walls, raining diseased corpses on the besieged Genoese. These Italian merchants—visitors at the edge of the Mongol Empire—boarded their ships to flee the Crimea. It seems they brought the plague home with them.

“If this account is correct,” writes bacteriologist Mark Wheelis in a paper for the Centers for Disease Control, “Caffa should be recognized as the site of the most spectacular incident of biological warfare ever, with the Black Death as its disastrous consequence.”

A century later, the population of Europe was only half the size it had been before the plague came west.

King of the Black Death

But even if the disease reached Europe by way of the late Mongol Empire, causing what Wheelis calls “the greatest public health disaster in recorded history,” ultimate blame for the cataclysm may not fall to the Mongol khan or his soldiers. Instead we should look to the conduct of European monarchs—and one in particular.

“Focus on the devastation caused by outbreaks of the Black Death in the mid-14th century is partially correct but superficial,” wrote Murray Rothbard in *An Austrian Perspective on the History of Economic Thought*, “for these outbreaks were themselves partly caused by an economic breakdown and fall in living standards which began earlier in the century.”

The established wisdom agrees with Rothbard, to a point: A crippled economy weakened people’s health and lowered their immunity, making them ever-more vulnerable to the coming pestilence. But the standard

account is that the Little Ice Age and the resulting Great Famine brought an end to the flourishing economy of the High Middle Ages, thereby weakening human immunity while allowing rats to thrive.

There is little doubt that cold weather and crop failure can cause great harm, but changes in the natural world don’t tell the whole story.

Before the black death, the first three centuries of the millennium had experienced a commercial revolution in Europe. What we now call the High Middle Ages saw trade, production, and finance blossom. Living standards rose significantly, and the institutions of early capitalism developed and spread through western Europe.

This growing, healthier economy was the result not just of new competition within the market but of competition for political rule. “There was a balance between the power of Church and State,” according to Rothbard, “with the Church slightly more powerful.”

While the religious and secular authorities struggled in stalemate, Europe’s productive classes innovated and reconnected across the ancient roads of the Roman Empire. Between the Atlantic sources of wool and linen cloth to the northwest and the Mediterranean sources of dyes, silk, spices, and coinage from the southeast, several Roman roads intersected in the region of Champagne, where the French king’s authority was still weak.

The counts of Champagne sponsored commercial fairs at these ancient crossroads. Outside the fairs, the counts policed the roads to ensure safe conduct for merchants to and from the burgeoning markets, but their role within the fairs was one of benevolent absence. These hubs of international commerce were free zones, untaxed and unregulated by kings or nobles. Competing private courts developed to resolve disputes and enforce contracts under a uniform body of private law, the *lex mercatoria*.

The commercial revolution, which grew in the gaps between church and State, between kings and nobles, was brought to an end in the era of the absolute monarchy. “The nation-state came to hold sway,” Rothbard wrote, “breaking the power of the Church, taxing, regulating,

controlling, and wreaking devastation through virtually continuous war for over a century.”

Special Opprobrium

Among the new breed of fourteenth-century monarchs—these creators of the rising nation-state—Philippe le Bel of France deserves special opprobrium.

His one goal in life was to expand his power, both on the continent and within his own kingdom. When Pope Boniface objected to Philippe’s new taxes on the clergy, Philippe had the pope seized in Italy and prepared to try him for heresy. When the aging pope died before his trial, the king seized the papacy itself and brought it from Rome to France, where he could keep it under control.

To finance the international trade of the High Middle Ages, merchants had turned to the moneylenders among the Jews and the Catholic Order of the Templars. Deeply in debt himself, Philippe expelled the Jews, had the Templars declared heretics by the captive French papacy, and seized the funds of both for the royal treasury. After these confiscations, merchants would have a harder time raising money for their ventures. The market for commercial loans suffered what economic historian Robert Higgs calls “regime uncertainty.” No funds were safe from the voracious monarchy.

Philippe acquired Champagne through marriage and ended every aspect of the region’s traditional commercial freedom. He levied heavy sales taxes on all trade and banned his territorial enemies from the fairs, crippling the sources of wool and linen.

The king’s endless wars did less lasting damage through

direct bloodshed than they did by establishing regular taxation in France.

In *A Distant Mirror: The Calamitous 14th Century*, historian Barbara Tuchman writes that the 1300s bore the “hoofprints of more than the four horsemen of St. John’s vision.” After plague and war, the third apocalyptic horseman she lists is taxes.

When goods had crossed Europe, people grew healthier and richer, and the population increased. When the king grew more powerful, he destroyed the independence of his nobles, the authority of the church, and the viability of the financial institutions that had become the lifeblood of the once-thriving economy. He put an end to the steady growth in his subjects’ standard of living, weakening their general health well before the black death came west.

The merchants abandoned their overland routes and took to the sea. The trading ports in Italy and on the Atlantic continued to thrive economically while the rest of Europe declined.

Plague may have descended from Asia as colder weather crept down from the north, but the poverty that weakened the medieval peoples of Europe and helped to spread disease and starvation was less the product of Mongol warfare or climate change than of the growth and centralization of political power.

As Murray Rothbard put it, “The causes of the great depression of western Europe can be summed up in one stark phrase: the newly imposed domination of the State.” **FEE**

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Liberally Classical

The surprising future of orchestral music has arrived

JEFFREY TUCKER

I was recently in an ornate orchestral hall built in the late Gilded Age, a setting designed to present an opera or symphonic music to a generation before World War I that craved such performance art. The concert I attended was sold out, with tickets running between \$40 and \$75.

The place was vibrating with anticipation as the full orchestra with winds, strings, brass, and percussion came onstage, and a 25-voice choir—live acoustic music without conspicuous electronics—filed in behind. The cheers, even before it all began, were glorious.

As I looked around the vast room full of wide smiles, I noted that that average age of the concert goers was late twenty-something. It was a slightly startling sight after having been to so many symphony concerts filled with septuagenarians. Not that there's anything wrong with old people, but it always seemed to symbolize a dying art to me. Not this time though. This art and this room were alive and youthful and looking to the future.

What followed was two hours of dramatic, emotionally gripping symphonic music. The audience couldn't wait to cheer and stand at every opportunity. At the intermission not a soul failed to return to his or her assigned seat.

I've been around the art-music sector of the music industry for many years, and, for me, this was all dreamy, even surreal. My whole life, I've heard the same old complaints from classical musicians. We are underfunded. Governments are stingy. The people are not coming to our concerts. The young are only interested in junk music.

High art is being crowded out by pop: it's Schubert vs. Spears, Beethoven vs. Bieber, Mahler vs. Madonna. Our concert halls and symphonies are being massacred by market forces. We need subsidies in order to uphold real music against the pathetic tastes of the middle class.

And so on it goes.

The conventional tactics for dealing with this obvious and old problem are well known. There are labor strikes—you know, those oppressed oboists and violists who are clamoring for their surplus value to be given back by the

unnamed exploiter. Donors are being squeezed to make up for what can't be gained in ticket sales. There are hectoring public campaigns to "support the arts" or feel really guilty. There are marketing gimmicks. There are foundations that provide temporary relief. All the while, musicians

grow ever more bitter, resentful, and despairing.

So what made this event different? Many things. The bar was open with wine, beer, and spirits, and people were welcome to bring them to their seats, just like in a movie theater when people watch with soda and popcorn. Yes! Why doesn't the Kennedy Center allow this? I don't know. It should.

Also, the fantastic and rightly showy conductor was a young woman—defying the eternal stereotype and addressing another complaint about sexism in the history of orchestral conductors. Another thing: Many members of the audience were dressed in character, sporting funny ears, wigs, and costumes. Character? More on that follows.

CONSUMERS' interests have brought back large-scale live performance art—full choir and orchestra—through the most circuitous route one can possibly imagine.

Finally, the main event was something completely unexpected. The music was a performance of the soundtrack to the video game *Legend of Zelda*. The full name: *The Legend of Zelda: Symphony of The Goddesses*. Yes, a video game, a cult classic, one that began in 1989 and now has a beloved heritage and rich tradition.

The game itself is accompanied by a full suite of serious music composed over the course of 25 years by a dozen or so specialists (all well-trained musicians) from Japan.

That means there is not a single godlike composer—we like to pretend they were all *sui generis*—but rather a crowd-sourced, thematically arranged series of pieces, each of which is connected to some iteration of this long-running game.

The musicians seemed to love it, and the audience surely did. The exchange relationship between the musical producers and

consumers was unlike anything I had experienced. This was not an audience obediently frozen in a stuffy pose waiting for the next assigned time to clap (never, never between movements, dammit!). They were serious, engaged people who were happy to gasp, laugh, cheer, ooh and ahh, and even cry. They did it all, and not on cue.

Above the orchestra floated a large screen that played scenes that matched the music, from its earliest and crudest computer animations to the latest and most dazzling visual art. We even saw the characters grow up in the course of their adventures, which are wonderful faux-medieval tales of danger, courage, chivalry, and devotion.

My goodness, the whole scene just moved me so much. Here were the gamers all gathered, those “nerds” everyone made fun of during high school and college, and their love of their computer world was being validated and affirmed. But I suspect that even they didn’t understand the implications of all of this. I wanted to stand up and

NO ONE WOULD have believed that he or she had a future in live performance music, filling up the old orchestral halls, by way of fun and wonderful video games. No, it took entrepreneurs and commerce to blaze this trail. It took markets to make this surprise happen.

explain: Do you see what you have done here? Your consumers’ interests have brought back large-scale live performance art—full choir and orchestra—through the most circuitous route one can possibly imagine.

And how different, really, is this from a Rossini opera about a love affair involving barbers, secret letters, singing lessons, stodgy aristocrats made to look silly, and narrow escapes down second-story ladders? Or a Mozart opera involving magic bells and flutes, evil queens, floating boys

in an air balloon, and scary dwarfs and dragons? It’s all the same stuff. It’s that beautiful combination of audio and visual art—the sense that something is happening right there in front of you. They didn’t have video games but we do, and good for us!

All of this music could have easily been played on a loudspeaker, but that would have taken away the whole sense that something was

being created on the spot. You want to see the violinists moving their bows, the percussionists crashing cymbals together, the bassoonist playing that most implausible of instruments. Adding to the irony is that the music on the *Zelda* game itself is mostly electronic, especially the choirs and their ethereal voices. Not here. It was human. It was life. We all experienced it in real time—fantasy became reality before our eyes and ears.

I thought back to my days hanging around the school of music, all those students and professors with long faces and grim demeanors, people down on markets, down on society, down on consumers. No one would have believed that he or she had a future in live performance music, filling up the old orchestral halls, by way of fun and wonderful video games. No, it took entrepreneurs and commerce to blaze this trail. It took markets to make this surprise happen.

The world of classical music, in fact, has been pathetically

lacking in creative vision for many decades, if not an entire century. In large part, it keeps trying to recreate the past while cursing the present and despairing of the future. Why? Perhaps it is because this sector of life has been ever more removed from the commercial world through state education, subsidies, union control, copyrighted and monopolized musical scores, a culture of the entitled guild. None of it has worked and, needing to pay the rent, there has been a steady stream of young musicians leaving years of conservatory training to enter some other profession like making lattes.

But get outside those establishment circles and you see entirely different things happening. It was in Turkey when I first saw a performance of an all-woman string quartet. During the first part of the evening, they presented a solid program of Schubert, Mozart, and Haydn. Then came the change to leather and boots and an all-electronic/pop program followed by the same players. One can sneer at it as tacky (actually I don't think it is) but people love it and pay the big bucks for it. Since I saw this two years ago, the approach has reemerged at several venues in the U.S. as well.

My point is not to isolate these two types of art music presentations and say: This is the future for classically trained musicians. Maybe this is just the beginning. Maybe there are dozens of other approaches yet to be explored. What is needed is some serious entrepreneurship to find the new approaches and test them in the marketplace.

The main feature in success here is an intimate connection between the players and the audience—the same as you see in the pop music world. It's not about the style. It's about the economic and artistic relationship between the producers and consumers. It must be a value enhancing proposition for both sides for a true profit to emerge.

Meanwhile, I will never be able to read the quarterly harangue in the *New York Times* about the death of symphonies without thinking of this wonderful evening. Classical music is not dead. It is just now coming back to life. **FEE**

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Hanging Flags

Philip Metres

Bouncing down a West Bank road
fresh from a rally for peace

a Palestinian in the car ahead
unfurls out his window a bed sheet

flag of a state that has yet
to exist. A roadblock. An argument

you cannot hear completely, but see
in wild gestures—the soldier, an Israeli

all animation & flailing,
the driver's right arm flailing in reply.

You approach, slow, your arms leaden
at your sides. & fear what you might—

why, the soldier's advising on hanging
the flag so it doesn't block the driver's vision.

Philip Metres (pmetres@jcu.edu) is the author of several books of poems, including Sand Opera, winner of the 2013 Beatrice Hawley Award from Alice James Books, and abu ghraib arias, winner of the 2012 Arab American Book Award in poetry. He is a professor of English at John Carroll University.
