

Individualism, Collectivism, and Other Murky Labels

Imagine the following person. He believes all individuals should be free to do anything that's peaceful and therefore favors private property, free global markets, freedom of contract, civil liberties, and all the related ideas that come under the label libertarianism (or liberalism). Obviously he is not a statist. But is he an individualist and a capitalist or a socialist and a collectivist?

It sounds like an easy question, but on closer inspection it's not. Much depends on the context, or the level of analysis at which the question is directed. An answer appropriate at the level of personal ethics may not be appropriate in a discussion of political economy. Take the word individualist. There are many senses in which the person described above could be called an individualist. If in his personal life he habitually and ultimately relies on himself to make decisions (although he seeks information and wisdom from others) and does not slavishly follow fashion, he could appropriately be called an individualist. He likewise is a *methodological* individualist if he believes that only individuals act and create; only individuals have intentions, values, and preferences. He understands that when a group acts, it's really just individuals acting in concert.

What about at the level of political economy? Is this person also an individualist in that context? Here the labels get murkier. He certainly is an individualist in the political-legal sense; that is, he favors a system in which individuals' titles to honestly acquired property are respected. Group ownership would have to be traceable to contracts among collections of individuals. (But for a libertarian theory of nonstate public property, see Roderick Long's "A Plea for Public Property" and the Elinor Ostrom's Nobel Prize-winning work on common pool resources.)

This seems to yield the conclusion that a libertarian is categorically an individualist. Not so fast. The term individualist, let's recall, was a pejorative aimed at people of the libertarian persuasion. It was meant to stigmatize them as anti-social. The adjectives *rugged* and *atomistic* were later added to drive home the point. In some minds, unabomber Theodore Kaczynski, who lived alone in a shack in the wilderness, was the quintessential individualist (except for the letter bombs). But libertarian philosophy is the furthest thing from anti-social. That would be a peculiar way indeed to describe a philosophy that embraces—with gusto!—the global division of labor and free trade across property, city, county, state, and national lines. (Yes, I left out planetary—for now.)

Collective Intelligence

There are other senses in which "individualist" is far off the mark and in which "socialist" and even "collectivist" are closer. The Austrian tradition in economics has long emphasized

that the chief advantage of the market process over central decision-making lies in the market's embodiment of a social, or collective, intelligence that is denied to any individual or small subgroup. This doesn't mean that a collective mind literally emerges, only that the social process and the price system combine in such a way that the whole is greater than the sum of its parts. The market "knows" more than any of us do alone. (The same point can be made for a broader context. The philosopher Wittgenstein argued that language itself, without which there is little or no thought, is essentially social.)

Further, Ludwig von Mises often emphasized that in a freed market, consumers collectively, not individual business people, *determine* who owns the means of production and what will be produced. When you trace out the implications of this, things get interesting. Consumers constantly make this determination through their buying and abstention from buying, but the outcome is never the intended result of conscious decision-making. Business people may legally own their capital and capital goods, but if—in a genuinely competitive market—consumers don't like what those owners do with those assets, they face bankruptcy and loss of control. It is a *social*, or *collective*, process. As Mises wrote in *Human Action*,

The direction of all economic affairs is in the market society a task of entrepreneurs. Theirs is the control of production. They are at the helm and steer the ship. A superficial observer would believe that they are supreme. But they are not. They are bound to obey unconditionally the captain's orders. The captain is the consumer. Neither the entrepreneurs nor the farmers nor the capitalists determine what has to be produced. The consumers do that. If a businessman does not strictly obey the orders of the public as they are conveyed to him by the structure of market prices, he suffers losses, he goes bankrupt, and is thus removed from his eminent position at the helm. Other men who did better in satisfying the demand of the consumers replace him. [Emphasis added.]

Social Control

Isn't that social, or collective, control of the means of the production? Does that make libertarians socialists or collectivists? This fact about the market is worth passing along to our good-faith opponents who decry any system that does not allow the mass of people a say in matters than affect them. (See my "Market, State, and Autonomy.") The irony is that

the free market accomplishes this, while state socialist systems do not. But it is necessary to stress that Mises's point applies fully *only* under laissez faire—meaning a free market *without coerced privileges of any kind*. Historically, government intervention in the market has aimed to shelter the privileged (owners of land and capital who benefited from political favoritism like patents, licensing, and land enclosure) from the demands of regular people—consumers and workers—the very ones whose voices are most effective in a truly free market. That is why the struggle for freedom has always been a struggle *against privilege*. (Libertarians who forget this espouse what free-market anti-capitalist Kevin Carson calls vulgar libertarianism, or faux “free market” analysis that consists of an apologetic for big business.)

In summary, the great political debate is not between individualists and collectivists, but between those who see the coercive State as the locus of authority and those who see voluntary society as that locus. Liberals from Adam Smith to Herbert Spencer to F.A. Hayek emphasized the benefits of free, spontaneous social (market) processes (including the common law) and how those processes are disrupted by the State. Advocates of the supremacy of State over society are properly called “statists.” Wouldn't it follow that advocates of the supremacy of society over State should be called “socialists”? In this regard, I recall that the libertarian James Dale Davidson, founder of the National Taxpayers Union, long ago wrote a book (*The Squeeze*, as I remember) that called for a “socialization of rules.” By that he meant that the rules and customs of everyday life should be generated, bottom-up, by society, not imposed, top down, by legislators.

Consistent Manchesterism

Be assured, I am not suggesting that libertarians start calling themselves socialists. I *am* saying that a reconsideration of labels can clarify understanding. Nevertheless, as a historical matter I think Mises was mistaken when he wrote, “The notion of socialism as conceived and defined by all socialists implies the absence of a market for factors of production and of prices of such factors.” This can't be true because some earlier American advocates of laissez faire— that is, consistent Manchesterism—called themselves *socialists* for at time, most prominently, Benjamin R. Tucker, editor of *Liberty* magazine (1881-1908). In the view of Tucker and his allies (and earlier liberal thinkers like Spencer's mentor Thomas Hodgskin, capitalism meant government interference in the market (tariffs, the banking cartel, patents, and the land monopoly) on behalf of capital to the detriment of the rest of society. Their alternative was a completely free and competitive market void of privilege; only that system would restore to workers the just earnings taken through anticompetitive government intervention. In 1884 Tucker wrote:

Socialism [in his conception] says that what's one man's meat must no longer be another's poison; that no man shall be able to add to his

riches except by labor; that in adding to his riches by labor alone no man makes another man poorer; that on the contrary every man thus adding to his riches makes every other man richer; that increase and concentration of wealth through labor tend to increase, cheapen, and vary production; that every increase of capital in the hands of the laborer tends, in the absence of legal monopoly, to put more products, better products, cheaper products, and a greater variety of products within the reach of every man who works; and that this fact means the physical, mental, and moral perfecting of mankind, and the realization of human fraternity. Is that not glorious? Shall a word that means all that be cast aside simply because some have tried to wed it with authority? (Socialism: What It Is)

When you include in the category *labor* what entrepreneurs do, Tucker's description of a free society is virtually indistinguishable from those offered by Frédéric Bastiat, Ludwig von Mises, and Leonard Read.

Today *socialism* means only State, not social, control. But for many people here and abroad, *capitalism* means not laissez faire, but rather corporatism, or what the great libertarian Albert Jay Nock called the "Merchant-state." It behooves us to make sure our labels communicate clearly. Otherwise we will never bring the mass of people to the cause of liberty.