

# Complete Liberalism

Many people formerly of the left, who have bid good riddance to their former political home, believe they can retain the mantle of authentic liberalism while ignoring its free-market component. They don't want socialism, and they appropriately dislike the right-wing. But they also can't abide the libertarian commitment to free markets either. So they declare themselves centrists void of ideology.

The problem with this approach is that the commitment to market freedom lies at the heart of authentic, classical liberalism, or libertarianism. Liberalism and pro-market enthusiasm go hand in hand.

The misstep I have in mind may stem from the fallacy that personal liberty is distinguishable from economic liberty. Note how many people who call themselves civil libertarians would reject the unqualified label *libertarian*. This fallacy in turn may be a legacy of the mind-body dichotomy, which holds that human beings are a union of material and nonmaterial "substances."

People under the sway of this view should understand that dividing human beings into mind (or spirit or conscience) and body, with the former more exalted than the latter, is a discredited idea. (Gilbert Ryle goes to great lengths to show this in his 1949 book, *The Concept of Mind*.) People are conscious, self-conscious material beings who need to act and interact in a variety of ways in order to flourish. As Thomas Szasz put it, *mind* is a verb, not a noun. Thus, no matter what philosophers, judges, and legislators may say, no grounds exist for safeguarding so-called personal liberty (expression and religion, among others) more vigilantly than so-called economic liberty (buying and selling). There is only individual liberty. Or: whether money is involved or not, all liberty is personal liberty.

To see this point, one need only ask what could be more personal than how one chooses to earn a living. Freedom of conscience is sacred, but it is inseparable from the freedom to pursue one's projects in the material marketplace. Products are embodied ideas. Prices, someone once said, are arguments aimed at persuasion. Would one be able to operate in the marketplace without freedom of expression? I don't think so. Yet look at how the bifurcation of human beings leads to limits on and violations of speech stigmatized as *commercial speech*. These go beyond mere prohibitions on fraudulent claims. Please explain that, civil libertarian free-speech "absolutists."

Governments don't regulate markets; they regulate people. So much for the misguided notion that liberty comes in two flavors, with the "spiritual" being more exalted than the "material."

One reason for the rejection of free markets by freedom-minded people is ignorance of the economic way of thinking, which is acquired not innate. This ignorance is manifested in many ways, but here's a prominent one: the belief that society must choose between government-regulated markets or unregulated markets. What's wrong with this set of choices? Two things are wrong. It posits a false option — scary unregulated markets — and omits a real option — self-regulating markets. (More on the latter in a moment.)

The phrase *unregulated market* in fact is a contradiction in terms. It is as inappropriate as the term *society* would be when applied to a collection of people that displays no order whatsoever. Societies have a general regularity of some kind. That's what the word means. Likewise, markets by nature are regulated.

But by whom or what? It's tempting to say they are self-regulating, but that would be only a convenient shorthand. What regulates free markets are free people acting as entrepreneurs, producers, investors, borrowers, lenders, and consumers. Market forces, which in one sense are impersonal, turn out to be people who are at liberty to, say, buy, and sell as they see fit. Hence, the necessity for individual freedom, including the freedom to acquire and use private property, which Marx said would be abolished when socialism's time came. (Can you imagine?)

It is the freedom to own things, trade, and compete, and the freedom to turn down what's on offer, that regulates (or restricts) participants in the market. It's what keeps sellers from charging \$100 for an apple or employers from paying workers \$1 an hour in dangerous environments. It's what prompts producers, guided by the price system, to step up when supply falls short of demand, and buyers to tighten up temporarily when demand exceeds supply — with the result that consumers, who are the point of it all, remember, are better served despite life's ups and downs. But to be effective, market forces must not be tampered with by politicians and bureaucrats, however honorable their intentions may be, because the interventions will invariably harm its ostensible beneficiaries. (We see this unerringly with the minimum wage and price controls.)

It matters whether the government or "the market" does the regulating. Politicians and bureaucrats necessarily have limited knowledge and — let's be frank — perverse incentives, including career ambitions and the temptations of power. Their primary tool is the threat of physical force against the disobedient.

In contrast, market forces operate peacefully through the actions of countless participants, each with intimate knowledge of his or her own circumstances as well as bits of the socially scattered information about resource supplies, know-how, and the like. Force and fraud are forbidden and redressable. Bureaucratic regulation will tend to be irrelevant at best and inimical at worst to what people care about. Moreover, it will tend to foster business concentration by increasing the burdens on smaller firms.

We end up with a big impersonal bureaucracy and big business (bigger, that is, than what is good for consumers and employees). Indeed, it does matter who or what does the regulating.

Objections that the free market leaves some people behind or that it subjects society to abusive monopoly, long-term unemployment, and inflation miss the mark. Before markets and profit-seeking became widespread and respectable, the consumption gap between the rich and everyone else was enormous. It was the spread of markets (admittedly far from fully free) that introduced unheard-of *mass* production, which has steadily and radically closed the consumption gap and cut absolute poverty worldwide. A visitor from the not-so-distant past would be astounded at the living standard of people we today regard as poor. The many in the developing world who still lag behind desperately need a liberal individualist pro-property legal framework, freedom, and free markets, which would provide badly needed cheap and reliable energy powered by fossil fuels. (The snobbery of Western elites in this matter is atrocious.)

Further, I suspect that many semi-liberals are motivated not by moral and economic objections, but by aesthetic objections to the marketplace. They find competition, profit, and the pursuit of self-interest unattractive. Too bad: there is actually something beautiful about an institution that adjusts peacefully to people's wants, rewarding producers for serving people's needs. Adam Smith described the process in *The Wealth of Nations*, and later economists, especially those of the Austrian school, elaborated the description. As they have pointed out, competition is not antithetical to cooperation but is concomitant. Competition is what emerges when we are free to decide who we wish to cooperate with. In other words, one cannot be pro-choice in *all* areas of life without being pro-competition. That doesn't mean the market is everything in a free society, but it is something rather important.

Finally, we should say something about pollution, the emission of dangerous substances into the air and water. Authentic liberalism understood it as a trespass and therefore a violation of individual rights. The "polluter pays" principle is a liberal principle that pays tribute to private property. However, liberalism is ever-mindful of the abuse and corrupting influence of power. A government bureau that is tasked with enforcing property rights against bonafide polluters may easily inflate its mission in ways that impose great costs with little or no benefits. Bureaucrats may define a nonpollutant, say, carbon dioxide (which is plant food) as a pollutant and in the process harm the world's most vulnerable people by restricting or forbidding emissions. The challenge for any state and nonstate form of governance is to stick to real rights violations and to let technological and organizational innovators find the solutions in cases of real danger. That requires increases in wealth, not drags on its growth.

It is also important to realize that, as in so many other matters, the market contains

internal systems to generate ways of handling pollution. Entrepreneurs can earn profits by doing just that. Pollution represents a waste of scarce resources: one firm's trash is another firm's cash. As Pierre Desrochers's has shown ([here](#) and [here](#), for example), the history of market-oriented societies is filled with such cases.