

# The Private vs. the Public Sector



Send him mail.

*“Food for Thought” is an original column appearing every other Tuesday at Everything-Voluntary.com, by Norman Imberman. Norman is a retired podiatrist who loves playing piano, writing music, lawn bowling, bridge, reading, classical music, going to movies, plays, concerts and traveling. He is not a member of any social network, nor does he plan on becoming one. Dr. Imberman has written a fantastic Christmas song which he had professionally recorded as a demonstration record. He is looking for a publisher, or A & R man, or record producer to listen to his song. It deserves to be a permanent member of the lexicon of familiar and favorite Christmas songs. Archived columns can be found [here](#). FFT-only RSS feed available [here](#).*

A few years ago, while having a brief and passing conversation with a fellow bridge player, and after hearing my particular ideology about government and its inefficiencies, corruption and coercive power, she made the following statement: “I understand and agree with what you’re saying, however, since government and the private sector are both inefficient and corrupt, I’d rather cast my lot with government than with the private sector.” Of course she was implying that the private sector is the greater of the two evils. So, fundamentally, to her, political power is a lesser evil than economic power. No argument, article or book can dissuade her from her position.

The progressives and even the conservatives have accepted the premise that the free market, by its very nature, must result in, tyranny and enslavement by the employers, unfair business practices, monopolies, harm to the workers, unfair wages and rents and a general exploitation of the workers and consumers. Therefore, the private sector must be reeled in, controlled and held in check through regulation, and taxation. The more stringent the controls the better does the government serve the people. (Examples of past extremely stringent controls by the State are Nazi Germany and Communist USSR).

Their entire premise is based upon a false understanding of the free market. To understand the free market I present the reader with a speech given by Nathaniel Branden in 1995.

---

## **The Foundations of a Free Society**

Nathaniel Branden, PhD

*This article is based on Nathaniel Branden's remarks at the Cato Institute on November 2, 1995.*

Some years ago, shortly before the collapse of the Soviet Empire, I was an invited speaker at a conference of company CEOs and presidents in Acapulco, Mexico. Another of the speakers was Gennady Gerasimov, who you may remember was Gorbachev's spokesperson to the West. I went to hear his talk, which he opened with a joke. And the joke went like this: The Soviet Union has invaded and successfully conquered every country on the planet, with one exception: New Zealand. The Soviet Union has chosen not to invade New Zealand. Question: Why? Answer: So we would know the market price of goods. And of course everybody in the audience got the joke, and everybody laughed, and I sat there stunned.

My mind went back 40 years to when I met Ayn Rand, who directed me to the works of Ludwig von Mises, the economist who first pointed out the impossibility of economic calculation under socialism and explained why a socialist system would have to end in economic collapse. And I thought of my first years at the University of California at Los Angeles, when I attempted to explain Mises's argument, and the ridicule that I encountered. I recall one professor in particular, a professor of government, who told me, "The trouble with you is you're just prejudiced against dictatorships."

Now, 40 years later, a representative of the Soviet Union is acknowledging the truth of Mises's observation in a joke, and it's treated as self-evident.

So the world has turned. And at one level the battle between capitalism and socialism appears to be over. Very few people any longer take socialism seriously as a viable political form of social organization. At the same time, the battle for capitalism, in the *laissez-faire* sense, in the libertarian sense, is very far from over. It's as if the enemies of capitalism in general and business in particular have a thousand heads. You chop one off and a hundred more appear, under new names and new guises.

A great deal of work is being done these days in one area after another, by such institutions as Cato and by scholars around the world, to provide an increasing mountain of evidence that no other social system can compete, in terms of productivity and the standard of living, with free-market capitalism. Moreover, there is an impressive amount of scholarship demonstrating why most government efforts to solve social problems, not only fail, but worsen the very conditions they were intended to address.

One has to be more and more committed to unconsciousness as a political philosophy to retain the belief that government can lead us to the promised land. At the same time, as a long-time advocate of the libertarian vision, I have been absorbed by the question of why the battle for a free society has been so long and so hard and seems to encounter new

challengers every time one falls away.

### What Is Required for a Free Society?

Clearly more is required than Hayek thought when he argued that economic education would be sufficient to bring the world to an appreciation of free markets. My own conviction is that philosophical education is required, moral education is required, psychological education is required, and that no free society can last without an appropriate philosophy and supporting culture. A free society requires and entails a whole set of values, a whole way of looking at people—at human relationships, at the relationship of the individual to the state—about which there has to be some decent level of consensus.

Let me describe an event that has had a profound impact on me. About 18 months ago I received a telephone call from a young female Ph.D. candidate in psychology. She had learned that I would be lecturing at a conference in South Carolina, which she would be attending, and wanted to meet with me to discuss my becoming a consultant to her on her doctoral thesis. She described herself as an admirer of my work. Only when we began to discuss how we would find each other at the conference did she mention that she was blind. I was a bit stunned: how could a blind woman know my work so well? She chuckled when I asked that question, told me to wait a minute, and the next thing I heard was a mechanical voice reading from my book *The Six Pillars of Self-Esteem*. It was a special computer that reads, she explained; first it scans the pages of a book, then it translates the signals into spoken words.

I thought of the scientists who identified the laws of nature that underlie that achievement. I thought of the inventors who converted those laws into usable technology. I thought of the businesspersons who organized the factors of production to manufacture that machine and make it available in the marketplace. None of those people are what the conventional wisdom calls “humanitarians.” And yet, if lightening the burden of human existence and ameliorating suffering are considered desirable, then what act of “compassion” for this woman could rival what was given her, not out of someone’s pity or kindness, but out of someone’s passion to achieve and to make money in the process?

We do not hear the term “compassionate” applied to business executives or entrepreneurs, certainly not when they are engaged in their normal work (as distinct from their philanthropic activities). Yet in terms of results in the measurable form of jobs created, lives enriched, communities built, living standards raised, and poverty healed, a handful of capitalists has done infinitely more for mankind than all the self-serving politicians, academics, social workers, and religionists who march under the banner of “compassion” (and often look with scorn on those engaged in “commerce”).

The late Warren Brookes, in his book *The Economy in Mind*, told a relevant story:

[Ernst] Mahler was an entrepreneurial genius whose innovative ideas and leadership, over a period of about 20 years, transformed [Kimberly Clark, a] once-small, insular newsprint and tissue manufacturer into one of the largest paper corporations in the world, which gives prosperous employment to more than 100,000 and produces products (which Mahler helped to innovate) that are now used by more than 2 billion people. Mahler became enormously wealthy, of course. Yet his personal fortune was insignificant when compared with the permanent prosperity he generated, not only for his own company but for the hundreds of thousands who work for industries which his genius ultimately spawned and which long outlived him—not to mention the revolutionary sanitary products that have liberated two generations of women, or the printing papers that completely transformed international publishing and communications for fifty years.

I can safely predict that you have never heard of him up to this moment. Not one person in 100 million has. Yet his contribution has permanently uplifted the lives of millions and far exceeds in real compassion most of our self-congratulatory politicians and “activists” whose names are known to all.

The moral of the story is that a relatively small number of inventors and capitalists have made incalculable contributions to human welfare and human well-being and yet are not what most people think of when they think of leading a moral life. They are not factored into the moral equation. We live in a culture that teaches that morality is self-sacrifice and that compassion and service to others are the ultimate good. We don't associate morality with ambition, achievement, innovation; and we certainly don't associate it with profit making. But if the standard by which we are judging is human well-being, then whatever the enormous merits of compassion, they do not compare with the contributions to well-being that are made by the motivation of achievement.

One of the great problems of our world, and the ultimate difficulty in fighting for a libertarian society, is the complete lack of fit between the values that actually support and nurture human life and well-being and the things that people are taught to think of as noble or moral or admirable. The calamity of our time and all times past is the complete lack of congruence between the values that, in fact, most serve life and the values we are taught to esteem most. So long as that lack of congruence exists, the battle for freedom can never be permanently won.

## **Spiritual Needs**

People have not only material needs, they have psychological needs, they have spiritual needs. And it is the spiritual needs that will have the last word. Until the libertarian vision is understood as a spiritual quest and not merely an economic quest, it will continue to face the kind of misunderstandings and adversaries it faces today.

So I'm enormously interested in what has to be understood if a free society is to survive and flourish. A free society cannot flourish on a culture committed to irrationalism. And 20th-century philosophy has witnessed a virulent worldwide rebellion against the values of reason, objectivity, science, truth, and logic—under such names as postmodernism, poststructuralism, deconstructionism, and a host of others.

It's not an accident that most of the people doing the attacking also happen to be statist. In fact, I don't know of any who aren't. You cannot have a non-coercive society if you don't have a common currency of exchange, and the only one possible is rational persuasion. But if there is no such thing as reason, the only currency left is coercion. So one thing that libertarianism in the broad philosophical sense has to include is respect for the Western values of reason, objectivity, truth, and logic, which make possible civilized discourse, argument, conversation, confrontation, and resolution of differences.

### **Self-Responsibility**

Another great value that was once central to the American tradition, and that has now all but disappeared, is one very close to my heart as a psychologist, namely the practice of self-responsibility. We began as a frontier country in which nothing was given and virtually everything had to be created. We began as a country of individualism in which, to be sure, people helped one another and engaged in mutual aid, but it was certainly taken as a foregone conclusion that each individual adult bore primary responsibility for his or her own existence. If you helped people, it was to get them back on their feet. The assumption was that the normal path of growth was from the dependence of childhood to the independence and self-responsibility of adulthood.

That vision has all but vanished, if not from our culture, then from the intellectual spokespersons for this culture. We hear more and more stories about the insane things that happen when people are no longer held to any kind of accountability or self-responsibility. You may have heard of the agent of the Federal Bureau of Investigation who was found to be embezzling money from the bureau to feed his gambling habit. When he was discovered, he was fired. He sued the FBI under the Americans with Disabilities Act, arguing that he was being discriminated against because he had a disease, namely gambling addiction. The judge ordered him reinstated on the job. Has there ever been a civilized society in which it has been easier to avoid responsibility?

As a psychologist, I am keenly aware that in working with individuals, nothing is more important for their growth to healthy maturity than realizing that each of us has to be responsible for our own life and well-being, for our own choices and behavior, and that blaming and dependency are a dead end; they serve neither self nor others. You cannot have a world that works, you can't have an organization, a marriage, a relationship, a life that works, except on the premise of self-responsibility. And without that as a central

cultural value, there is no way for people to really get what libertarianism is all about. One of the main psychological, ethical underpinnings of libertarianism is the premise that we must take responsibility for our own lives and be accountable for our own actions. There is no other way for a civilized society to operate.

For thousands of years, to turn to an ethical dimension, people have been taught that self-interest is evil. And for thousands of years they have been taught that the essence of virtue is self-sacrifice. To a large extent that is a doctrine of control and manipulation. "Selfish" is what we call people when they are doing what they want to do, rather than what we want them to do.

The world is changing. Imagine, for example, that a speaker was addressing a room full of women, only women, and he said, "Ladies, the essence of morality is realizing that you are here to serve. Your needs are not what is important. Think only of those you serve; nothing is more beautiful than self-sacrifice." Well, in the modern world, such a speaker would rightly be hooted off the stage. Question: What happens if the same speech is made to a mixed audience? Why is what's wrong with it different if men are also in the audience? We need to rethink our whole ethical framework. We need to rethink and realize that it is the natural right of an organism, not only to defend and to sustain its own life, but to fulfill its own needs, to pursue its own values, bound by the moral obligation not to violate the rights of others by coercion or fraud, not to willingly participate in a coercive society.

### **The Animus toward Business**

For a very long time in virtually every major civilization we know of, there has been a terrific animus toward businesspersons. It was found in ancient Greece, in the Orient, everywhere. The trader, the banker, the merchant, the businessman has always been a favorite villain. But if we understand that the businessman is the person most instrumental in turning new knowledge and new discoveries into the means of human survival and wellbeing, then to be anti-business is in the most profound sense to be anti-life. That doesn't mean that one glamorizes business or denies the fact that businesspeople sometimes do unethical things, but we do need to challenge the idea that there is something intrinsically wrong about pursuing self-interest. We need to fight the idea that profit is a dirty word. We need to recognize that the whole miracle of America, the great innovation of the American political system, was that it was the first country in the history of the world that politically acknowledged the right to the pursuit of self-interest, as sovereign, as inalienable, as basic to what it means to be a human being. The result was the release of an extravagant, unprecedented amount of human energy in the service of human life.

We cannot talk about politics or economics in a vacuum. We have to ask ourselves: On what do our political convictions rest? What is the implicit view of human nature that lies

behind or underneath our political beliefs? What is our view of how human beings ought to relate to one another? What is our view of the relationship of the individual to the state? What do we think is “good” and why do we think so?

Any comprehensive portrait of an ideal society needs to begin with identifying such principles as those, and from that developing the libertarian case. We do have a soul hunger, we do have a spiritual hunger, we do want to believe and feel and experience that life has meaning. And that’s why we need to understand that we’re talking about much more than market transactions. We’re talking about an individual’s ownership of his or her own life. The battle for self-ownership is a sacred battle, a spiritual battle, and it involves much more than economics.

Without the moral dimension, without the spiritual dimension, we may win the short-term practical debate, but the statist will always claim the moral high ground in spite of the evil that results from their programs and in spite of their continuing failure to achieve any of their allegedly lofty goals.

I don’t think that there is any battle more worth fighting in the world today than the battle for a truly free society. I believe that we really need to think through all the different aspects from which it needs to be defended, argued for, explained, encouraged, supported; and then according to our own interests and areas of competency, we pick the area in which we can make the biggest contribution.

### **Marx, Freud, and Freedom**

My own view is that the philosophical and the moral and ultimately the psychological are the base of everything in this sphere. And I’ll give just one concluding example of the psychological. When people think of the disintegration and deterioration of a semi-free society such as we’ve had, they think of Marx as a very negative influence, which of course he was. They are much less likely to appreciate the relevance of a man from my own profession, Sigmund Freud.

What could Freud have to do with the welfare state? My answer is, plenty. It was Freud and his followers who were most responsible for introducing into American culture and spreading the doctrine of psychological determinism, according to which all of us are entirely controlled and manipulated by forces over which we have no control, freedom is an illusion, ultimately we are responsible for nothing. If we do anything good, we deserve no credit. If we do anything bad, we deserve no reprimand. We are merely the helpless pawns of the forces working upon us, be they our instincts or our environment or our toilet training.

Freud, whatever his intentions, is the father of the “I couldn’t help it” school. (Perhaps credit should be shared with behaviorism, the other leading school of psychology in this

country that propounds its own equally adamant version of determinism.) The inevitable result of the acceptance of determinism, of the belief that no one is responsible for anything, is the kind of whining, blame shifting, and abdication of responsibility we have all around us today. Any advocate of freedom, any advocate of civilization, has to challenge the doctrine of psychological determinism and has to be able to argue rationally and persuasively for the principle of psychological freedom or free will, which is the underpinning of the doctrine of self-responsibility.

My book *Taking Responsibility* addresses the task of showing the relationship between free will on the one hand and personal responsibility on the other as well as exploring the multiple meanings and applications of self-responsibility, from the most intimate and personal to the social and political. And that I see as the much wider canvas and much wider job still waiting to be done: to provide a philosophical frame so that people will understand that the battle for libertarianism is not, in essence, the battle for business or the battle for markets. Those are merely concrete forms. It's the battle for your ownership of your own life.

---

Read more from "Food for Thought":