

How to Reach the *Left*

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How can Austro-libertarians reach the Left?

Well, it depends which Left. There are some left-wingers whom I call the “aristocratic Left,” and whom I despair of reaching. These are left-wingers who have a particular vision of an idyllic society and are prepared to hammer into place anyone whose preferences or behaviour don’t align with the vision; in effect they see other people as their property.

Back when I lived in North Carolina, on the city line between Chapel Hill and Carrboro, I used to watch with mixed amusement and horror as the affluent white “liberals” who ran the city councils of those two communities competed to see which city could impose the most callous and intrusively micromanaging legislation. In Carrboro, which incredibly billed itself as “the Paris of the Piedmont,” the council thought that old cars looked unsightly, and so declared that residents would be forbidden to park in their driveways any car older than a certain number of years (I forget how many). Unsurprisingly, this law had a more burdensome impact on lower-income households than on higher; so much for the idea that liberals are supposed to care about the poor. The Chapel Hill council, with similar solicitude, forbade a local copy shop to post its (low) prices or to use words such as “discount” in its advertising, because the emphasis on low cost seemed tawdry, and clashed with their vision of an upscale community. (I am not making this up.) I have to laugh when conservatives accuse liberals of practicing class warfare, because these regulations were certainly class warfare – but in the opposite direction from the one suggested by the accusation. The Carrboro council also thought that cul-de-sacs looked unfriendly and standoffish, too much like private communities, and so proposed not only to ban new ones but to ram new streets through existing ones; apparently the beloved mantra of children’s safety applies only sometimes. Mercifully, I don’t think that one finally passed. The same council also wanted to require drive-in banks and restaurants to install downward-sloping exits, thus allowing cars to turn their engines off and glide soundlessly and emissionlessly back down to the street. (I am still not making this up.) What gun laws were favoured by these two hyperactive city councils I leave to your imagination.

I have no suggestions as to how to sell Austro-libertarianism to left-wingers of this variety; they seem like enemies of the human race. That's not to say that a freed market couldn't go a fair way toward accommodating their preferences; under economic *laissez-faire*, there would be nothing to prevent such people from forming private communities subject to endless collective micromanagement. But the mentality of privilege and entitlement that drives such policies is not likely to welcome the market discipline that would require the aristocratic Left to pay the full costs of their policies rather than externalising them onto their unconsenting neighbours.

This is not the whole story on the Left, however. There are many, many left-wingers whose primary motivation for their left-wing political stance is the very libertarian impulse to protect people who are being pushed around. These left-wingers look at contemporary society and see an economy dominated by mammoth, impersonal corporations with enormous and seemingly unaccountable power; they see lower-and middle-income people disempowered in the workplace and struggling to make ends meet; they see institutions and social practices rigged against blacks, women, gays, immigrants, and other oppressed groups – and they turn to government to redress these inequities, viewing the democratic state as an institution in principle accountable to the public, and thus able to serve as a bulwark against private power and privilege. Call this variety of left-wingers the anti-privilege Left.

And this is the Left we can reach. The anti-privilege Left is already largely on our side when it comes to civil-liberties issues and to war; these are the folks who *didn't* switch their positions on those issues when the White House turned from red to blue. I say they're only "largely" with us on civil liberties because this group still tends to be bad on (at least) one civil liberty: gun rights. But otherwise their chief sticking points are economic; thus we need to show them that a freed market can actually achieve the goals of the anti-privilege Left better than government regulation can – and that, thanks to public-choice problems on the one hand, and what Mises calls the "economic democracy of the market" on the other, markets are actually more, not less, accountable to the public than governments are. (There are of course plenty of people whose ideology inconsistently combines aspects of aristocratic leftism and anti-privilege leftism in various proportions; with these, our mileage will vary accordingly.)

I think we can do a better job of reaching the anti-privilege Left than we've been doing. Why is that? Well, I think we've been making a less persuasive case to them than we're

capable of, because we've actually been *underestimating* the extent to which a freed market would address their concerns; and that in turn, I maintain, is because we've likewise underestimated the extent to which the features of present-day society that left-wingers tend to find objectionable are in fact the product of state action rather than of market relations.

This wasn't always the case. In the 19th century, it was much more common for libertarians not just to align with, but to think of themselves as part of, the anti-privilege Left. Radical free-marketers were in the forefront of the labour movement, the feminist movement, the sexual deregulation movement, and the movement for racial equality. But in the 20th century, we libertarians felt increasingly drawn to an alliance with conservatives against the common enemy, state socialism, which seemed to be triumphantly on the rise everywhere. That alliance has since largely come apart, but it has left its traces on both movements. From the libertarians, conservatives picked up a generous helping of free-market rhetoric, with which they now festoon their anti-free-market policies. From conservatives, I think libertarians in too many cases picked up an excessively rosy picture of the current economic landscape, and likewise a kneejerk aversion to the concerns of the anti-privilege Left.

In 1966, Murray Rothbard wrote:

For some time I have come to the conclusion that the grave deficiency in the current output and thinking of our libertarians and "classical liberals" is an enormous blind spot when it comes to big business. There is a tendency to worship Big Business *per se* ... and a corollary tendency to fail to realize that while big business would indeed merit praise if they won that bigness on the purely free market ... in the contemporary world of total neo-mercantilism and what is essentially a neo-fascist "corporate state," bigness is *a priori* highly suspect, because Big Business most likely got that way through an intricate and decisive network of subsidies, privileges, and direct and indirect grants of monopoly protection.

Rothbard's lament about the pro-big-business orientation among libertarians is less applicable today than it was when Rothbard wrote it, and Rothbard's own efforts are largely to thank for that. But I believe there is still a tendency for us to underrate the "intricate and decisive network of subsidies, privileges, and direct and indirect grants of monopoly protection" that Rothbard warned us about.

I like to use the term *conflationism* for the tendency to see the economic order that prevails in present-day industrialised societies as a close approximation to a free market –

rather than, as I see it, a corporatist system of massive government intervention, largely on behalf of big business. Conflationism comes in both left-wing and right-wing varieties. In left-conflationism, various undesirable features of prevailing corporatism are taken as reasons to reject a free market; in right-conflationism, the virtues of a free market are taken as reasons to defend those same undesirable features of prevailing corporatism. Consider, for example, the recent debate in the U.S. over healthcare, in which the choice between our prevailing corporatist system of healthcare and a somewhat more socialistic one was presented as a choice between a *free market* and socialism – so that opponents of prevailing corporatism were tricked into supporting socialism as the antidote, and opponents of socialism were tricked into supporting the prevailing corporatism as the antidote.

Right-conflationism is much more common among conservatives than among libertarians, but there remains a strong tinge of it within contemporary libertarianism, and it works against us by confirming leftist suspicions that our free-market rhetoric is just a cover for a defense of corporate privilege. I fear we see right-conflationism at work whenever we see libertarians defending some big corporation that's under attack by the Left (Walmart or Microsoft or whatever) by saying, “well, after all, in a free market no one forces people to work for, or buy from, this corporation” – as though what happens in a *free* market were relevant to defending what happens in our *existing* market, or in other words, as though our existing market were close enough to being a free market that success within it must be due to free-market principles.

It's in order to avoid slipping into right-conflationism that William Gillis has recommended using the phrase “freed market” rather than “free market” to describe our ideal:

You'd be surprised how much of a difference a change of tense can make. “Free market” makes it sound like such a thing already exists and thus passively perpetuates the Red myth that Corporatism and wanton accumulation of Kapital are the natural consequences of free association and competition between individuals. ... But “freed” has an element of distance. ... It moves us out of the present tense and into the theoretical realm of “after the revolution,” where like the Reds we can still use present day examples to back theory, but we're not tied into implicitly defending every horror in today's market.

Now many of the specific claims I'm about to make are controversial among libertarians. They're defended by myself and my associates in the Alliance of the Libertarian Left; but

other libertarians, such as my friend Walter Block who's sitting right here grinding his teeth in despair at my confusions and heresies, think that much of what we have to say on these matters is horribly mistaken. Walter has a couple of articles online explaining why we're all wrong; you should read them, along with similar critiques by Bryan Caplan, Peter Klein, and others. But you should also read some of the pieces on the Alliance of the Libertarian Left website and decide for yourself.

One of the central Alliance claims is that businesses would most likely be smaller, less hierarchical, and more numerous in a freed market. Why so? Because in addition to economies of scale, there are diseconomies of scale. Remember that firms are islands of central planning in an ocean of markets. As firms grow larger, their internal transactions are increasingly isolated from the discipline of the price system, and inefficiency results; information flow in large hierarchies is likewise notoriously inefficient. Moreover, even the economies of scale themselves generate diseconomies of scale; for example, as a firm exploits economies of scale to increase its productivity, the geographical area over which it must distribute its products increases accordingly; so as production costs go down, transportation costs go up. At some point in a firm's growth, the diseconomies surpass the economies, putting an upper limit to its size. But government intervention enables a firm to externalise its costs while internalising its profits, it can grow well past what would in a freed market have been its upper limit. And there are many ways in which government does precisely this – ways by no means limited to such directly and overtly pro-big-business measures as subsidies, eminent domain seizures, and grants of monopoly privilege.

Consider: government interventions in general – taxes, fees, regulations, licensing requirements, zoning requirements, capitalisation requirements, monetary inflation, etc., etc. – are more burdensome to smaller, newer businesses than to larger, more established ones, thus serving in some degree to cartelise big business and insulate it from competition; that's why such regulations, despite their anti-big-business reputation, were historically lobbied for and sometimes even drafted by the corporate élite. Consider again: patents and copyrights, which libertarians are increasingly coming to recognise as a spurious form of property rights – a phenomenon of government privilege rather than the market – are another tool whereby established companies can put up obstacles to upstart competitors. Or again: transactions among firms are taxed; transactions within firms are (largely) not. This creates an incentive to move operations in-house to an extent greater than market incentives alone would

warrant, thus favouring centralised firms over independent contractors. Or yet again: tax-funded highways and other transportation subsidies help large firms overcome the aforementioned higher transportation costs that come with increased productivity; long-distance shipping in large and heavy trucks causes the lion's share of wear and tear on the highways but doesn't bear a proportionate tax burden, which means that government-funded highway systems constitute a redistribution of wealth on behalf of large firms, socialising the costs of their diseconomies of scale. Thus when left-wingers complain of an economy dominated by a few large, hierarchical corporations with global reach, crowding out smaller and more local production, they are complaining about a situation created and sustained by government – and *we should be pointing that out to them*, rather than leaping to defend those corporations as though they'd achieved their bigness under market discipline.

The regulatory obstacles that make it harder for newer, smaller firms to compete with larger and more established ones also have a negative effect on the labour market by artificially suppressing the number and quality of employment opportunities. The expansion of opportunities that a free market would bring would place workers in a better position either to bargain for greater empowerment as employees of existing firms (thanks to increased demand for labour) or else to start their own firms as independent contractors, workers' cooperatives, or what have you (thanks to the leveling of the playing field that *laissez-faire* would bring).

Libertarian critics of the labour movement like to point out that unions have often engaged in violence against employers and non-union workers, either directly or through the medium of the state or both. This is quite true. But it is also true that employers have often engaged in violence against unions, either directly or through the medium of the state or both. It is puzzling that the first fact should be treated as an objection to unions as such, while the second fact is not treated as an objection to employers as such.

The kneejerk opposition to unions that prevails among contemporary libertarians obscures the extent to which the original aims of the labour movement would be secured in a freed market; the present status of unions as governmentally privileged labour cartels is in large part the result of legislation *supported by big business*, inasmuch as the corporate élite found unions less threatening as regulated junior partners in the corporate régime, playing on its terms, than as independent actors. After all, the achievements, much heralded by the Left, which unions won in their heyday, such as the weekend and the eight-hour day, were

won *primarily* by market means, often over strong government resistance; likewise, the most notable victories of unions in recent years have been won mainly by unofficial, disapproved unions, without violence of either the governmental or freelance variety, and outside of the traditional labour-law establishment. By contrast, the influence of mainstream unions has been steadily declining ever since they accepted the devil's bargain of "help" from big daddy government, with all the regulatory strings that go with it. Thus when left-wingers complain that unions are in decline and that workers are disempowered on the job, they're complaining about a situation created and sustained by government – and once again, *we should be pointing that out to them*, rather than responding by reflexively taking the side of employers against workers.

Now in communicating to left-wingers it's important to realise how what we say sounds to them. When we insist that conservatives are interventionists too, left-wingers hear this through the filter of their pre-existing assumption that conservatives don't favour much intervention, and so their interpretation comes to this: "oh, you libertarians are so extreme that *even the conservatives* are too interventionist for you!" Thus the message we need to convey is that conservative statist differ from liberal statist (when they do) in the *kind* of intervention imposed, but *not necessarily in the degree*. By and large, liberal statist tend to favour direct government control while conservative statist favour delegating state powers to (nominally) private entities. (Actually both sides do a fair bit of both; in the recent healthcare debate, for example, Democratic support for the "individual mandate" obviously represents the corporatist rather than the socialist version of statism – which is probably why the Republicans attacked it less than the "public mandate." The difference is just one of emphasis.) The point is that statism isn't necessarily less *intense* for being less *direct*. We should be talking, for example, about how the conservative agenda for healthcare represents an empowerment of various cartels and bureaucracies – insurance companies, HMOs, and the AMA – at the expense of individuals, and we should explain how the AMA's licensure power helped drive out of business the low-cost mutual-aid healthcare system that once empowered the poor. When we confine ourselves, or are perceived as confining ourselves, to attacking relatively socialist-leaning healthcare proposals, we will naturally come across to left-wingers as defenders of the *status quo* – and thus we will come across *badly*, since the healthcare *status quo* is indeed lousy, for *reasons we should be pointing out to them*.

In order to combat the perception that conservatives are deregulators (and thus that deregulation is to blame for the malign effects of conservative policies), we need to explain the difference between primary regulation and secondary regulation – the latter being those regulations that are introduced to ameliorate the bad effects of primary regulation. Now sometimes, of course, secondary regulations just make things worse without ameliorating anything; a good example would be minimum wage laws. And even when secondary regulations do perform an ameliorative function, they generally cause perverse results somewhere else (as is only to be expected, for reasons Mises lays out in his critique of interventionism). All the same, some secondary regulations do have the effect of limiting to some extent the privileges created by primary regulation; regulatory limits on risky loanmaking, for example, may somewhat offset the moral hazard created by federal deposit insurance. So when conservative lawmakers strip away regulations on risky loans without repealing deposit insurance, what they are “deregulating” is not a purely private business, but rather a business that enjoys government-granted privileges – which is not the sort of deregulation that libertarians favour. (Similar remarks apply to “privatisation,” by which libertarians ordinarily mean turning a function over entirely to the market, while liberals and conservatives alike generally mean, instead, turning the function over as a monopoly privilege to some favoured firm.) Primary regulations tend to be invisible, since they are accepted as part of the common-sense background by both mainstream political factions; hence it is easy for conservative attacks on secondary regulations to look like deregulation pure and simple, and unless we explain the difference between primary and secondary regulation we will be interpreted by leftists as being “just like conservatives only more so.”

I think *the* main obstacle we face in persuading the anti-privilege Left is the perception that libertarians are “just like conservatives only more so”; we need at all costs to avoid confirming that perception. Sometimes this will be a matter of communicating our positions less ambiguously; and at other times it will be a matter of actually altering our positions to purge them of conservative influences that have crept in thanks to our long unhappy marriage with the right. It’s bad enough when left-wingers *misinterpret* us as being like conservatives; but it’s even worse when that interpretation is to any extent *justified*.

As libertarians we are often unsympathetic to left-wing concerns about discrimination by employers against blacks, women, or other groups, as we think such practices cannot survive on a free market. An employee’s wage, so the argument runs, is determined by his or her

marginal productivity; if an employee is paid more, the company will suffer losses and be penalised by the market, whereas if an employee is paid less, other employers will have an incentive to bid the employee away. Hence if one group is systematically paid less than another, this must be due to the group's lower productivity rather than to discrimination.

But this reply assumes that employers can easily determine the marginal productivity of their employees; but the larger a firm is, the more difficult it is to determine the productive contribution of any particular factor. Likewise, the more hierarchical a firm is, the more distant owners and managers are from information about what is actually happening on the shop floor. Hence if employers, out of traditional prejudice, *believe* that some groups are less productive than others, then the larger and more hierarchical their firms are, the harder it will be for market signals to penetrate into their organisations to correct their misperception; and to the extent that such firms are insulated from competition, the lower the costs of such misperceptions will be. But as we've seen, government regulation artificially encourages firms to grow larger and more hierarchical, and to a significant degree insulates them from competitive correction; in other words, government *subsidises* discrimination by socialising its costs. The tendency for workers to be paid in accordance with their marginal revenue product is genuine, but given market disequilibrium it is *only* a tendency, one that can be offset by other factors – and those factors can be, and are, boosted by state action. Thus when left-wingers complain that employment decisions are too often driven by prejudice rather than by merit, they're complaining about a situation created and sustained by government – and once again, *we should be pointing that out to them*, rather than assuring them that their concerns are groundless.

More broadly, it is true that free markets penalise irrational business decisions; but it will be difficult to convince people of this if a) they've experienced the bureaucratic lunacy of the actual world of big business as it currently so often is, and b) they continue to labour under the conflationist delusion that current economic conditions are a reasonable approximation to a free market. It is this latter delusion that we need to address and undo; if instead we simply dismiss the widespread experience of everyday market participants we will make little headway. After all, it's pretty widely recognised that large, hierarchical firms are beset by bureaucratic irrationality; that's why the comic strip *Dilbert* is so popular, because it resonates so well with people's experience. (I'm a bit hesitant to mention *Dilbert* in this connection, because whenever I do, I'm accused of citing a comic strip as evidence for my economic

analysis! So, one more time: no, I'm not drawing on *Dilbert* to prop up the analysis; I'm using the analysis to explain the popularity of *Dilbert*.)

Similar remarks apply to environmental concerns. Left-wing support for environmentalist legislation is, to be sure, sometimes driven by the aristocratic leftist attitude I described earlier – the desire for an idyllic world micromanaged to suit the aesthetic sensibilities of affluent white “liberals.” But there are also genuine concerns about pollution and the wasteful consumption of resources. To such concerns we rightly respond that free markets and private ownership tend to promote responsible stewardship; but unless we also address the conflationist assumption that we're living in a free market now, leftists will see the prevalence of irresponsible stewardship as evidence that we're wrong. But in fact the irresponsible stewardship that prevails is driven by government intervention – as when government sells pollution rights and restricts the right to sue polluters; or when logging companies are allowed to harvest trees on federal lands at submarket prices (and via tax-funded access roads), thus socialising the costs of deforestation; or when oil companies like BP are promised liability caps, thus encouraging them to engage in environmentally riskier activities. Unless we point such facts out, though, our defense of free-market approaches to environmental problems will be heard as a defense of the *status quo*. That's yet another reason we need to whip conflation now.

Can an approach like this reach the anti-privilege Left? I'm here to testify that it can. We in the Alliance of the Libertarian Left who've been pushing this approach have been told by left-wingers again and again: “I could never stand libertarianism or take it seriously until I read the way you guys presented it.” And thanks to the reasoning we've offered, more and more former left-statists are being won over and joining the ranks of the left-libertarians. I take this as evidence that we libertarians in general have otherwise been allowing a residue of right-conflationism to make us keep some of our most powerful intellectual ammo in reserve. It's time to take it out and use it. Fight the power!