

Freedom of Government

The New Human Right

Contents

Part I The State

- Chapter 1 – The love of power is the root of all evil
- Chapter 2 – Why people believe in power – but power not in people
- Chapter 3 – How the state is making us poorer

Part II The Voluntary Society

- Chapter 4 – A world without power – what would it look like?
- Chapter 5 – Who owns the world?
- Chapter 6 – Why voluntary societies are likely to take good care of the environment
- Chapter 7 – Why democracy is not freedom of government

Part III The Liberal Society

- Chapter 8 – Private law and private protection
- Chapter 9 – The free economy

Part IV – The Friendly Society

- Chapter 10 – What can be done?

Foreword

With this book I want to launch a new human right. Freedom of government. Just as all human beings, according to human rights philosophy, should have freedom of religion and freedom of opinion, all people should have freedom of government: the right to choose under which and what kind of government they want to live.

I believe that recognition of freedom of government will, in the course of time, lead to a world populated with what I call friendly societies. Instead of 200 all-powerful states that own the earth we will have thousands of smaller societies that share it. Subjugation and repression will give way to cooperation and toleration. Instead of rulers and ruled, there will be citizens with equal rights. Peaceful people will be able to shape their lives together, on the basis of consensus, free from extortion, tyranny and war.

Karel Beckman

Inspiration

“Since no absolute value adheres to any single institution, why should not as many individuals have as many different institutions as they like instead of having all to use a single costume which half of them might not consider to their taste? If freedom of choice is considered an advantage economically, why not also politically?”

Leopold Kohr, *The Breakdown of Nations*, 1957

“Whenever any Form of Government becomes destructive of these ends [i.e. “to secure the rights” of “life, liberty and the pursuit of happiness”], it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness”

U.S. Declaration of Independence, 1776

“The right of self-determination in regard to the question of membership in a state ... means: whenever the inhabitants of a particular territory, whether it be a single village, a whole district, or a series of adjacent districts, make it known, by a freely conducted plebiscite, that they no longer wish to remain united to the state to which they belong at the time, but wish either to form an independent state or to attach themselves to some other state, their wishes are to be respected and complied with.”

Ludwig von Mises, *Liberalism*, 1927

“Every group, every nationality, should be allowed to secede from any nation-state and to join any other nation-state that agrees to have it. That simple reform would go a long way toward establishing nations by consent.”

Murray Rothbard, *Nations by Consent*, 1994

“I do not think it would really be obligatory in a harmonious world that every community be a democracy, if only it remained of human-scale proportions. I could imagine each community going for its own singular form of governance ... As long as none of them tried to impose upon the others, the conditions for a stable, ecological world would be met; and as long as the citizens of each had a free right in the choice of government, and the free right to leave the community if that government palled, then the conditions of justice and freedom would be met.”

Kirkpatrick Sale, *Human Scale Revisited*, 2017

“... creatures of the same species and rank, promiscuously born to all the same advantages of nature, and the use of the same faculties, should also be equal one amongst another, without subordination or subjection... Being all equal and independent, no one ought to harm another in his life, health, liberty or possessions.... And, being furnished with like faculties, sharing all in one community of nature, there cannot be supposed any such subordination among us that may authorise us to destroy one another, as if we were made for one another's uses, as the inferior ranks of creatures are for ours.”

John Locke, *Second Treatise of Government*, 1689

Part I – The State

Chapter 1

The love of power is the root of all evil

1. The enemy in the room

The question I explore in this book is: *how can we make the world a good place to live in for every peaceful human being?*

My answer in a nutshell: *we need to get rid of political power.*

This is my main thesis: that the root cause of most of the evils in the world is the fact that some people hold power over others. And conversely: that the root cause of all the good in the world is voluntary action and cooperation.

This is not what most people believe. Ask a random group of people what they believe is the most important cause of the ills that persist in our world, and the resounding answer will be: *capitalism!*

Or they will use a term with a similar meaning or connotation. Greed. Neoliberalism. Globalization. The (free) market. Commercialism. Privatization. Individualism. Materialism. Big Business. “The system”.

I have at times collected quotes from newspapers and I can say without exaggeration that there is not a single evil in the world that has not been blamed on “capitalism” – from war, famine, unemployment and racism to pollution, overpopulation, crime and hospital waiting lists. I have even seen capitalism blamed for subsidies to football clubs and for the persecution of the Tibetan people by the Chinese state.

Nor is there a single mainstream thinker – whether it’s a left, center, right, liberal, conservative, social-democrat, religious, nationalist or any other type – who does not, when speaking of “what is wrong with the world”, sooner or later come out with some variation on “it’s all the fault of the capitalist system”. (The fashionable term at this moment is “neoliberalism”.) Always, when some new book comes out, a new intellectual hits the pages of the “quality papers”, with a supposedly new vision of the “crisis” in our society, the answer turns out to be the same: capitalism is the root of all evil.

However, there is something not very credible about all this blame gaming of capitalism. Because how is it possible that almost everybody in the world is opposed to capitalism, yet the capitalists seem to be able to rule the world forever?

Take for example France. If there is one nation and one people that is always complaining about how evil “capitalism” is and blaming it for all the ills of their society, it is the French.

Yet how is it possible that capitalism seems to have such a hold over France when everyone there hates it so much?

The truth is of course that France is not a “capitalist” society at all, nor are the other 200 nation states in the world today – not, that is to say, *if capitalism means limited government, a “night watchman state”, a free market economy based on respect for private property and voluntary exchange.*

The truth is that France is a *statist* country. So are the rest of the nations of the world. They are all ruled by very powerful and very intrusive *states*.

It is states and the people that run them who control all our natural resources, all weapons, all militaries and police forces, all courts, the monetary and financial systems, the borders, our economies. States make the laws, the countless rules and regulations, that everyone has to comply with and they enforce the laws and put you in prison if you don’t comply.

It’s politicians and political leaders – not “capitalists” – who bomb defenseless populations, spy on people, silence, torture and murder dissidents, carry out cyberattacks, shut down newspapers and television stations, engage in trade wars, impose tariffs on goods, lock people up for behavior they disapprove of, censor unwelcome ideas, flood the world with paper money and keep interest rates to zero so that our savings are eroded and everything becomes more expensive all the time, build walls to keep people in or out, repress ethnic, religious and other minorities, run up huge debts, waste billions on boondoggles, demand bribes, seize the best land and most valuable resources, keep on expanding their militaries and developing ever more sophisticated, dangerous and deadly weapons.

A Dutch comedian once said about Donald Trump: “In a world in which we leave everything to the market, the biggest merchant becomes King.”

This is absurd. And I mean the first part of the statement. *We don’t* “leave everything to the market”! Do the French leave everything to the market? Do the Dutch leave everything to the market? Do the Swedes leave everything to the market? The Danes, the Italians, the Polish, the Bulgarians, the Russians, the Chinese, the Japanese, the Saudis, the Iranians, the Nigerians, the South Africans, the Sudanese, the Ugandans, the Moroccans, the Turks, the Syrians, the Libyans, the Egyptians, the Argentinians, the Brazilians, the Venezuelans, the Guatemalans, the Mexicans, the Canadians – do any of these nations “leave everything to the market”?

Well, what about the Americans? You got to be kidding. The United States is the most powerful state in the world today, with by far the largest military, 17 intelligence agencies, an all-powerful central bank, the largest government budget, the largest public debt, a Federal government that is the largest employer in the country, tariff walls, agricultural subsidies, laws that allow the government to spy on people, literally hundreds of thousands of pages of rules and regulations for everything under the sun. Do Americans leave “everything to the market”? Fake claim!

How can anyone *not* see this? Yet that comedian is not the only one who thinks like this. Despite the glaringly obvious fact that the world is ruled by states, presidents, politicians, parliamentarians, congresspersons, sheiks, shahs, autocrats, kings, princes, party bosses, autocrats, bureaucrats, and so on, our intellectuals and political leaders and indeed most people somehow completely seem to miss this point.

They discuss inequality, injustice, the growing gap between rich and poor, economic crisis, unemployment, inflation, refugees, corruption, human rights, organized crime, unorganized crime, and you name it, yet they never seem to entertain the idea that the role of the state in our society could be the cause of any of these evils.

On the contrary, *they always look to the state for a solution*. They may blame *certain* governments or *certain* government programs sometimes, but they never blame government, or the state, as such. They always want the state to fix the problem, any problem.

When was the last time you heard anyone say that the problem in the world is that there is *too much power*?

Could it be possible that “capitalism” is a convenient scapegoat for the French people and all those others who don’t want to admit there may be something wrong with their own state?

I don’t deny that there are ruthless and evil corporations in this world, although given a choice I’d prefer to deal with them any time rather than with ruthless and evil states, which I find far more scary and intimidating. I prefer Bill Gates, Mark Zuckerberg, Jeff Bezos, John D. Rockefeller and Henry Ford to Lenin, Stalin, Hitler, Mao, Mengistu, Mobutu, Idi Amin, Saddam Hussein, Pol Pot, Ceausescu, Mussolini, Hirohito, Kim Jong-il, Kim Jong-un, Chiang Kai-Shek, Assad, Gaddafi, Pinochet, George W. Bush, Ariel Sharon, Mohammad Bin Salman, Vladimir Putin, Obama, Trump – and all these other bloody murderers, who are somehow rarely mentioned by the critics of capitalism, Facebook and Twitter.

The point is, however, that in as far as corporations have *real* power over us, they owe this to their connections with the state. Banks, oil companies, drugs manufacturers, agricultural firms, housing corporations, and so on, often benefit from connections with the state and this does lead to abuses. You can call this alliance of the state with big corporations “capitalism” or “crony capitalism” or “state capitalism” if you wish. In that case, I agree with you that we should fight capitalism. I am against economic power in as far as it is derived – directly or indirectly – from political power.

But this is not the same as a genuine free society based on voluntary relationships. Businesspeople, however Big their Business is, cannot tell others what to do if they have no political power. Bill Gates cannot fine you or lock you up or force you to accept his money or follow his rules if you don’t buy his products. The state can and does.

So here it is. If you think about why life is bad for so many people, why they cannot choose how they want to live, why they are unable to live in safety, harmony and freedom, why

they can't get ahead economically, why there is unemployment and corruption and inflation and war and mass emigration and so on, the most obvious cause, it seems to me, must be the dominant political structure of our societies.

That dominant structure is not anything as vague as "capitalism", but the existence of *political power*, the fact that there are *some people who are able to dispose of the lives and property of other people*. In short, the state.

After all, those who have power can and do:

- exploit people and expropriate their goods
- aggress against people, threaten them with force, punish them, beat them, drag them into wars
- destroy social harmony by interfering in the voluntary relationships and exchanges of people, set up groups against each other, create artificial barriers and borders
- burden people with rules, tell them what they can think and say and do

Conversely, imagine for a second a world where there is no political power, where no one is able to rule over others against their will.

Wouldn't people in such a world:

- have the opportunity to sustain and improve their lives and well-being through their own labor (provided they have some access to resources)?
- be free from aggression, force and war?
- be able to establish mutually beneficial relations with other people?
- be able to make their own choices and live the way they want to live?

It seems almost self-evident, doesn't it? Yet very few people look at the world in this way. They keep pinning their hopes on the next government, the new leaders, the coming man. They want to replace existing power structures with new ones. If anything, they want *more power* in the hands of their favorite leaders to somehow fix the world. They never stop to think that it might be power that is wrecking our world.

2. The case for self-ownership

To make the world a good place for all peaceful people, it seems to me obvious that we have to get rid of power, to ensure that people are able to take control of their own lives, and can no longer be ordered around and extorted by autocrats and bureaucrats.

We have to rebuild our societies starting with the assumption that *no one has a right to use anyone else as means to their own ends*.

In other words, that each person alive "owns" himself or herself.

Self-ownership has nothing to do with “selfishness”. It refers to each person’s unique value and being, on their sacred right to their own lives, which is the indispensable foundation of peaceful, voluntary exchange and cooperation, i.e. of civilization itself. The opposite of self-ownership is not unselfishness, but slavery – or subjugation.

The idea of self-ownership is based on the recognition that all people are equal in the sense that they have equal moral value, and therefore should have equal rights, which they can only forfeit if they violate the rights of their fellow human beings.

Why would this be so? Although nowadays most enlightened people believe in equal rights – or say they do – this has not been the norm in history, and it’s an opinion that’s hardly shared by everyone even today.

Many people still believe – whether they explicitly admit it or not – that certain people or groups (usually the ones to which they happen to belong) are superior to others and therefore should have more rights than others and many regard it as normal that some people have power over others. This is true even in democracies, which pretend to be based on equality, where politicians are always appealing to particular sections of the electorate whom they promise will be favored once they get to power, and whose leaders constantly confer favors on particular groups at the expense of the rest of society.

Are there grounds to believe that some people are superior to others?

Some people believe that they are superior to others because of their skin color, or race, or religion, or nationality. They may feel that way, but why would others have to accept this? What is the evidence that certain skin colors, or races, or religions, or nationalities, are superior – or inferior – to others?

Some claim that they are chosen by God to rule over others, or that they represent history or destiny or the General Will or the People or Democracy, or they may claim that the culture or religion or history of the group they belong to is superior to those of other groups. But again, what if those others feel differently? Why would they have to accept these claims? Would you accept anybody else’s claim that they are superior to you?

Some may claim that superior intelligence gives some the right to rule over others, but why would this be so? Would this mean that anybody who has a higher intelligence than somebody else would be entitled to dispose of that other person’s life or property? Would you accept that you could be ruled by anybody who is more intelligent than you are? Why would intelligence be a criterion of superiority in the first place? Why not physical strength or age or physical beauty or good looks or athletic skills?

All claims to superiority are in the end subjective. Some people may claim they belong to a superior civilization but they base such claims on standards they themselves select. Why would others accept these standards? Some say western civilization is the most advanced culture in history, and they probably think of Bach, Beethoven and Goethe, but then they ignore Hitler, Mussolini, Marx, the holocaust and concentration camps. How does this

compare to a civilization that has no literature and music but could not conceive of such a thing as a gas chamber?

And even if we could prove that some nation or civilization is culturally or scientifically or economically superior to others, would that apply to all the people who happen to be born in that nation or civilization but who have never read a book, think the earth is flat and can't count to ten?

Needless to say, some people and some groups *are* able to rule over others by virtue of their *superior strength*, in other words, *by force*. But why would their might make right?

If the fact that someone is stronger than another, justifies that they rule the other, it would imply that any person anywhere who is able in any circumstances to rob, rape, enslave or kill you, by virtue of his superior strength, has the right to do so. This means that you would be at the mercy of any person stronger than you are. Would you accept this? And if not, why should anyone else accept it?

We are forced then to conclude that there are no rational grounds to believe that some have a right to rule over others. All people are "equal" in the sense that they all have an equal right *to their own lives*, i.e. the right not to be used for the ends of other people against their will, for the simple reason that there is no credible justification why anyone should be allowed to "own" or rule other people.

3. The case for self-government

If we accept that all people own themselves, this has an important implication. It follows they should have the right to *choose the political system they wish to live under*.

After all, if some people are forced to live by rules which others can impose on them, then they are not self-owners. They would be servants, the others masters who can use them for their own advantage.

Thus, just as it's generally accepted today that people have a right to freedom of religion or freedom of opinion *it should be a universal human right for people to be able choose their own form of government*.

In fact, freedom of government logically comes before freedom of religion, freedom of opinion or any other political freedom or right. If you are able to choose your own government, the other rights follow. Conversely, if you are not able to choose your own government, all the freedoms you may appear to enjoy are no more than favors dispensed to you by the government, which holds ultimate power over your life.

This seems to me incontestable. There may be practical objections to the idea of freedom of government – I will discuss those in detail in this book – but the rightness of the principle itself seems difficult to deny.

What could be *wrong* with people choosing their own political systems? If they don't have this right, doesn't this mean, by definition, that they are not free, that they are subordinate to others who decide for them what political structure they must live under?

Why do we say that people should have "freedom of opinion", i.e. to say and think what they like, or freedom of religion, i.e. to believe what they like, but not the freedom to *act* on their opinions? What good does it do you if you are allowed to have a political opinion, but not make your own political choices?

I am not the first person to reach this conclusion. Freedom of government is by no means a new idea. It is the same as saying that government, to be legitimate, must be based on *the consent of the governed*, a principle that has been enunciated by various philosophers since the Middle Ages and finds expression in the U.S. Declaration of Independence.

The American Founding Fathers wrote in 1776 that "whenever any Form of Government becomes destructive of these ends [i.e. "to secure the rights" of "life, liberty and the pursuit of happiness"], it is the Right of the People to alter or to abolish it, and *to institute new Government*, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness."

In other words, according to the Declaration of Independence, people have a right to "institute new government" if they don't like the one they're having. Yet strangely enough, despite this bold and clear declaration, in the USA today certainly no one could get together with others and institute a government of their own!

In fact, there is no country in the world, no constitution anywhere, nor even any declaration of rights, that allows people to "institute new government".

Isn't that remarkable? The world is ruled by some 200 states, which hold total power over all the land, all resources and all people. None of these states allow people to set up their own society, on their own voluntarily agreed-upon terms. From China to Spain, from Egypt to Venezuela, from Russia to the United States, from Syria to Australia, from Iraq to Chile, from Sweden to South Africa, everywhere people are forced to accept the rules of the state they happen to live in.

After the First World War, there was some talk for a while by western politicians about "national self-determination". Minority populations in Europe, particularly those living in the defeated states of Germany and the Austrian empire, were promised they could form their own states. But this promise was only very selectively kept. The leaders of the victorious states – the U.S., France, Britain – certainly had no intention of giving this right to people living under their own control.

I believe that the right to self-government would take us a giant leap forward in the drive to make the world a good place for everyone.

Isn't this what people desire most of all – *not* to be told what to do? True, they want to live by *rules* but they don't want to be pushed around by *rulers*. They may want to follow certain leaders but they don't want to be forced to follow any leader against their will.

Think of the problems people face today. They pay taxes for many purposes they don't agree with, they are drafted into armies, they have to pay bribes, they are silenced and censored, forced to follow random rules and regulations, excluded from access to resources, limited in fundamental choices about how they want to live, even imprisoned, tortured and killed by their rulers.

All of this could be changed if people became their own political masters. If we could have, not some kind of one-size-fits-all system that everyone is forced to live under, nor a system where majorities rule over minorities (or special interests over the people with no political pull), but a world based on self-ownership and societies formed by voluntary relations. We would not have to fight each other anymore for political power. War would become obsolete.

As German entrepreneur Titus Gebel has pointed out, in many areas of our lives, when we buy a car, buy food, go on holiday, marry, have friends, we wouldn't dream of letting others decide for us. But when it comes to our political systems, we allow a small group of people to decide for everyone how they must live – how much pension they should get, what kind of money they should accept, what education must be followed, how health care is organized, and so on.¹ Isn't that strange?

I think it's possible to see human history as a long struggle for emancipation. Always and everywhere people have refused to be slaves and have struggled to be free from control by others. The right of people to choose under what kind of political or legal system they want to live – the right to freedom of government – is the last step in that process. It's the one step that we have not taken yet in the emancipation struggle.

¹ Titus Gebel, *Free Private Cities, Making Governments Compete for You*, 2018

Chapter 2

Why people believe in power – but power not in people

1. The state versus the government

If the state is so bad, as I contend, why, you might ask, is it so successful?

The fact that the entire world is ruled by states, that all societies at a certain point have turned into states, could seem to indicate that the state is the best or most practical way of organizing human societies.

On the other hand, the fact that some institution exists or dominates does not mean it is good or right. War has always existed, does that prove it is the best way of solving conflicts?

One likely reason why power has always existed is that it offers a way for the strong to live at the expense of the weak. There have always been people who were able to seize power because of their strength and cunning. As societies became bigger and more sophisticated, these power-hungry people developed more complex power structures, i.e. states, which include bureaucracies, organized militaries, police forces and so on, with which they could control their subjects.

But if this is so, you could ask, why do people mostly seem to accept the existence of the state?

One reason is that they profit from the power of the state – or they think they do. As the 16th Century French writer and judge Etienne de la Boetie observed: “The hierarchy of privilege descends from the large gainers from despotism, to the middling and small gainers, and finally down to the mass of the people who falsely think they gain from the receipt of petty favors. ... Of course, the train of the tyrant’s retinue and soldiers suffer at their leader’s hands, but they can be led to endure evil if permitted to commit it, not against him who exploits them, but against those who like themselves submit, but are helpless.”²

These observations are still every bit as relevant today.

Yet I don’t think that’s the whole story. Most people today are probably genuinely convinced that we need the state to ensure that we are able to live a good life. Even people who may not be enthusiastic about the state, are often convinced that without it, the world would become a mess.

Most people believe we need power, I think, for three main reasons:

- to protect society from chaos and anarchy
- to make laws and rules governing relations between people and solve conflicts

² *The Discourse of Voluntary Servitude*, quoted by Murray Rothbard, [“The political thought of Etienne de la Boetie”](#), *Mises.org*

- to make life better for people, e.g. to take care of poverty, pensions, health care, education, public morals, and so on

It is no doubt true that people do need protection from chaos and anarchy, that they need laws and rules to solve conflicts, and ways of addressing poverty, inequality, and so on.

The question is, though, do we need power – the state – for this?

Here I have to set out more clearly what I mean by “power” or “the state”, terms which I use to mean more or less the same thing.

I define the state in the terms of sociologist Max Weber as an “institution claiming to exercise a monopoly of legitimate force within a particular territory”³. This means the state, or “power”, has four characteristics: force, monopoly, territory and (self-assumed) legitimacy. Force is the most important of those four, it’s what makes the others possible.

Characteristic of the state is that it represents a fundamental *inequality of power*. In the state there are rulers and ruled. The two groups are clearly separated from each other. Those who are in control of the state apparatus make the rules, the others have to obey the rules.

This means that under the state the rules are not the same for everybody. As political philosopher Albert Jay Nock put it: “The State forbids private murder, but itself organizes murder on a colossal scale. It punishes private theft, but itself lays unscrupulous hands on anything it wants, whether the property of citizen or alien.”⁴

By contrast, *government* – in the way I use the word – does not necessarily involve force, inequality of power or legal or territorial monopoly. Government can be based on laws and decision-making processes that are adopted or accepted by people voluntarily. Government can also allow people to withdraw their consent to its rules and establish new, alternative government. States do not allow this.

So, although government does function coercively, it does not necessarily involve *subjugation*. Its laws can evolve bottom-up and can be employed to defend people’s self-ownership rights. Its political decisions can be based on consent (and consensus). And if people are free to choose their own government, their choice implies consent to its rules and decisions.

Note that government can be conceived of as *limited*. People could choose to live under a government that has only few rules and that would leave them free for the rest to pursue their own education, to decide on their own goals in life, and so on.

³ See John Hoffman, *Beyond the State*, 1995, p. 3

⁴ Albert Jay Nock, “On Doing the Right Thing”, 1928

The state, by contrast, recognizes no limitations. It may *permit* its citizens certain freedoms and grant them certain rights, but it holds ultimate power. It can always withdraw its permissions. It remains the highest authority in the territory it controls.

This is why states are called “sovereign”, which means possessing supreme power. We don’t speak of “sovereign governments”. We do speak of “sovereign states”.

And this is why I can speak of “freedom of government”. I couldn’t speak of “freedom of state”. That would be a contradiction in terms. The state treats people that live in its territory as *subjects*. It holds complete power over them. It can call on them, for example, to perform military service. You cannot as the subject of a state refuse this. If you do, you will be locked up or killed.

In this sense I believe the Weberian definition of the state needs to be extended. It focuses only on the *means* employed by the state. But the state also claims the right to impose *ends*, goals, on people. It can tell people what they should regard as their highest aims and proclaim “public”, collective ends that all need to submit to. Government does not necessarily do this.

With this in mind, let’s look at the three main justifications for the existence of the state. I hope to show that not only do we *not* need the state to *protect, guide* and *support us*, but that in actual fact the state does the reverse: it *represses, controls* and *extorts* us. We would be far better off if there were no states.

2. The state as protector

One standard line of argument in defense of the state is that it emerged as an instrument to end the incessant fighting among tribal societies. Thomas Hobbes is famous for saying that men, before the advent of the state, lived a life that was “solitary, poor, nasty, brutish, and short” and were engaged in “a war of every man against every man”. To end this disastrous anarchy, wrote Hobbes, people decided to enter into a compact with the state: they would accept its supremacy in return for being protected by it.

There are at least two things wrong with this argument. First, as many critics of Hobbes have pointed out, states were never set up to end violence. They were set up by strongmen who used their superior military strength to live off the labor of others. No state has ever been founded on the basis of a contract with citizens and there is no such contract in existence anywhere today.

Secondly, contrary to Hobbes’ suggestion, it is not necessarily true that life outside of the state was worse than inside of it. There is no reason to romanticize primitive existence – it does seem to have been characterized by permanent warfare. But there is no reason either to assume it was worse – for most people – than life under state power. As the American anthropologist James C. Scott writes in his history of early states: “There is a strong case to

be made that life outside the state – life as a ‘barbarian’ – may often have been materially easier, freer and healthier than life at least for non-elites inside civilization.”⁵

But even if Hobbes was right that the state was set up to offer people protection, what is more important is that in fact it failed in this supposed task. It did not bring protection for most of the human population. Life stayed nasty, brutish and short for thousands of years in all the states that existed. It was the Industrial Revolution that finally liberated the masses, not the state, and the Industrial Revolution arose at a time in a country, Britain, where the power of the state was more limited than it had ever been anywhere.

What the Hobbesian argument overlooks is that the state, as an instrument that has a monopoly on the legal use of physical force, is necessarily a two-edged sword. It can be used to protect, but just as easily to attack and repress. In fact, as the most sophisticated instrument of power that human beings have ever invented, the state gave rulers unprecedented new powers – which they were not reluctant to use.

This is not surprising. After all human beings did not change with the emergence of the state. The same people that waged “a war of every man against every man” before the invention of the state, kept waging wars and enslaving other people after they obtained control over the state apparatus.

History bears this out. From the earliest times all states were characterized by gruesome repression and slave labor. Scott notes that “evidence for the extensive use of unfree labor [in states of the past] – war captives, indentured servitude, temple slavery, slave markets, forced resettlement in labor colonies, convict labor and communal slavery (for example, Sparta’s helots) – is overwhelming ... the role of captive labor and slavery was so vital and strategic to the maintenance of state power that it is difficult to imagine these states persisting long without it.”⁶

States also kept up the practice of perpetual war that non-state societies presumably engaged in. The history of the state is a history of wars and genocides. States murdered far more people than any private criminal organizations ever did.

The Chinese emperors often carried out mass murders of their own population. The Mongols used mass murder as a military strategy. They killed probably some 30 million people during their heyday. The Aztecs had sacrificial rituals that saw blood streaming down the steps of their pyramids. Zulu leader Shaka, founder of the Zulu State, was a brutal dictator who put countless people to death for no rational reason. In Buganda in East Africa thousands of people were killed every year in sacrificial rituals. The Sultan of Delhi killed hundreds of thousands of his own subjects in the 12th and 13th centuries. The Ottoman sultans killed countless men, women and children in the cities they conquered.

⁵ James C. Scott, *Against the Grain – A Deep History of the Earliest States*, Yale University Press, 2017, p. xii

⁶ James C. Scott, *Against the Grain*, p. 28, 180

These are just some random examples. Do I need to mention Roman emperors, medieval Kings, Hitler, Stalin, Mao, the Khmer Rouge, Japan, western imperialist colonialist powers?

The political scientist R.J. Rummel estimates that the total number of people killed by all governments during the twentieth century alone was 212 million, of which 148 million were killed by communist regimes.⁷ This does not include the casualties of wars, which he estimates at 41 million during the same period. Rummel, however, had a blind spot for the killings perpetrated by western states, such as the U.S., which, by my own estimates, also run into the millions.

So much for the idea that the state protects us from violence.

Don't the army and police protect us from crime and invasion? To some extent yes, but they too are two-edged swords that can be used to repress and suppress. Indeed, as arms of the state, *they arguably exist primarily to defend state functionaries against citizens rather than citizens against criminals.*

Again, this is borne out by the evidence. In the U.S. the first police forces were so-called slave patrols, which enforced the apartheid laws in the South and went after runaway slaves. This legacy persists to this day, as in many American cities police still function to keep down the minority population, killing hundreds of innocent people every year.

In the North of the U.S. police forces were first set up by cities not to fight crime, but to keep "public order". They were quickly put to use by local political machines to run crime rackets and organize election fraud and as strike-breakers. According to historian Gary Potter, they were "notoriously corrupt and flagrantly brutal".⁸

City police were followed by state police forces, such as the Pennsylvania State Police, which "was created specifically to break strikes in the coal fields of Pennsylvania and to control local towns composed predominantly of Catholic, Irish, German and Eastern European immigrants," writes Potter. "Similarly, the Texas Rangers were originally created as a quasi-official group of vigilantes and guerillas used to suppress Mexican communities and to drive the Comanche off their lands."⁹

The same story can be told for the armed forces. They too are a government monopoly that exists primarily to serve the state, not to protect the citizens. They enable the rulers to suppress any resistance to their rule, to conquer new territories and wage wars to acquire land and resources.

The whole idea of a "standing army" (i.e. the kind of army we have today) was opposed by the framers of the U.S. Constitution. People today may find this difficult to grasp, but

⁷ R.J. Rummel, *Death by Government*, New Brunswick, N.J., 1994

⁸ "[The History of Policing in the United States](#)", June 5, 2013, Eastern Kentucky University Police Studies

⁹ *For a fascinating account of how the role of the police in the UK has been changed by the State from protector of citizens to an instrument of power wielded by the state, see Peter Hitchens, The Abolition of Liberty, 2003*

classical liberals in the 18th Century, including the American Founding Fathers, viewed a permanent military force as a mortal threat to liberty!

Nevertheless the U.S. from its birth, except for a brief period between the enactment of the Articles of Confederation in 1777 and the Constitution in 1788, maintained standing armies. Initially, as historian Jeffrey Rogers Hummel writes, the armed forces were mostly under control of the states, which maintained militias based on conscription. The federal government had to draw upon these militias for its national military campaigns. In the course of time, the militias dissolved and the armed forces came under full control of the federal government.¹⁰

The federal government used the army not to protect citizens against invasion but rather to wage wars of aggression, such as the War of 1812, the Mexican War, and the Spanish War, to suppress tax revolts such as the famous Whiskey Rebellion, and most notoriously to slaughter Indians, for example in the two Seminole Wars and in a great many other “Indian campaigns”.¹¹ None of this was related in any way to “protecting” the people.

Today, any notion that police and armed forces exist primarily to protect the people is hardly credible, certainly in the U.S. The police in the U.S. has become openly militarized, heavily armed and with wide-ranging powers to arrest, harass and suppress citizens. The armed forces have become a state in the state with an annual budget of some \$750 billion, more than ten times as much as Russia, and a presence in over 100 countries in the world.¹²

The same is true in other countries. If you see how the police regularly beats up demonstrators in nation states all over the world, it is clear that their primary function is not to protect the citizens from criminals but to protect the rulers from the citizens. If the state offers us some protection, it is comparable to the protection offered to storeowners by the mafia.

3. The state as law-giver

There can be no doubt that people who live together in a society need rules to protect their rights and to resolve conflicts. The question is, do we need the state to establish and enforce laws? And what are the consequences of the state’s current monopoly on law-making and enforcement?

Most people nowadays simply take for granted that we need the state, or some similar centralized organization, to make the rules for our society. But in the past laws have often been developed “bottom-up” by private, communal and religious institutions and political decisions have often been made based on consensus rather than force.

¹⁰ Jeffrey Rogers Hummel, “The American Militia and the Origin of Conscription: A Reassessment”, *Journal of Libertarian Studies*, vol. 15, no. 4, Fall 2001, pp. 29-77.

¹¹ Cf. Thomas J. DiLorenzo, “The Feds versus The Indians”, *The Free Market* 16, no. 1 (January 1998)

¹² See e.g. Chalmers Johnson, *The Sorrows of Empire*, New York 2004 and Nick Turse, *The Complex – How the Military Invades our Everyday Lives*, 2009

“Primitive” societies had rules in the form of customs, habits and practices that all their people were aware of and that could be promulgated and enforced by the wiser members of the society. This is what jurists call customary law.

In the Middle Ages multiple legal systems were simultaneously operative in Europe: the canonical law, the royal law, the law merchant and a host of local (city) laws. None of these were perfect, but thanks to the competition between them, people were able to obtain better, fairer outcomes. Some historians believe it was precisely the fragmented nature of political and legal systems which led to people enjoying more freedom in Europe than in the monopolistic and totalitarian states of non-western societies.

In the Anglo-Saxon tradition laws also developed bottom-up through various legal institutions and private courts. This is called common law or “judge-made law”. The common law tradition persisted for many centuries in Britain and the U.S., alongside statutory (state-made) law, but it is now almost totally superseded by state-made law.

In ancient Rome law was also mostly made by judges rather than politicians as the Italian legal historian Bruno Leoni describes in his great book, *Freedom and the Law*. Leoni notes that there are three main ways of making law. Firstly, by a special class of experts. They were called juris-consults in Rome, Juristen in Germany in the Middle Ages and lawyers in the Anglo-Saxon tradition. Secondly, by judges or courts. Thirdly, through the legislative process, i.e. by the state. He adds that “the law-making process through judges is probably as old as our Western civilization.”¹³

Today the state of course has a monopoly on law-making and law-enforcement. What are the results? Pretty much what you would expect from a monopoly: inefficiency, incompetence, arrogance, and failure to provide what people actually want from the legal system.

For ordinary citizens it is very difficult (slow, costly and uncertain) to obtain justice, even in the most advanced democratic countries. In the Netherlands, research by the Hague Institute for Innovation of Law (HiiL), [published in 2017](#), showed that the “legal system is great for lawyers, but bad for citizens. For the problems that citizens experience as most urgent – conflict with neighbors, dismissal, divorce – our procedures usually do not offer an adequate solution.”

The researchers found that “the confidence in legal proceedings declines as people experience the system first-hand.” They concluded that “the sector is deadlocked. There is little room for innovation in the system. Many of the rules are 100 years old.” One of the problems of the state-controlled system, they wrote, is that it functions in terms of guilty and innocent, winners and losers, whereas most people want a solution to their conflicts above all.

¹³ Bruno Leoni, *Freedom and the Law*, Liberty Fund, 1991, orig. publ. 1962, cf pp. 215, 13, 22

I am sure that these findings will sound familiar to readers in the U.S. and other countries.

However, the worst part of the state's legal monopoly is that the state uses it to run every aspect of our lives with an avalanche of laws. States everywhere keep churning out laws and rules for everything under the sun. The idea that the law should be used as sparingly as possible, coming into play only when people are unable to solve their conflicts, is utterly foreign to the modern state (and perhaps also the modern citizen).

Consider the United States, "the freest country on earth". Merely in the period between 1973 and 2018 the US Congress adopted no less than 12,088 laws. These came on top of all the legislation already adopted in earlier periods, such as "The Great Society" of the 1960s, "the New Deal" of the 1930s and "The Progressive Era" of the 1900s, all times when state power in the U.S. greatly expanded. Tens of thousands of laws altogether. And it keeps going on. As I am writing this there are 7,654 bills and resolutions before Congress.¹⁴

If you think that's a lot, well, it's not even the half of it. In the U.S. federal agencies are also able to produce so-called administrative law, which is recorded in the Federal Code of Regulations. In 1925, this Code was laid down in a single book. In 2015 it consisted of a stunning 103 million words or 174,545 pages. That's *350 books of 500 pages* of administrative law.¹⁵

In other countries it's the same story. In the U.K., former Prime Minister Tony Blair managed to pass 26,849 laws in his 10 years in power. His successor Gordon Brown stepped up the pace and passed 2,823 laws in 2008 alone.¹⁶ This, as Neema Parvini writes, does not count "the 2,100 new regulations the EU passed in 2006."

Although some of these laws may be just, in that they protect people's rights, most of them are unnecessary rules interfering in people's voluntary relations and dictating to them how to live.

Thus, the state's monopoly on law-making is destroying what was unique about western society: the idea of liberty, the right of the individual to be left alone, to live in peace as long as he or she does not interfere in other people's lives. It has resulted in politicians and bureaucrats who are constantly trying to order us around as well as people and lobby groups trying to use the power of the state to impose their moral convictions on others.

In later chapters I will discuss alternatives to the state's monopoly on law-making and physical force. In the next chapter I will discuss the third justification for the existence of the state: that we need it to help the poor, fight inequality and provide public services.

¹⁴ Source: *Govtrack.us*

¹⁵ Source: *Mercatus Center, George Mason University, see e.g.*

<https://www.mercatus.org/publications/regulation/code-federal-regulations-ultimate-longread>

¹⁶ Neema Parvini, "[How the United Kingdom Became a Police State](#)", 5 July 2018, *Mises.org*

Chapter 3

How the state is making us poorer

The third justification for power may be the one most deeply believed in. It is the greatest myth about power that exists today: that it is there to help the poor and underprivileged and to reduce inequality.

I hope to show that the reality is precisely the reverse: the state is making (almost) all of us poorer and more unequal. Without the state, we would be far wealthier – especially the lower-income groups in our society.

It is not difficult to see why people believe in the benevolence of the state. The state after all is seen to be doing many good things. It takes care of welfare, social security (pensions), education, health care, and many other things. It also builds infrastructure, monitors the quality of our food, provides “public” goods, subsidizes “public” activities, and so on.

Without the state, it seems, the needy would be left to their own devices, good education and health care would only be available to the happy few, inequality would explode, infrastructure would collapse, and we would all be left at the mercy of unscrupulous businessmen.

This at least is what we are told and taught all our lives. It is a point of view that has become so deeply ingrained in us that the mere idea of a world without a state sounds scary and inconceivable.

Yet, in reality, all these good things that the state seems to do for us are in a very fundamental sense only an *illusion*.

It is true that states *control* activities such as education, health care, welfare, social security, and many others, even the post office in some “free” countries. They have taken it upon themselves to “organize” all these things. That is to say, they collect taxes from people and spend that money on these activities. They also decide how the activities should be carried out, according to what rules, who should do what, how much money should be spent on them, and so on.

But that’s not the same as *providing* anything.

The state *controls* our healthcare system, it doesn’t *provide* health care. It *controls* our social security system. It doesn’t *provide* social security. It *controls* labor relations. It doesn’t *provide* minimum wages or safe working places.

It is teachers who teach, doctors and nurses that offer health care, construction workers who build roads, social workers who help the disadvantaged, entrepreneurs that create businesses and offer employment, artists that make art. As to pensions and welfare benefits, people pay for them through taxes and insurance premiums.

If the state was not there, we would still have all these things – but in different forms. We would still have health care and education, but not controlled by the state. We would still have pensions and aid for dependent people, but not controlled by the state. We would still have safety standards and labor relations, but not controlled by the state.

To think otherwise is like believing that we wouldn't have a mail service if there was no state.

So the question is not whether or not the state *does any good things*. Of course it does. Who wouldn't do *some* good if they could collect hundreds of billions from people and be able to order them around? The real question is whether the poor and disadvantaged – and everyone else – are better off with the state controlling – or interfering in – most of our activities, or with the state *not* controlling them.

To illustrate my point, think about slavery. Surely some masters did some good things for their slaves. They gave them food, clothes, shelter, let them go to church on Sundays. But that's hardly relevant. The question is whether the slaves would have been better off as free people.

*

The reason why most people don't see through the illusion of the state is because they only see part of the picture. They view the role of the state in this way:

state => education, health care, pensions, roads, welfare etc. => citizens

But the real picture looks like this:

citizens => education, health care, pensions, roads, welfare etc. => state => citizens

What the state has done is to set itself up as intermediary, middleman, between citizens. Without the state citizens would deal directly with each other:

citizens => education, health care, pensions, roads, welfare, etc. => citizens

Just as they do in the "private" sector (i.e. in those areas in which the state does not interfere):

citizens => supermarkets, cars, holidays, religious services, charities, sports clubs, etc. => citizens

Now if the state were an ordinary middleman, one that we could either choose to deal with or not, that would not be so bad. But it is not. The state is an organization that works by force. It stands above citizens. It gives orders that we must follow. However benign the face

of the state may appear to us, behind the face is an iron fist. When state actors intervene in our relations, we have to obey them. If we don't we get thrown in jail.

So, whereas without the state people would have direct *voluntary* relations with each other, e.g. doctors with patients, teachers with pupils, employers with employees, with the state there is a third party involved, whose functionaries (civil servants, politicians) have the power to *force* the other parties to do their bidding.

For example, the state can decree that doctors are only allowed to prescribe certain drugs or perform certain treatments, or that students should take certain exams, or that employers should hire certain people, or that restaurants must serve certain types of food, or that food manufacturers must provide certain information to their customers, or that media must not publish certain viewpoints, or that employees must pay certain premiums for their pensions and be members of certain pension funds, or that companies must pay tariffs when they deal with foreign suppliers, and so on.

The private parties in all these relations cannot decide that they prefer different arrangements – they have to obey the orders they get from the state.

Many people assume that this power that the state has is a good thing, since it means there is one party that can ensure that the weak are protected, the disadvantaged are helped, and the public interest is served. And, yes, it is no doubt true that the state sometimes gives orders that may do some good. Some pharmaceutical drugs no doubt ought to be forbidden because they are dangerous. Students probably ought to learn certain things prescribed by state-controlled exams because that particular knowledge is useful to them. No doubt employees are protected against real dangers in the workplace sometimes thanks to government safety regulations.

Again, however, this is not a relevant argument. If you have an institution that has the power to compel people to act in certain ways, that institution can do good things with that power sometimes, just as slave owners surely had some rules that were useful for their slaves. And no doubt some slave owners were better (friendlier, less corrupt, less meddlesome) than others, just as some states are better than others.

The real question is, though, whether people are better off with an institution that has the power to control their relationships and actions than if there were no such institution. The real question is – would there be better, more and cheaper drugs if the state did not have the power to regulate the drugs market? Would we have better health care and education? Better social care, less poverty? Would students learn better, more and against lower costs? Would people have a higher standard of living and better life if they didn't have to pay taxes and obey government rules? Would there be less inequality and more social harmony?

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To find out what the impact is that the state has on our lives, we should look not only at the “positive” effects of its actions, but also at the negative effects. These negative effects –

which ultimately all stem from the fact that the state is not an ordinary actor but has the power behind it to force people to obey its commands – are very real. What is more, they tend to be grossly underestimated by most people. This is because they are in many ways not directly visible. They can only be inferred by a process of reasoning.

I have made an overview of the negative effects of state action, dividing them into 10 broad categories, some of them obvious, many not so obvious at all. Together they add up to a pretty devastating picture – one that very few people actually grasp in its totality.

1) Waste

I will start with the simplest category. Everyone knows that government agencies tend to be inefficient.

They can *afford* to be inefficient, because a) they are not spending their own money, so they suffer no loss if they waste money, b) they have a monopoly so they don't have to worry about competition and c) they can't go bankrupt and have no personal liability.

Compare this to private ventures. These are also inefficient sometimes, but there are limits to their inefficiency. If they are too inefficient, they won't survive. Besides, if they waste money, it is their own money and they themselves will pay the price, not the taxpayers.

The total amount of money and resources wasted by states can only be surmised. Rather than trying to come up with figures with lots of zeros, I will give some concrete examples of government boondoggles, out of the literally thousands I have come across in my life, and the millions I have not encountered, just to give you a flavor.

The British National Health Service (NHS) on [one occasion](#) managed to squander £10 billion on a failed IT system, described by the Guardian newspaper as “*the biggest IT failure ever seen*”. The point is not only that this happened, but that it did not have any consequences for the NHS. It did not go bankrupt. It simply went on wasting people's money.

A parliamentary committee in the Netherlands found (this was back in 2014) that the Dutch state spends €4 to 5 billion every year on failed ICT projects. A study from the respected Technical University of Delft found that the Dutch government had wasted €100 billion on infrastructure fiascos in the period 1980-2012.

The Washington Post once [reported](#) (in 2016) that an internal report of the Pentagon showed they could save \$125 billion in five years just by being more careful with their money. That's the Pentagon talking about the Pentagon.

Greece, that poor victim of “capitalism”, received €682 million in EU funds when it joined the European Union in 1981. From 1982 on, it received 6.8 billion ECU (the predecessor of the euro) in agricultural support every year. Between 1989 and 1993 it received an additional 7.2 billion ECU. The Greek government had no problem finding outlets for this money. From 1952 to 2001 the number of civil servants in Greece grew from 73,000 to

768,000 (and more than 1 million if subsidized institutions are included, 10% of the population). In 2009, 55% of the state budget went to salaries and pensions of civil servants. Meanwhile, it was virtually impossible to set up a business in Greece because of bureaucratic barriers.¹⁷

Italy: same story. Roberto Perotti, an economics professor who worked temporarily as advisor for the Italian government, tells about his experiences in an interview: “There were programs going on for 40 years which nobody ever looked at. I came across one of €150 million which did not serve any purpose, but the director was very much attached to it. Public managers working for the government earn incredibly high salaries, often more than €200,000 per year. Italy gets €10 billion in EU funds. Nobody knows how that money is spent. I once tried to make a survey of the money going to startups in the region of Lazio. There were 13 programs being carried out, all paid by the EU. Bureaucracy is a huge problem but nobody does anything about it.”¹⁸

Italy at this moment pays €78 billion a year in interest to service its national debt. ¹⁹ Other countries also pay large amounts. In the Netherlands, a relatively fiscally conservative country, the amount was €37 billion in 2020, the fourth largest item in [the national budget](#). Progressive commentators complain endlessly about any little budget cut, but they never talk about the crazy amounts of money that are needlessly spent as a result of government overspending in the past.

Multiply these examples by millions of others and you get an idea of how much money goes down the drain as a result of bureaucratic inefficiency. Yet no government agency ever went bankrupt and no bureaucratic manager was ever hounded by creditors because of his or her mismanagement.

When you don't pay your taxes you are thrown in jail. When you waste taxes you can do what you want.

2) Fraud

There is often only a thin line between waste and fraud. The way state agencies manage their finances, spending money that is not their own, creates a constant temptation for irresponsible behavior.

Fraud is not just committed by government officials but also by private companies dealing with the government. In this case it is what you might call a combined effort – but it is made possible by the power the government has to spend taxpayer money on monopolized functions.

¹⁷ Bastiaan Bommeljé, *NRC Handelsblad*, 25 April 2015

¹⁸ Marc Leijendekker, *NRC Handelsblad*, 15-11-2016

¹⁹ Ronald Stoeferle, Rahim Taghizadegan, Gregor Hochreiter, *The Zero Interest Trap*, published by Mises.at, 2019

One obvious example are military contractors in the U.S. who not only waste hundreds of billions of dollars but also defraud the public of hundreds of billions. Again, a random example – according to a [Department of Defense report to Congress](#), as [reported](#) by the Federation of American scientists, “during the five year period from 2013-2017, there were 1,059 criminal cases of defense contracting fraud resulting in the conviction of 1,087 defendants, including 409 businesses ... There were another 443 fraud-related civil cases resulting in judgments against 546 defendants. During that same period, the Department of Defense entered into more than 15 million contracts with contractors who had been indicted, fined, and/or convicted of fraud, or who reached settlement agreements.” The value of those contracts exceeded \$334 billion, according to the DoD report.

These are just cases unearthed by the Department of Defense itself. We can only speculate about the cases that are never discovered.

The story is the same in Europe. According to a news item on a European website in 2016, “The EU has disbursed billions of euros to Ukraine, largely for budget support, but the European Court of Auditors (ECA) admitted yesterday (6 December) it was unable to say how the money was spent. Speaking to the press hours ahead of the publication of the ECA report on EU assistance to Ukraine, Szabolcs Fazakas, who led the audit, admitted that the EU had no chance to analyse the spending.”²⁰

Once more, this is a random example. The European Court of Auditors has been issuing reports for decades showing that no one knows how most of EU funds are spent, but nothing is ever done about it. The European Parliament moves from Brussels to Strasbourg every month, for no good reason whatsoever, which leads to unnecessary costs of some [€114 million per year](#) (not to mention additional CO2 emissions!), year after year after year, yet these parliamentarians couldn't care less, as they are not the ones who have to pay the bill.

A 2013 report from Accenture which I stumbled on notes: “There is a financial leakage in social welfare systems all over the world. These cracks in the system, if left unaddressed, will continue to widen and negatively impact government—and society—as a whole. These leakages manifest themselves in a variety of ways, with fraud, waste and abuse at one end of the spectrum, to overpayment and errors occurring as part of day-to-day processing. Each of these issues puts a hefty financial burden on the government system. For example, in the United Kingdom, the National Fraud Authority estimates that £21 billion (\$33B USD) is lost to fraud in the public sector each year. Overpayments in Ireland increased by 65 percent in just three years. And in the United States, improper payments by government agencies reached \$125 billion in FY10.”

This is just “direct” government fraud. Indirect fraud, in government-related sectors, is much higher. Take health care. According to the Accenture report, “Estimates by government and law enforcement agencies such as the FBI place the loss due to healthcare fraud as high as 10 percent of annual healthcare expenditure (around \$226 billion).” In case

²⁰ [Euractiv](#), 7 December 2016

you are wondering: the \$226 billion is 10% of total healthcare expenditure, which at the time was more than \$2 trillion and by now (in 2018) has reached \$3.5 trillion, of which \$1.5 trillion is spent by the federal government. (So much for the idea that the U.S. has a privatized healthcare system.)

Aid to developing countries is also a notorious source of waste and fraud. An example: Honduras is one of the largest recipients of aid from the EU. According to a [report](#) from the European Court of Auditors (ECA), the country received €223 million in the period 2007-2013, and that amount was to be raised to €235 million in 2014-2020. According to the ECA, this money goes largely for “budget support”, which is to say that the Honduran government can spend it in whatever way it likes. The ECA notes that “there are considerable risks to this kind of support”, such as “fraud and corruption”. The EU “does not have the expertise to monitor the spending on location.”

Despite all this financial support, poverty in Honduras grew in the period 2007-2015, notes the report. Interestingly, the EU was only the fourth largest (!) of the twelve largest donors to the country, meaning that Honduras, a country with a population of less than 10 million, receives hundreds of millions annually in development aid on a continual basis, yet its people are fleeing the country to escape from poverty and repression. The ECA notes that “there is little coordination between the donors”, there are many cases of “double funding, corruption and lack of consultation between donors.”

Everyone knows that these practices occur all over the world, we read about them regularly. Yet progressive intellectuals prefer to blame Nike and Shell for the poverty in the world. If they really care about people, why aren't they writing books and waging campaigns against states and the foreign aid mafia?

3) Corruption

Corruption occurs when state functionaries are paid by private citizens who want to get some favor done, or – far more frequently – when private citizens are forced to pay to obtain permission to do something.

This is a more insidious practice than simple fraud. Corruption kills economic growth. It puts the worst kind of people in charge of the economy and makes it impossible for the best people to undertake productive activities. Corruption is probably the single most important factor causing poverty and stagnation in many countries in the world – although you will never hear the likes of Thomas Piketty say so.

In December 2018, the European Commission reported that “this year's Corruption Perceptions Index [drawn up by Transparency International] highlights that the majority of countries are making little or no progress in ending corruption, while further analysis shows journalists and activists in corrupt countries risking their lives every day in an effort to speak out. The index, which ranks 180 countries and territories by their perceived levels of public sector corruption according to experts and businesspeople, uses a scale of 0 to 100, where 0 is highly corrupt and 100 is very clean. This year, the index found that more

than two-thirds of countries score below 50, with an average score of 43. Unfortunately, compared to recent years, this poor performance is nothing new.”

Corruption is particularly pervasive and killing in developing countries. One research report, called [The plunder route to Panama](#), noted that African presidents of countries like Togo, Burundi, Mozambique, South Africa, Botswana and Rwanda have siphoned off billions of euros from their own country. For example, from the Democratic Republic of Congo, every year some \$15 billion is secretly taken out of the country by its leaders, notes the report. This, according to the CIA Factbook, is “a nation endowed with vast natural resource wealth”. It is also in some rankings the poorest country in the world.

Again, how long will we keep blaming “capitalism” for the misery in the world and close our eyes to the state thieves that are strangling our societies?

4) Self-enrichment

Since they don’t have to persuade customers to pay for their services, state agencies are in a position to award themselves generous budgets for their activities. Needless to say, they make ample use of this opportunity.

One particularly infuriating form of self-enrichment is the money politicians and civil servants spend on their own salaries. For example, the 751 members of the European Parliament get a salary of €8484 per month (figures are for 2018) plus €4342 per month for general expenditures, plus business class flights and first-class train tickets, a general travel allowance of €4264 per year, plus an additional allowance of €306 per day for every day they are present at official meetings²¹, plus compensation for two-thirds of their medical expenditures, plus a pension from age 63 that can be as much as 70% of their salary.²²

Who wouldn’t want to be a representative of the people under those terms? As a self-employed citizen of the EU nobody voluntarily offers to pay me this kind of money. Nor, I am sure, would anyone ever voluntarily pay those people in that Parliament these sums. Yet they are able to give themselves these salaries, because they are able to force me and others to pay for them. This is legalized theft.

I am singling out the EU, but you can rest assured that other politicians and civil servants in Europe and all over the world aren’t doing too badly either. It’s no coincidence that civil servants everywhere tend to have strong job protection and inflation-proof pension schemes and are usually able to retire at an early age.

France, to mention that country again, has 5.5 million civil servants, who can retire at 62, often work less than 35 hours per week on full pay, have 42 days off per year (compared to

²¹ A Dutch [television documentary](#) in 2013 showed that some MEPs simply check in and then out again so that they can cash their “attendance fee”

²² Source: https://www.europa-nu.nl/id/vh8lnhrr10g8/beloning_europarlementariers

29 in the private sector) and have the best pension schemes in the land. Whenever there is the slightest suggestion from the government in Paris to cut back ever so little on these lucrative schemes, the selfless civil servants, who are always whining about the evil selfish capitalists, immediately take to the streets and scream in protest. France also has the highest taxes in the industrialized world, and persistently high unemployment, but it seems the taxpayers and the unemployed accept it because they all hope to become civil servants one day.

In the U.S. federal employees [make more money](#) on average than employees in the private sector. Whether they would make the same money if they had to offer their services in the market place, where people could decide voluntarily if they wanted to buy them or not, I leave for you to imagine. The three richest counties in the U.S., by the way, are all in Washington DC.

In contrast to the politicians and bureaucratic managers, the “field workers” of the state, such as teachers, nurses and police officers, are a lot worse off. This is because they represent a cost to their employer, the state. Although most of them don’t realize it, they might make a lot more money if their sectors were privatized.

5) Favoritism

Many people realize, at least to some extent, that the state tends to be wasteful, and fraudulent and corrupt sometimes. But they tend to be forgiving of such practices, because they believe that, when all is said and done, state intervention takes from the rich and gives to the poor. If that were only true.

In reality, the state takes from us all, especially the poor. In fact, it’s pretty naïve to think that the rich and well-educated will be the losers in the state’s redistribution game. They are after all much better able to organize themselves than the poor – to discover loopholes in legislation and influence legislation in their favor.

The way in which the well-connected profit from state favors goes far beyond crude redistribution schemes. The most important method they use is by *bending the rules* in their favor.

The state, with the power that it has, offers numerous ways of doing so. To mention a few:

- subsidies
- lucrative government contracts
- occupational and other licensing laws
- consumer protection laws
- environmental protection laws
- zoning restrictions
- favorable corporate legislation
- intellectual property rights

- foreign aid schemes (to favor “allied” foreign states as well as domestic exporting companies and financial institutions)
- bailouts (of banks, corporations, foreign states)
- tariffs
- price interventions
- resource monopolies
- interest rate manipulation
- cheap credits and loan guarantees
- money creation

In their 2017 book *“The Captured Economy – How the Powerful Enrich Themselves, Slow Down Growth and Increase Inequality”*, economists Brink Lindsey and Steven M. Teles give many examples of how this kind of political pull benefits some at the expense of others.

“High trade barriers and price supports for farm products disproportionately benefit large agribusiness”, they note. “The Jones Act outlaws competition from foreign shipping companies in US waters while similar cabotage restrictions block foreign air carriers from US routes. Ethanol subsidies and the Export-Import Bank are just two of the more egregious examples of corporate welfare business subsidies larding up the federal budget. Government contractors enrich themselves at public expense with cushy cost-plus contracts. Regressive regulation at the state level shields businesses as diverse as auto dealers, funeral directors and hospitals from competition.” The list goes on and on.

Bailouts of financial institutions are another notorious example. The bailout of the state-privileged savings and loan banks in the U.S. in the 1980s cost taxpayers \$124 billion, write Lindsey and Teles. “Continental Illinois in 1984, the Latin American debt crisis of the 1980s, the peso crisis of 1994, the Asian financial crisis of 1997-98, Long Term Capital Management in 1998, and of course the financial crisis of 2007-2009 – again and again the US government has intervened with emergency assistance to prop up American financial institutions ...” Note that the people who mismanaged these institutions and drove them to bankruptcy were able to continue their high-class lifestyles thanks to taxpayers.

Yet another form of government-granted privilege which drives up costs for the rest of society is occupational licensing. In the U.S. 30% of workers are subject to it, according to Lindsey and Teles: “Health, education and law are heavily licensed. In at least 30 states licensed occupations include cosmetologists, manicurists, barbers, massage therapists, etc. Cosmetologists must complete on average 372 days of education and training. But empirical studies find little or no connection between occupational licensing and better service for consumers.” This even goes for teachers, dentists, florists and so on. The direct cost to consumers amounts “to some \$203 billion a year”.

The authors observe that “licensing widens the gap between rich and poor by restricting job opportunities for lower educated people (and inflating the compensation of higher educated ones). The toll in lost jobs as a result of licensing is 2.85 million jobs. 43% of licensed occupations require a college degree, but only 32% of Americans have one. Even as

employment opportunities dwindle as a result of globalization and automation, the poor are hurt harder.”

6) Bureaucracy and regulation

It is in the interest of bureaucrats of course to maximize bureaucracy as this gives them work and power. But bureaucracy is also inherent in how the state functions. State functionaries control education, health care and many other sectors, but they are not themselves educators, medical experts, policemen, and so on. Nor do they have a direct stake in the private transactions they oversee. So how are they to do their job? There is only one way they can do it: with bureaucratic edicts. Rules and regulations.

Sectors directly controlled or regulated by government are usually the worst off. They tend to be strangled by stifling bureaucracy. Ask any doctor, teacher, or police officer. One article in a Dutch newspaper from 2018 quoted a police detective who said she sometimes spent an entire day at the copying machine to comply with the bureaucracy in the police department. Meanwhile, the Dutch police fall far short of their self-imposed “target” of solving 10% (!) of the burglaries taking place. Many towns score 0%.²³

The cost bureaucracy imposes on society can only be guessed at. One government institution in the Netherlands, set up to investigate the burdens of regulation, studied just five sets of regulations and concluded that they lead to additional costs of €500 million per year for Dutch citizens.²⁴ An old clipping from a Dutch financial newspaper mentioned that “rules and regulations costs business €51 billion in 2003” in the Netherlands (i.e. in just one year).

The cost of home builders in the U.S. to comply with regulations was on average \$84,671 for a new single-family home in 2016, according to figures from the National Association of Home Builders, 30% higher than five years before.²⁵

The annual Ten Thousand Commandments report from the Competitive Enterprise Institute estimated that federal regulation in the U.S. (only federal) imposed a hidden tax of nearly \$15,000 per household in 2017 alone.

A [study](#) from the Mercator Center of George Mason University concluded that regulation cost businesses in the U.S. \$4,000 billion in the period 1980-2012. According to this study, *the U.S. economy would be 25% bigger without this regulation!*

A study in the June 2013 issue of the Journal of Economic Growth by John Dawson of Appalachian State University and John Seater of North Carolina State University came to the

²³ Research from news outlet RTL Nieuws reported on 27 December 2019. RTL Nieuws found that in 30 Dutch municipalities where over 2,000 burglaries had taken place in three years’ time, not a single suspect had been arrested.

²⁴ Adviescollege toetsing regeldruk, Actal, reported by nu.nl, 10 April 2017

²⁵ Chris Kirkham, “Home Builders Say They Are Squeezed by Rising Compliance Costs”, Wall Street Journal, 7 May 2016

conclusion that federal regulations reduced economic growth by 2% per year between 1949 and 2005. That may not seem like much, but what this means is that *“annual output by 2005 is about 28 percent of what it would have been had regulation remained at its 1949 level.”*

As Lee Friday wrote on the website of Mises.org, taking these figures forward to 2011, *“nominal GDP in 2011 would have been \$53.9 trillion instead of \$15.1 trillion”*. This “annual loss of \$38.8 trillion converts to about \$277,100 per household and \$129,300 per person.”²⁶

Yes, these are incredible numbers. Think about them next time when you hear someone complaining that “capitalism” is causing poverty or when you hear people demanding a universal basic income.

Note that *none of these costs appear in state budgets or spending figures or in tax rates*. They are *hidden costs*, extra burdens on citizens that *do not appear in any financial account*.

7) Opportunity costs

People who complain about high taxes tend to say things like “We have to work for the state until the end of May, and then we can start earning money for ourselves.”

If that were only true! The reality is far worse. Such statements not only ignore the *indirect costs* of state interference, some of which we have discussed above, and which are far greater than the direct costs, they also ignore the *opportunity costs* involved.

As one Greek commentator observed about the financial support received by Greece from the EU and elsewhere: “The transfers from the EU and the borrowed money went directly to finance consumption, *not to saving, investment, infrastructure, modernization, or institutional development.*”

This is a very important point. Whenever government takes money from us and wastes or mispends it, or drives up costs through regulations, this money does *not* go to saving, investment, business, private activities. *We will never know how much wealth would have been created if that money had come into private hands.*

Bureaucracy has a similar hidden cost. It not only imposes direct compliance cost on businesses and organizations, it also means that the people who have to do the complying, for instance spend days filling in useless forms, can spend so much less time on productive activities. *We will never know how much or what they would have produced if they had not had to waste their time as a result of state directives.*

²⁶ Lee Friday, “Forget Guaranteed Income – Governments should stop destroying income first”, 12 March 2019, Mises Wire

Just think of all the highly paid, highly educated, certified accountants and tax advisors who spend their entire working life helping their clients avoid taxes, which is no doubt a useful service to these clients, but if the taxes had not been there in the first place (or had been simpler), they could have spent their lives doing things that would have offered real added value to people's lives.²⁷

Yet the financial side is only part of the story. Government control of sectors such as education, health care, and others, carries another opportunity cost: it takes a toll in missed innovation.

Take education. Since the government prescribes what students have to learn, and to a large extent how they must learn, and how schools are financed, it's difficult to get new educational initiatives off the ground. In my country the high school system is churning out growing numbers of children who can't spell or write properly and can't calculate or do basic math. U.S. high schools may even be worse.

The question is, what would the educational system look like if the government did not interfere with it? We will never know – but I am convinced it would look very different and be much better. And if that is true, *think about the effect that would have on society and the economy*. But again, it's an effect that can't be seen or measured.

Innovation is hampered in other sectors as well. Take U.S. spending on the military. As economist Seymour Melman pointed out, all the resources spent on useless military services cannot be spent on more useful purposes: "Our able young men cannot, at once, be trainees for the Atomic Energy Commission and physicians in training; they cannot be teaching the young and also designing missile components." Beyond a certain level, military spending becomes wasteful, noted Melman. "Whatever else you can do with a nuclear-powered submarine that is almost as long as two football fields, and capable of cruising underwater for weeks and at high speeds—you can't wear it, you can't live in it, you can't travel in it, and there's nothing you can produce with it".

But again, we will never see all the things that were *not* produced and the services that were *not* delivered and the innovations that were *not* made because of the resources that went into the production of nuclear submarines and other military goods.

What goes for military spending, goes for other types of government spending as well of course. In Europe almost all R&D spending goes through government and EU channels. This

²⁷ As Charles W. Johnson points out, certified public accountants (CPAs) "perform a useful service, but it's a service that far fewer people, and indeed far fewer businesses, would need, except for the fact that they need help coping with the documentation and paperwork requirements that government tax codes impose. A CPA is essentially someone trained in dealing with financial complexity, but finances are much more complex than they would be in a free society precisely because of government taxation and the bizarre requirements and perverse incentives that tend to make things much more complex than they would otherwise be." (In: *Markets, not Capitalism*, p. 65)

makes it difficult for politically unconnected companies to obtain money to finance new research.

8) Multiplier effects

All the wasted opportunities and wasted resources not only represent direct and indirect losses to society, but there also multiplier effects to consider. The businesses that would have been started up, the innovations that would have taken place, would have led to *other* initiatives and *other* innovations.

Suppose part of the trillions spent on the U.S. military would have been spent on the development of new life-saving drugs, and suppose these new drugs would have saved a lot of people's lives. *Then the people whose lives had been saved could have made other valuable contributions to our economy and society.*

Again, the costs of government interference – indirect cost, opportunity costs and their multiplier effects – are literally unimaginable, because they cannot be seen and will never be observed in real life. Yet they are real.

State interference works like prevention, but in reverse. If by taking precautions you prevent a disaster from happening, you will never know, because the disaster didn't happen. Yet the positive effect is real. The state's "prevention" of private activities has the same result, it's just as real, only it doesn't prevent disasters, but value creation.

As the great French economist Frédéric Bastiat already observed back in the 19th Century (yes, the French do have some excellent economists, even if they don't know it): "The enormity of the costs of the state can only be discovered in considering its unseen costs: the inventions not brought to market, the businesses not opened, the people whose lives were cut short so that they could not enjoy their full potential, the wealth not used for productive purposes but rather taxed away, the capital accumulation through savings not undertaken because the currency was destroyed and the interest rate held near zero, among an infinitely expandable list of unknowns."

By the way, we do sometimes get a glimpse of the unseen costs of the state, namely when the government happens to withdraw from some sector, or privatizes activities (which it does sometimes, usually as a result of pressure from citizens or voters). Think about television broadcasting (in Europe) or air travel or the telecoms sector. These sectors all grew explosively when they were liberalized. Yet when they were controlled by the state, no one was able to imagine the potential that they had.

9) Parasitism

We still have not exhausted the negative effects of government power. Government intervention also leads to dependence and parasitism among citizens.

When government programs are in place, people have an obvious incentive to make use of them. At the same time, government functionaries also have an incentive to maximize the number of people who use them. They certainly don't have an incentive to get people *off* welfare or subsidies. I once read a newspaper article about a city councilor in Amsterdam who went around neighborhoods to make people aware of all the support schemes the city had to offer them and which they weren't using, to his regret.

It's not just the poor who will lose their self-reliance as a result of the state's power. I remember I was present once when a group of people got together to set up a "skeptical society" to investigate the claims of psychics, astrologists and the like. The first item on the agenda of that first meeting: can we apply for a subsidy? It is just a very small example, but it shows the way people will start to think when the state stands ready to "support" all kinds of activities.

Observe that this group of highly educated and well-off people had no problem making other people pay for their own hobby. Isn't that remarkable? They probably felt that since everybody was doing it, there was no reason why they shouldn't do it too.

And they had a point. This is what will inevitably happen with the state able to control people's resources: interest groups will be formed and lobby groups will emerge who will all try to get their hands on money disbursed by the state. Artists, football clubs, schools, media, journalists, academics, lawyers, transgenders, stamp collectors, environmental activists, doctors, patients, researchers, businesses – they will all get in on the act and try to obtain money from the state, because they know there is money to be had, and because they know if they don't do it, others will.

The result is a society in which people, rather than trading value for value with each other, and becoming wealthier together, will become each other's adversaries and will try to steal from each other by means of the state.

As Frédéric Bastiat wrote: the state is "that great fictional entity by which everyone seeks to live at the expense of everyone else."²⁸

10) Inflation

One more perverse effect of government intervention that deserves separate mention is inflation. Modern states have a unique instrument at their disposal which makes it possible for them to spend money virtually unchecked: they have the power to "print" money, to create money out of nothing.

²⁸ "L'État, la grande fiction à travers laquelle tout le monde s'efforce de vivre au dépens de tout le monde."

Think of that. If they want to get money, they don't need to tax people. They can just create the money. Which means they can obtain any resources they like without having to supply anything in return. Some position to be in.²⁹

Indeed, it is the official policy of our central banks to "inflate" the money supply. This constantly erodes the value of our money and thereby leads to constantly rising prices. They say that this is "good for the economy" because it stimulates "demand". The current president of the European Central Bank, Mario Draghi, has repeatedly said inflation in the EU "is not high enough" (!) and has repeatedly announced he will take measures (i.e. create more money) to increase it. This is downright criminal. It's outright theft: the ECB is deliberately reducing the value of people's savings in this way.

You'd think it wouldn't take a genius to understand that creating more money is not "good for the economy". Would you rather live in a society where prices would keep falling or in a society where prices keep rising? As libertarian author Lew Rockwell once wrote: if Wal-Mart's slogan is "always lower prices", the slogan of the Fed and government should be "always higher prices".

People nowadays regard permanent inflation as normal but it's not. It's the direct result of government and central bank monetary policy. If our central banks did not expand the money supply, prices would on average tend to go *down*. This is something that any sane person regards as positive, except our economists and politicians who claim that the economy will collapse if there is "deflation". This is demonstrably false, since there are plenty of examples of competitive economic sectors where prices do go down (thanks to the free market) and these sectors show no signs of collapsing.³⁰

The real reason why the central banks create money all the time is that in this way they and their beneficiaries – governments, banks, financial institutions – are provided with a constant, endless stream of resources for free.

For the rest of the people, though, inflation is a permanent added tax which keeps them in a rat race. Imagine what the result would be if government did not inflate the money supply and prices would go down on average, year after year. People wouldn't have to be worried anymore about their pensions! Their savings would become worth *more*.

What makes inflation particularly evil is that those who are hit hardest by it are the people at the bottom of the pile. Pensioners, people who have no inflation-proof salaries, who are dependent on social security or unemployment benefits or work for minimum wages, people who don't own houses (since house prices keep going up as a result of the constant

²⁹ *Even so, despite their ability to create money out of nothing and to raise taxes, States are also running up debts! All the states in the world together have a debt of \$73,000 billion, a banker told me in January 2017. That's roughly \$10,000 per person living in the world today.*

³⁰ *In fact they confuse falling prices with deflation. Falling prices can be a sign of a healthy economy, deflation is monetary contraction, which leads to falling prices. In both cases, however, falling prices are a positive, not a negative. See e.g. George Reisman, "[The Anatomy of Deflation](#)", 22 August 2003, [Mises.org](#)*

growth of the money supply and the artificially low interest rates set by the central banks). These people keep finding themselves further and further behind.

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The state, then, even though it ostensibly does good things, actually makes all of us (except for a few direct beneficiaries) worse off. Its interventions drag down the entire economy.

The effects of state intervention, however, as we have seen, remain mostly invisible. We can only see what exists, not what doesn't exist. What we see is a state apparatus that is rather inefficient (most people can see that) but at the same time "takes care of the poor and disadvantaged". We don't see the price everyone – including the poor and disadvantaged – pay for the state's far-reaching control of our economy and society.

We don't see that all of us, and certainly the poor and disadvantaged, would be much better off if the state were not there. We would have a much higher standard of living, higher economic growth, more jobs, more opportunities for everyone.

Let me try to illustrate my point with a thought experiment. Think of our supermarkets. Today, supermarkets are mostly left to "the free market", i.e. the voluntary exchanges between people. The state does not control the supermarkets. The result? A very efficient system in which rich and poor, old and young, have an enormous amount of choice, can buy any kind of food – expensive, organic, cheap, with or without preservatives, gourmet, hot, cold, fresh, etc. – at virtually any time of day, just by going to a store of their choice. There are no waiting lists, no requirements, no forms to fill in. Most of the time the staff in the store treat you like a king, they are there to serve you, and if they don't do what you expect them to do, you go to another store next time, and the hell with them. You never think twice about the possibility that you may *not* be able to buy whatever food you like whenever you want it.

Now think what would happen if the state started controlling supermarkets in the way it controls for example health care. The retailers would suddenly have to deal with bureaucrats and politicians before they could think about their customers. The bureaucrats would impose requirements on them. They would tell them what sort of products they could sell, at what price. They would ask them to report on everything going on in their stores. Customers couldn't just go in and buy stuff, they would be required to get insurance and they could only buy whatever was covered by their insurance. The customers would of course try to get as much as food as possible for their insurance, but the supermarkets could not increase the supply of the products most in demand, since that would cost too much money, so they would have to start rationing those products, and they would put you on a waiting list. And so on.

You can see where this would end up. And not because the supermarket personnel would be bad people. They would be the same people trying to deliver the best service they could. But they would be hampered in every move by the bureaucrats and the rules being imposed on them.

Now here is another point: suppose our supermarkets were organized like our health care system and someone – for instance, someone like me – would come around and say – we should get rid of state interference altogether, then we would have a much better supermarket system. What would happen? Everyone would protest! Why, getting rid of state control? Food is a necessity of life! How could we ensure that everyone would get adequate food? The poor would not get the same quality as the rich! Some supermarkets might deliver unsafe products! They would try to make *a profit!* On food! It does not bear thinking about: how can you want to leave something as essential as food to profit-seeking businessmen?

No, no, people would say, to fix the system, we need to *reform* it. We need to put *more* tax money into it, *more* government control, more rules, different rules, different politicians, more competent bureaucrats, higher wages. They would come up with any kind of solution except the one that would really work: getting rid of the state altogether.

This is the situation we are in today in our societies. We try to fix our economies in every way except the one way that would really work: abolishing the state.

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But, you might say, even if the state's interventions in the economy have all sorts of bad effects, don't we need the state to at least provide a "safety net" for the poor and to ensure some degree of "equality of opportunity" in a broad sense of the term?

Inequality, I agree, is a problem, if it means that some people become poorer or are unable to increase their wealth. This may well be a growing problem today. But what are the causes?

The standard narrative is that there is a growing group of people being "left behind" or having to work in low-paying irregular jobs, because governments, spurred on by free-market ideology, have cut back on welfare spending, loosened job protection rules for workers, privatized and liberalized economic sectors, and failed to support national industries against foreign competition.

However, a few things are missing from this tale.

Firstly, it is the state that is destroying jobs by imposing crushing costs on business. Why is it so difficult for lower educated people to get a "fixed" job? Because entrepreneurs are evil people who want to "exploit" the workers? Then why do they hire staff in the first place? They are not forced by anyone to hire people. They do so because it is in their interest. They are willing to pay for labor, but the problem for them is that the state has made labor so expensive, with crushing payroll taxes and all sorts of other "protective" regulations, that they simply can't afford to hire many people. They can afford even less to offer them permanent jobs, because once they have hired people on a permanent basis, they can't easily fire them if they have to.

This is not to mention all the other requirements put on employers by the state. In the U.S. if you happen find yourself on the wrong side of all the labor legislation that exists, you can get sued for millions. In a country like France when you want to fire people or close down a company, you may be threatened or even taken hostage.³¹

Secondly, it's not the free market that is causing the cost of living to go up all the time. It is the state that does this, with its taxes, its inflationary monetary policies and the bureaucratic barriers it puts in the way of private entrepreneurs. It is the state that puts VAT on products and services, in my country 21%, even 9% on food. It is the state that is eroding the value of people's savings and pensions by constantly printing new money. It is the state that is driving up housing prices in the same way.

It is something mainstream economists never talk about, but the permanent inflation caused by the state's monetary policies is probably the main reason for the rising inequality in our society. Central banks directly and indirectly put billions into the hands of a small group of beneficiaries – banks, government institutions, multinational companies, institutional investors and financial speculators. These in turn drive up prices for everyone, especially assets such as real estate and stocks.

As economist Louis Rouanet observes: "Under modern central banking ... money is created and injected into the economy through the credit channel and first affects financial markets. Under this system, commercial banks and other financial institutions are not only the first receivers of the newly created money but are also the main producers of credit money.... Thus financial institutions benefit disproportionately from money creation, since they can purchase more goods, services, and assets for still relatively low prices. This conclusion is backed by numerous empirical illustrations."

Rouanet notes that "asset price inflation resulting from the growth of financial markets will benefit the workers, managers, traders, etcetera, working in the financial sector. It will also benefit the CEO's of the publicly traded companies who will be paid more as the capitalization value of their company increases. Hence, the correlation between asset prices and income inequality has been, as expected, very strong."³²

But the part that the state plays in income inequality is somehow never mentioned by the critics of "capitalism" like Thomas Piketty – or Karl Marx, for that matter.³³

³¹ I came across an old newspaper clipping the other day, from 25 April 2001, saying that "the French government is raising the compensation that companies must pay when they fire employees by 100%". It's just one small example. Obviously entrepreneurs will avoid taking on new employees in reaction to measures like this.

³² Louis Rouanet, *How Central Banking Increased Inequality*, 15 August 2017, Mises.org

³³ If you want to get a good picture of how the Keynesian monetary policies of the U.S. government and the U.S. Federal Reserve have benefited the ruling elite in the United States, including Wall Street speculators, at the expense of the ordinary American people ("flyover America"), I recommend David A. Stockman, *Trumped – A Nation on the Brink of Ruin and How to Bring it Back*, 2016.

The whole idea that government is somehow “stepping back” and leaving us to the vagaries of the free market is simply a lie. Yes, governments may now and then have to cut back on certain programs when costs really get out of control. But overall government spending and government intervention have certainly not decreased. Bureaucracy keeps getting worse. State budgets keep going up, government debts keep growing, levies, duties, taxes, tariffs, excises keep rising – even as governments keep on creating more and more money.

The real and growing inequality that exists in our society – and which you never hear about – is not between the “rich” and the “poor”, but between the well-connected and the unconnected, between those who profit from the state and those who pay the bill.

In our state-controlled societies, there are relative winners, people who benefit from the state (although they too might be better off if there were no state to begin with): corporations that profit from protective tariffs, patents and other privileges, established professions that benefit from occupational licenses and other legal measures which keep out newcomers and drive up costs, banks and financial institutions that profit from cheap money and bailouts, business sectors (agribusiness, military-industrial complex) that benefit from subsidies and government contracts, the entire cultural sector which is steeped in subsidies, and the state functionaries themselves who never have to worry about where their next paycheck will come from.

But for every beneficiary there is someone who has to pay, for everyone who is better off because of these government privileges there is someone who is worse off. This is ignored by everyone, especially by the people who complain the loudest about inequality, such as media pundits and progressive intellectuals, but also scream the loudest when their own subsidies and perks threaten to be cut.

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However, doesn't history prove that if there is no state, there will be an underclass of people condemned to a miserable life?

People often point to the deplorable living conditions in the 19th Century, supposedly the heyday of unbridled capitalism, or to the many beggars and homeless people in the streets of the U.S., supposedly the most “capitalistic” country on earth, as evidence that we need the state to ensure that no one “gets left behind”.

But both these examples are misleading. The 19th Century was a period of rapid economic growth in America and Europe, with unprecedented population growth, in which millions of people for the first time were able to escape from the grinding poverty that had been the fate of the masses since time immemorial. Yes, working and living conditions were horrible by modern standards, but *they had always been like that*.

The fact that the great mass of people was poor was normal. The abnormality rather lay in the fact that they were in the process of *becoming wealthier*. The Industrial Revolution for the first time in history enabled masses of poor people to escape from poverty.

This does not justify all the inequality and injustice that existed in the 19th Century, but the wrongs that existed in those days can't be blamed on "capitalism", not if that means "the free market". The state had dominated the economy for centuries. The classical liberalism of the 18th Century was a revolt against the prevailing and pervasive mercantilist state control of the economy, but the state hardly melted away in the 19th Century. Liberalism and individualism did make inroads into the old power structures, which did lead to unprecedented economic growth, but the old structures were not simply swept away.

In fact, in the latter part of the 19th Century, the state became more powerful again. This was the age of colonialism and imperialism, as well as rising nationalism and socialism, all of which were inspired by collectivist thinking and encouraged or led by states and their rulers. The prominent classical liberal thinkers in those days opposed colonialism, imperialism and war, but they were shoved aside. The "Progressives", the Bismarckians, the Romantics, the Nationalists, the Fascists, the Socialists, were all clamoring for more powerful states. This period ended with the killing fields of the First World War, which was not caused by "capitalism", but by the rise in populist-nationalist thinking that had taken hold in Europe in the decades preceding it.

As to the poverty and inequality in the United States, it is true that the U.S. does not have the same level of welfare spending that European countries have, but that does not mean that poverty in that country is caused by the lack of welfare spending.

Whatever you can say about the United States, a country with a public debt of \$22,000 billion (as I am writing this), an annual government budget of \$4,000 billion, a central bank that controls the monetary system, hundreds of thousands of laws and regulations, more people in jail than any other country, by far the highest military budget in the world, whose federal government is, with 2.7 million civilian employees, [the largest single employer in the country](#), whose state and local governments employ another 20 million people and the armed forces another [1.35 million uniformed personnel](#), is not a "free-market" country, let alone a "night watchman" state, as many people seem to think.

The U.S. has one of the most powerful and intrusive governments that has ever existed. But rather than being run by socialist types, it is mostly run by well-connected businessmen and academics at the expense of the rest of the population. It may spend less on social welfare than European countries, it spends vast sums on "corporate welfare" – as well as on "warfare".

For example, U.S. military expenditures, as everyone knows, tower far above military expenditures of European and all other nations in the world. By my own rough calculations, based on public sources, I calculate that military spending in the U.S. in the period 1946-2018 amounts to over \$27,000 billion.

If the U.S. had just spent 10% of that money on the military (roughly the same as Russia has done), it would have been perfectly capable of defending itself and every man, woman and child in the U.S. who lived during that period would have been roughly \$50,000 richer,

without even counting interest. And then we are only talking about defense spending, which is around 15% of the federal budget. Multiply the \$50,000 by 6.6 and you get an idea of what the U.S. may have looked like with a much smaller government.

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To argue that we need power, the state, to combat poverty and inequality is to miss the point that power is *the most important cause of poverty and inequality*. The poor may get some direct benefits from the state – but the reason most of them are poor in the first place is precisely because of the power the state has.

The problem for most poor people in the world today is not that they couldn't take care of themselves if they got the chance, or that they need the state to do so. The problem is that they are unable to take care of themselves, because the state stands in their way.

They are kept from saving and investing, setting up new enterprises, finding jobs, raising their income because the state and its associated power elites control natural resources, set up bureaucratic roadblocks, impose taxes, issue directives, inflate the money supply. They are kept poor by the power structures in society that privilege the rulers and their followers.

In 1964, in an article entitled “The New Property”, Yale law professor Charles Reich wrote approvingly: “One of the most important developments in the United States has been the emergence of government as a major *source of wealth*. Government is a gigantic syphon. It draws in revenue and power, and pours forth wealth: money, benefits, services, contracts, franchises, and licenses. Government has always had this function. But while in early times it was minor, today's distribution of largess is on a vast, imperial scale. The valuables dispensed by government take many forms, but they all share one characteristic. They are steadily taking the place of traditional forms of wealth - forms which are held as private property. Social insurance substitutes for savings; a government contract replaces a businessman's customers and goodwill. The wealth of more and more Americans depends upon a relationship to government.”

Reich was ecstatic about this state of affairs. Even though he was a professor at Harvard, he apparently could not understand that a syphon is not a source of wealth. The government “pours forth wealth”, well, yes, wealth that was first produced by people and taken from them. (Remember the graphic I showed you above?) And despite, or maybe because of his Harvard education, he couldn't conceive of the costs, let alone the hidden costs – not only in financial but also in social terms – of this gigantic shift from a free country to a collectivist country.

Reich probably dreamed that this massive state interference would redistribute income from “the rich” to “the poor”. The “anarchist” thinker Gary Chartier knows better than that. In his book, *The Conscience of an Anarchist* (2011), Chartier observes: “Once a state is in place, people with wealth and power can influence it, and achieve their goals, far more efficiently than if they had to reach their objectives by convincing or manipulating

individual people or small groups to go along with them. Seducing or partnering with a single politician or bureaucrat can yield an enormous payoff for a wealthy person or group. The existence of the state, and its unavoidable susceptibility to manipulation, dramatically magnifies the power of people with wealth.”

Chartier wants to have none of this. “I’m an anarchist”, he writes, *“because I believe that the state tends to consolidate the power of the wealthy and to help them exploit others. It fosters poverty by securing privileges for the wealthy and well connected. It promotes hierarchical models of business organization and the centralization of power in the workplace. It creates and encourages the persistence of monopolies and other cartels that increase the power of privileged elites at the expense of everyone else. And it sanctions and perpetuates the violence that has been and continues to be used to dispossess poor, working class, and middle class people in favor of large landowners and wealthy business leaders.”*

It’s a perspective that few seem to understand anymore, but which we need to regain if we are serious about making the world a good place for every peaceful human being.

Life is hard and, as they say, nothing is given to man. For endless centuries, the mass of people eked out a meagre existence from a harsh natural environment. A small group lived in wealth off the labor of the rest. The Industrial Revolution and “capitalism” (individual freedom) changed all that. But still, even today, nothing is given to us. People still have to get up in the morning and earn a living. They have to produce the food and countless other products and services we need to survive and prosper.

Entrepreneurs are the unsung heroes in this process. They risk their own money and direct the activities of the millions of people in our highly complex exchange economy, to make sure that the screws and nails and the jackhammers and defibrillators are there when needed. The millions of people, workers, engineers, professionals, who participate in this process do their indispensable bit as well. All of these people have to act daily in the face of great uncertainties.

The one exception is the state and its functionaries. They have the easy part. They (I am not talking about nurses or policemen or teachers who work in professions controlled by the state, but about the bureaucrats in charge of the state) can take from others the resources they want, and then dispense those as if they are the great benefactors of mankind. They also have the power to demand from entrepreneurs that these provide their employees with all sort of benefits, again as if they, the bureaucrats and politicians are the benefactors. But it’s not to them that we owe our wealth or survival. It’s to all the producers in our society.

This is not to say that we should not to try to take away or reduce the risks and uncertainties that life imposes on us. There are many ways in which people can cooperate and help each other to do so. They can form mutual assurance societies, cooperatives, charities and so on. They can also take out private insurance or other forms of risk-reducing products available on the market. But the idea that the state is there to support and protect us, as Professor Reich claims, is a myth. Yes, it offers certain support and protection. Who

wouldn't if they had the power and the means the state has? And there are obviously state functionaries who do their work conscientiously. But as an organization based on coercion, which holds power over the people, the state is there essentially to support and protect itself. At the expense of the rest of us.

The state is not helping us grow, it is choking off growth. It has drained our savings and replaced it with bankrupt social insurance schemes. It offers us a "contract" in which we have contractual obligations and they can do what they like. No political "reform", whether liberal or conservative or capitalist or socialist, is going to change this. It's the nature of the beast. If we want a better world we need to have the courage to get rid of the power of the state.

Part II – The Voluntary Society

Chapter 4

A world without power – what would it look like?

1. Towards competition in governance

Is it possible to have a world without power? Without states?

When people think of life without the state they think of anarchy and when they think of anarchy they think of chaos. They think anarchy means *no rules*. But actually it means *no rulers*. Not the absence of power but equality of power.

Freedom of government does not mean that there is no government. It means anyone can choose their own preferred government.

Think of freedom of religion. That does not mean *no religion*. It means: no one has a right to impose a religion on others. Anyone can practice religion and preach it, but not force it on anyone else. The same goes for freedom of government.

Now there is a difference. Religion you can practice on your own. Having a society means cooperating and living together with other people. That means you have to occupy a piece of land together.

So the first question is, if people have a right to form their own society, *where* could they do so? Who *decides* where people can live? Who owns the world? This is a crucial question that I will discuss in the next chapter.

If we assume for the moment that we can solve this problem, then, if people had freedom of government, and they could form voluntary societies, the second question is, what would these look like?

The answer in a nutshell: whatever people want them to look like.

People have different ideas about what a good life means to them. For many people the meaning of life is to be found in living for and with the group or nation they belong to. Others may want to live in a society in which all people share their belongings. Some may want to try and live in harmony with nature. Others may want to follow a particular religion or ideology. Some prefer an individualistic cosmopolitan environment in which they can live the way they want to live without being bothered too much by others.

There is nothing wrong with any of these choices – as long as they are voluntary. As long as no one is forced into anyone else's scheme.

My vision then, or, if you want to call it that, the “anarchist” or “libertarian” vision, of what a good life means is essentially: *one that people choose to live*.

This is not how politics is usually approached. Usually, political thinkers or leaders will set out *one specific way* in which they believe society should be organized which they say will lead to a good life or the best possible life for people.

They will, for example, argue that it is best for people if we live in a socialist society, or in a liberal society, or in a religious society, or in a nationalist society, etcetera. Or they will argue in favor of specific measures: for or against a universal basic income, for or against high corporate tax rates, for or against more public transport, for or against socialized health care, etcetera. They can try to achieve their political ideals democratically or undemocratically, that’s not the point. The point is that they will try to achieve *one specific political organization* which they are convinced is the best way to organize society.

The anarchist-libertarian approach is different. It holds that there is no single answer as to how society should be organized. There is not one way of leading “a good life”. People should be able to choose how they want to live, including what sort of collective or communal schemes they want to pursue.

In other words, whereas most political philosophies are aimed at creating a society in which *all of people’s needs are fulfilled* (needs as defined by the politicians and philosophers), the libertarian idea is to create a society in which people are free *to fulfill their own needs*.

The libertarian idea is that, if people are free to choose, this will lead to the best possible result for them. Needless to say, it will not result in perfect societies. Given the limitations of life and human nature, people will still be confronted with countless problems, and they will still have to cope with these problems. Being free does not guarantee success. But it will give people *the best opportunity to achieve success*.

The top-down, one-size-fits-all approach to politics, which aims at creating a society in which people’s needs are fulfilled, may seem attractive, since it promises results. But it has two problems. First, it brings into existence power structures. It sets up some people as the architects of society, as the arbiters of people’s needs and abilities, rulers who will decide on everyone’s duties and entitlements. This creates the conditions for a dictatorial or totalitarian society.

Second, even if somehow a society could be created in which people’s needs are fulfilled without these power structures, it would still not lead to a happy society. This is because it treats people as the passive recipients of values and goods to be dispensed to them by others, presumably the authorities. It leads to a Brave New World, without risk or the need for effort, in which all sense of achievement, of purpose and passion, would be eliminated. It would not make people happy, it would turn them into robots.

Some may find this an acceptable outcome. But I believe that real fulfillment, both of physical and spiritual needs, can only be achieved through personal effort and choice. That

at least is how I think human beings are put together and why a good life must be a life that people choose to live – and live by their own effort.

As the great 19th Century British libertarian thinker Auberon Herbert wrote; “without freedom of choice, without freedom of action, there are no such things as true moral qualities”.

There is a downside to this libertarian approach. It doesn't provide us with a blueprint of the good society. It doesn't propose ready-made solutions for all the problems we face. It doesn't promise that we can solve everyone's problems in some magical way with some kind of perfect political scheme.

It holds that social progress requires moral improvement, psychological knowledge and personal effort, which are things that no politician or leader or saint can deliver, no matter what they promise.

But there is an upside too. The libertarian approach is based on the positive conviction that people are capable of finding solutions to their own problems, if they are left free to do so. It is based on the positive idea that people are able to give meaning to their own life – influenced, guided and inspired no doubt by the wise among them, but still, as equals – and that they don't need leaders to tell them how to live.

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So what then would a world of voluntary societies look like in practice?

I think that if people had freedom of government they would break up the present 200 nation states that rule the world into thousands, perhaps in the course of time several tens of thousands of free cities and regions, all with different economic arrangements, cultures and belief systems.

In other words, there would be *competition in governance*. This would allow everyone to find a place to their liking. And just as competition in e.g. manufacturing leads to better products being made, this would encourage societies to imitate the rules of the most successful societies, in which people would be happiest. So it would lead to better governance overall. After a while, I am convinced there would not be any states anymore being able to force a one-size-fits-all rule on their subjects.

I may be wrong of course: people may voluntarily wish to form one single global society, for all I know. I think that's unlikely, but it's not up to me to decide.

This may sound revolutionary, but is it really? It is not calling for an end to society as we know it. On the contrary. It assumes that most people, if they are left free, would not want to change their life very much.

It recognizes that most people's lives are already based mostly on voluntary relationships. Most of the good things we have and enjoy are the product of people's voluntary efforts and interactions.

People generally try to make the best of their lives and they cope pretty well if they are left alone. Personally I am usually deeply impressed by what people around me do and achieve.

I see people caring for each other, helping each other, having fun with each other, as fathers, mothers, lovers, friends, relatives, colleagues. I see numerous fantastic doctors, nurses, educators, entrepreneurs, scientists, police officers, soldiers, truck drivers, factory workers, construction workers, architects, psychologists, social workers, film makers, artists, musicians, video editors, secretaries, salesmen, bartenders, bus drivers, moms, dads, grandpas, grandmas, priests, and so on, all making valuable contributions to society and leading satisfactory lives at the same time.

Libertarians or political anarchists have no desire to change any of this. Revolutions are carried out by people who want to gain power and replace the existing order by a new one. Libertarians want *to get rid of power so as to preserve the existing order*.

2. Moral relativism: how to fight evil without force

If people are free to choose how they live their lives, including free to establish their own societies together, it may seem to imply that there are no moral standards. That whatever people want, goes.

You may ask, how would that lead to a better world? Shouldn't we try to create a better world by fighting evils? Shouldn't we fight for example radical Islam or racial discrimination or drug abuse? Or what if some people set up a fundamentalist society, like ISIS did? Or a Nazi society? Should we allow this to happen?

There are two confusions here.

First of all, the point of self-ownership and self-government is that *every* person has a right to their own life. In other words, no one, including fundamentalists, racists, greens, liberals, or whoever, has a right to force their ideas on others.

This is *not* moral relativism. On the contrary! It puts clear limits on the types of actions and the types of society that are morally acceptable. If socialism means the *forced* redistribution of resources, if fascism means the *repression* of minorities, if fundamentalism means the *subjugation* of people with different ideas, if capitalism means *forced* labor, then they are all *not* acceptable.

Self-ownership means you have the right to accept any kind of moral rule voluntarily. Not that you have a right to impose any kind of rule on others.

So if people voluntarily want to submit to certain religious beliefs, or want to live among people with the same culture or skin color, or want to sell their body for sex, or destroy it with drugs, they have a right to do so. But they have no right to force others to do the same.³⁴

However, and that's the second point that needs to be stressed, *just because you have no right to use force against others doesn't mean you can't help to make this world a better place!*

Respecting other people's right to make their own choices does not mean you have to be *indifferent* to them.

Obviously in any society there are constant debates taking place on what constitutes proper behavior. There is nothing wrong with that.

In any healthy society people will have discussions with each other about what they regard as ethically right. They write books and articles about it, they try to convince each other of the rightness and wisdom of their opinions, to teach each other and learn from each other. This is all good and necessary. What is not good and not necessary is that the state gets involved and starts enforcing moral behavior.

To give an example: I agree that it is wrong to be a racist. But I don't agree that therefore the government should forbid racism. That is something else entirely. It sets up the government as arbiter of right and wrong. It means some people will have the power to tell others what they should believe and what they are allowed to say and do. By what right?

Don't forget: *you* may believe you will create a better world by forbidding racism or discrimination, but others may have different beliefs, they may follow the precepts of some ideology or religion that teaches homosexuality is wrong and women are inferior to men. Do these people have the right to force you to adopt their beliefs? If not, by what right do you want to impose your beliefs on them?

In a society that respects self-ownership, there are plenty of things that you can do to improve the world, without using force. If you see that people discriminate others because of their skin color, for example, and you feel indignant by that, then there is nothing wrong with saying so and trying to change their minds. If you believe that women should not offer their body for sex, to mention another example, there is nothing wrong with trying to convince them they should choose what you think is a better life.

And you don't have to stop at voicing your opinion. There are plenty of actions you can take too. Suppose you are indignant that some employer or business chooses not to hire people

³⁴ *This includes the newly born. Someone who is newly born has self-ownership just like anyone else. Parents are responsible for raising their children and they will necessarily convey their ideas and habits to them. But they don't have a right to use force against their children, to make them submit to rules that violate their self-ownership. As soon as a child is able to take care of himself or herself, he or she has the right to do so.*

because of their race or gender. Yes, an employer should have the legal right to do so if there is no force involved. But you have rights too. You can choose not to deal with that business. You can also try to persuade others to do the same, i.e. organize a boycott of that business, and expose it to public criticism.

Boycotting is a perfectly legitimate action as long as there is no physical force involved. Every time you choose not to deal with a company, you in effect boycott it. And every time you tell your friends they should not buy products from that company, you organize a boycott. For advertisers to withdraw their advertising from a publication if they don't like what it publishes is also perfectly legitimate. That is obviously not "censorship", as is sometimes claimed. No publication can claim some kind of "right" to advertising money. Advertisers have self-ownership rights like anyone else.

Organizations are also perfectly entitled to establish rules for the use of their property or membership rules. For example, a sports league may decide to forbid racist utterances in the stadiums of its members. A sports league is a voluntary association. It can decide on statutes that potential members can either accept or reject. If they reject them, they can try to set up their own league. Restaurant owners, employers, schools, hospitals, etcetera, are also entitled to set rules of behavior on their property, just like newspapers or other media can choose what to publish and *not* to publish.

What is often forgotten by those who are eager to change the world is that forcing people to act against their will is not only a violation of their rights, *it seldom works*. You can force an employer to hire people he does not want to hire, you cannot force him *not* to have racist feelings. You can force women not to wear headscarves, it won't turn them into non-believers. You may be able to force someone not to drink alcohol, then they will turn to drugs, or vice versa.

It would surely be wonderful if you could really force moral choices on people. All social problems could be solved with the stroke of a pen! Make a law forbidding discrimination, and discrimination will disappear! Make a law forbidding drugs, drug use will disappear!

Obviously it doesn't work like that. If at this moment laws against discrimination, for instance, seem to work to a certain extent, it is not because of these laws, but because most people are opposed to discrimination nowadays. If some store put up a sign, saying "we don't serve blacks" (or Jews or whoever), the owners would face a tsunami of protest.

Conversely, if most people really still felt that black people are inferior, no law against discrimination would work. In fact, more likely than not in such a society the government would impose laws favoring discrimination, as happened often enough in the past.

If you doubt this, think of drug prohibition laws. They clearly don't work. Why not? Because there are just too many people that choose to use drugs. Meanwhile the War on Drugs waged by our states, a blatant violation of people's self-ownership rights, turns innocent people into criminals and criminals into millionaires.

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Abolish power. Respect self-ownership. Let people make their own choices. This is basically what it takes, in the anarchist-libertarian view, to create the conditions that are needed to make the world a good place for everyone.

If you doubt this, if you believe that human beings are not able to create a better world through voluntary action because they are too stupid or too aggressive or too selfish, don't forget, the state consists of people too. These people presumably share the same characteristics. What are the chances that they will create a better world?

The fact is that if people are congenitally unfit to create a decent society together, no amount of force is going to make it happen either.

Nevertheless, there are still questions that need to be answered. First, if people have a right to self-government, *where* can they live? And how can we ensure that people are not only free to determine their own life, but also find themselves in a position in which, if they do exert the necessary effort, they will be able – as far as natural circumstances allow – to support and advance their lives?

Another question is how a world of voluntary societies could protect the environment. So far I have only talked about the relationship of human beings to each other, but what about our relationship to nature? How can voluntary societies deal with global and local environmental problems, such as climate change, loss of biodiversity and pollution?

A third question: is freedom of government not the same as democracy? Most people believe that democracy *means* being “free to choose”. So why my plea for voluntary societies if we already have them, in the form of democracies?

I will turn to these questions in the next three chapters.

Two other crucial questions: how can there be “law and order” if there is no state or power, and how will the distribution of wealth turn out? These topics I will take up in part III of this book. There I will discuss what I personally believe would be the “best” kind of voluntary society and how such a society could deal with issues of law and order and economics.

Finally, in part IV, I will discuss a number of things that can be done *right now* to bring a world of voluntary societies closer to reality.

Chapter 5

Who owns the world?

1. Ownership claims of states

To say that people should have “freedom of government” is one thing. A lot of people probably agree with this – in theory. But then *where* could they have this?

Who decides where anyone can live?

On what grounds can people, whether groups or individuals, legitimately claim ownership of a certain territory, build homes, workplaces, roads, farms and call them their rightful possessions?

By what right can they exclude others from their land?

The question of land ownership is the most fundamental of all political questions. It is the basic cause of most of the wars that have ravaged the earth throughout human history. Even today virtually all the most pressing conflicts the world faces – immigration, nationalism, national sovereignty, cultural identity, environment, the climate, trade, civil wars, wars between states – ultimately revolve around who owns which part of the earth.

Under the present world order, this question has been “resolved” very neatly. Ownership of the earth is claimed by some 200 states, which have divided up all the land and even a lot of the seas and skies over which they claim possession.

This order is rarely questioned. Most people regard it as natural or inevitable. They may debate *how* states should be run, they don’t doubt *that* states are rightful owners of the earth.

Yet there is no reason not to question the land ownership claims of states. Ownership of land implies power over all the earth’s resources and thereby the people living on earth. Why would states be the ultimate power holders in the world? Why couldn’t land for instance be owned jointly by individuals or by groups?

Of course if the present world order worked well, there would be reasons to maintain it. But who could seriously argue that the world is governed well?

It is true that, as has been observed by quite a few “optimistic” thinkers³⁵, life has been getting better for many people (not all), certainly in “western” societies, but elsewhere as well. But arguably the major reason for this has been technological advancement, starting with the Industrial Revolution, in combination with a certain degree of personal freedom and empowerment, not our political governance.

³⁵ E.g. Julian Simon, Matt Ridley, Hans Rosling

Whatever progress has been achieved we owe not to our rulers, but to the efforts and productive capabilities of ordinary people trying to improve their lives.

When it comes to governance, we are not seeing a lot of progress. Is the world becoming more just, our political leaders less corrupt, our governments less bureaucratic?

Are our pensions secure? Our monetary systems? Are our streets safe? Do our educational and health systems function well? Will our governments ever be able to pay their mounting debts?

Can we be sure that our gigantic armies with their huge arsenals of ever more sophisticated and deadly weapons will not involve us in another world war, this time truly a war to end all wars, because it will kill us all? Few people would answer these questions affirmatively.

To say that life has been getting better is one thing. To assume that it will continue to get better, if we simply keep on doing what we're doing, is quite another.

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On what grounds do states base their ownership claims? Really on one ground only: force. All states are based on acts of conquest or war.³⁶

As anarchist writers have pointed out, until the rise of the first states, communal ownership of land was the norm among societies.³⁷ In the course of time, most communal land was expropriated by autocrats who used their military power to take what did not belong to them. The British King, for example, seized the lands that had been worked on by monks for centuries and simply claimed it as his own, and distributed it among the nobility.

Or take the United States. This (democratic!) state lays claim to a particular (rather large) piece of land. How did this come about? A bunch of people from Europe went over to America, and simply claimed they owned the land they found, although large parts of it were already occupied by people. Initially, the British King claimed he was the legitimate owner of the entire territory, later a small group of colonists got together, got rid of the King, and decided they were the owners.

They went on to draw borders and to set the rules everyone inside the borders had to comply with (*"This Constitution, and the laws of the United States which shall be made in pursuance thereof; ...shall be the supreme law of the land"*). They also sold plots of land to new settlers from Europe (they first simply took the land and then sold it). All this time they waged relentless war against the Indians. This started in the 17th Century under British rule when you had King Philip's War, King William's War, and Queen Anne's War and it ended

³⁶ Cf. for instance Jaryd Diamond's account of the emergence of states: *"Wars, or threats of war, have played a key role in most, if not all, amalgamations of societies...."*, Jaryd Diamond, *Guns, Germs and Steel*, p, 291

³⁷ See e.g. Kevin A. Carson, *"Communal Property: A Libertarian Analysis"*, in: *The Anatomy of Escape – a Defense of the Commons*, Center for a Stateless Society, 2019

after 300 years with the Leech Lake Uprising in 1898, the last official war against the Indians. They also took territory from the Spanish, the Mexicans, the native populations of Hawaii, Cuba, and the Philippines, among others, and brought in slaves who were forced to work the land but were not given any land as their property.

Based on these acts of conquest, today, a group of people in Washington DC claim ownership of the entire space known as the United States. They even claim ownership of the seas around it and the skies above it. They decide who can enter their territory, they have disposal over all the natural resources, they decide under what terms their subjects can trade and communicate with each other and with the subjects of other states, and on hundreds of thousands of other rules those citizens have to obey.

Clearly the claims of the U.S. government have little moral basis. They are purely based on force. On the principle of might makes right. There certainly is no reason why we can't question them.

Similar stories can be told of course for all the other states that exist in the world.

Defenders of the state may argue that, unlike the Kings of old, states *represent* the people who live within their territory, so it's really the people themselves who are the owners, not the states.

It is not difficult to see that this is a myth. If the people were the real owners, a group of people could, for example, decide they had enough of the state officials who are representing them and form a new state or society of their own on the piece of land on which they live. However, no state allows this. How come if the people are the real owners?

Nor are so-called "public" resources, such as public buildings or public parks or public roads, really owned by "the public". If you think you are the co-owner of any kind of government building, try walking into one and tell the officials you want to paint the walls another color.

People also do not have a "contract" with the state which gives them ownership rights. No such contract exists and no citizen or state official has ever signed any such contract.

It's often argued that in a democracy the people are the real owners of the country, which is supposedly evidenced by the fact that they have the right to vote. But the right to vote is not the same as an ownership right. Say you have a right to vote for who will be the chef in a restaurant. That would not make you owner or co-owner of the restaurant. The elected chef could still decide the menu.

Some people may *feel* they are represented by their state. States all the time try to promote nationalist sentiments and do all they can to make the people identify with their governments. That's fine, if people feel that way. But it still does not make them real owners of the land. They will find that out quickly enough if they ever try to act as owners.

2. From self-ownership to land ownership

Is an alternative to state ownership of the land possible? I think so. But we need to rethink how we look at land ownership.

Virtually all current political reasoning takes the state as *starting point*. It views the state as the ultimate source of all rights, including land ownership rights. But when we think about rights, the starting point must be the self-ownership of each human being.

A moral political order must start from the assumption that all people are equal and have inalienable rights, antecedent upon the existence of the state. If there were no state or no government, people would still have a right, a moral right, to their own life. Government is only justified inasmuch as it acts to secure people's rights, as the authors of the U.S. Declaration of Independence recognized (in theory).

How does the principle of self-ownership apply to the ownership of land?

If we recognize that people have a right to their own life, it must imply that they have the right to *sustain* their life. To be able to do so, people need to produce goods, to exchange goods with others and to establish relationships with other people, both private and commercial, based on mutual consent. If people can't do this freely, they can't be said to truly own themselves.

Imagine that you have the "right to life, liberty and the pursuit of happiness", but no right to own or use any piece of land, no way of obtaining a place to live, no opportunity to move around and relate to other people. Clearly your "rights" would not do you any good.

Thus, if we say that people have a right to life, they must at least have some place to live and move around in, to be free to interact with others, and have some access to raw materials or resources. If people cannot access any property or land, and cannot freely exchange goods and services with others, because they are kept from doing so by others, they cannot exercise their self-ownership.

If self-ownership is to have a practical meaning, it must mean, then, that all people have a right to have access to land where they can live, be able to own property, and to have freedom of movement and freedom of trade.

This does *not* mean that people have a right to other people's goods or property or a right to be free from the vagaries and limitations nature imposes on them. Self-ownership does *not* imply that people are entitled to be taken care of by other people. You have a "natural right" to your own life, since there is no good reason why anyone would own you. You do not have a "natural right" to a basic income or to education or housing to be supplied to you by others. That would turn others into your slaves in effect.

But self-ownership *does* mean that it is wrong if some people are able to seize all the land and make it impossible for others to find a place to live.

This is what we mean when we say someone is “born free”: not merely that they “own themselves”, but that they have the opportunity to choose a place to live, find some means to produce goods or services, to travel and associate with other people.

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If everyone who is born has a right to live on the earth, in the way I described, what should be the principles then for deciding on land ownership and distribution of land?

Some argue that since no human being “made” the world, and people are all equal and born free, “the world belongs to everyone” – or to no one. We should all “share” it. Everyone should go where they want to go, be where they want to be.

This sounds sympathetic, but if no one could ever claim ownership of any piece of land, in *some* form, no one could ever be secure in their existence. No one could build a farm, a house, a workplace, and be sure that it wouldn’t be taken away from them.

The problem with the idea of collective ownership of the earth by “the whole of humanity” – a world without borders – is that it does not reflect the way human beings actually have evolved and live on earth. There is in fact no such thing as “humanity”. There are only specific individuals and groups who have cultivated and developed pieces of land together.

If you say “humanity” owns the earth, who would make the decisions about how to use the land? Everyone together? How would that work practically? A world government? That would be putting total power over the entire earth in the hands of a tiny oligarchy – an even worse prospect than the current world order. It would remove control of the land from the actual people living on the land to whoever would be able to claim they represent the whole of humanity.

What is needed to put the people themselves in control of their own lives is precisely the opposite: decentralization. Everyone should be able to become owner or co-owner of a piece of the earth.

This idea was first developed by one of the most influential thinkers on land ownership, the 17th Century English philosopher John Locke. Locke noted that to sustain their life, people must make use of the earth’s resources. As soon as they do so – take water from a spring, pick an apple from a tree – they effectively claim ownership of them.

Locke argued that since people have a right to sustain their life, they have a right to claim ownership of the land they use to produce their food and goods. He famously proposed that someone who first “mixes his labor” with the land becomes the rightful owner of the land.

There is a lot to be said for this idea. Most of us regard it as reasonable that those who come to a place first and settle there to work and live, have a claim to be owners of the place.

But it doesn't answer all questions. How much land can they claim? How absolute is their ownership? Can they forbid the right of way to others? Can someone pollute his own land without regard for what effects this has on others? Can someone claim ownership of unique natural resources, such as Niagara Falls, or a unique beach, because they were the first to "mix their labor with it" – for instance, put a fence around Niagara Falls and sell admission tickets? And where does it leave "latecomers" if they find most of the world taken by earlier settlers?

Locke was aware of the limitations of his theory. For this reason he added a condition (later called "the Lockean proviso") to his principle of initial ownership: people could claim exclusive use of land, he wrote, but only "*where there is enough, and as good, left in common for others.*"

The Lockean proviso has been criticized by some libertarian thinkers on the grounds that it will never be possible to arrive at exactly equal conditions ("enough and *as good* left in common for others") for everyone. The great libertarian economist and philosopher Murray Rothbard argued that Locke's proviso "may lead to the outlawry of all private ownership of land, since one can always argue that the reduction of available land leaves everyone else, who could have appropriated the land, worse off."³⁸

This may be true if we apply Locke's proviso literally. Nonetheless his stipulation does provide an excellent general limitation on land ownership claims. After all, if "latecomers" could not find *any* land to live on or claim as their own, their right to sustain their life would be denied.

So I think we should rephrase Locke's proviso somewhat: it's fine if settlers claim ownership of land they settle, but there should be "enough left" for latecomers so that they too are able to "sustain their lives".

For example, when people move to a new continent – or wash up on an island – that's already been settled, the settlers cannot simply turn them away, claiming they own all the land. If they could, it would imply that some people could be turned away everywhere and never be able to find a place to live.

At the same time, the newcomers cannot turn the settlers out either – they must respect their legitimate claims to their land. Some accommodation, then, must be made. On what basis?

Locke's justification for private land ownership has an important implication. It means that for anyone to claim a piece of land as private property, they have to use it *for the purpose* of sustaining their life, i.e. they have to use it "productively", to produce food or commodities on the land, or to use it as a workplace or as a form of shelter or housing.

³⁸ Murray Rothbard, *The Ethics of Liberty*, 1998 (1982), p. 244

These two principles – that land must be used “productively” if it is to be claimed as property, and that latecomers need to be able to secure a place of their own – give us some guidelines for the *size and type* of any piece of land that may be claimed as property.

The size must be *reasonable* both in terms of what is needed for someone to support their life, and in terms of what others need to support their lives, i.e. in relation to the prevailing population pressure. If there are many people and not much land, the size of land that can be claimed as property must be more limited than if there are few people and a lot of land.

No one can legitimately claim, as the King of England (and other kings and aristocrats) used to do, that they own any piece of land they fancy. Nor can someone claim exclusive ownership of land which they don't use for “productive” purposes. Contrary to what some libertarian authors claim, the mere act of “fencing in” a place does not provide justification of ownership.³⁹

Ultimately any ownership claims to land must be *derived* from the principle of self-ownership – and this principle applies to *everyone*. Ownership of land must therefore always be based on the need for people to sustain their lives, which means to be productive, build a shelter and engage in personal and commercial relations with others, and must never be used to deny anyone else the opportunity to be a “free person” in this sense of the word. No one needs to possess the Niagara Falls or a unique beach to sustain their lives. There is no reason for people to accept anyone's claim to ownership of such places.

Nor, for example, do people need to bar others from passing over their land to sustain their lives. On the other hand, people sometimes do need to travel over someone's land if they are to live as free human beings, so they should have a right to do so, if they behave peacefully and don't destroy anyone's property.

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This, then, gives us some basis on which to base recognition of (limited) ownership rights of land. People who first settled a piece of land and use it to sustain their lives, have legitimate ownership rights (subject to the conditions we noted).

These original settlers were more likely to be groups or families than individuals. Historically land was first settled by groups who “mixed their labor” with the land together and regarded land as the property of the community. In many cases they subsequently ceded parts of the communal land to individuals or families to use for productive activities (sometimes on the basis of long-term leases), while reserving another part as “public” space

³⁹ Some libertarian authors, notably Hans-Hermann Hoppe and Stephen Kinsella, argue that anyone who first “emborders” a piece of land becomes its legitimate owner, because, they say, any other arrangement would lead to conflict, since land is scarce and there can be no two owners of the same piece of land. But obviously other land ownership arrangements are possible and have been in use which do avoid conflict, such as communal ownership and use.

that all have a right to access. This is all perfectly in accordance with “Lockean” principles of course. There is no need to assume that land can be owned only by individuals.

“Lockean” principles of land ownership are instinctively recognized by people as fair. When we walk past a fruit orchard in Spain we have no problem to accept that it does not belong to us but to the farmer (or farmers) who work in it (assuming for a moment that the farmers are the descendants of original settlers). We also have no problem to accept that the public square in a Spanish village belongs to the villagers, in other words, that land belongs to certain recognizable groups whose ancestors settled it in the past and developed the land, and divided it in certain ways in the past.

On the other hand, it would not feel right if villagers claimed the land and kept all strangers out. There is a sense in which we all feel we have a right to move over the earth as long as we respect people’s property rights.

Groups of people who own land will usually also retain communal ownership of relatively unique places such as beaches and waterfalls, so that they can be enjoyed by all the members of the group. Such communal ownership – as contrasted to individual ownership or state ownership – seems the best guarantee for the preservation of unique places.

What about immigration? If people have a right to own or co-own land, that implies they have a right to keep out others from their land. Freedom of government does not mean people should accept unrestricted immigration. That would make any kind of permanent settlement impossible. People would continually run the risk of being displaced by immigrants. Self-ownership does imply, though, that people have a right to move over the earth to go where they are welcomed by others or to seek new lands to live on.

What if e.g. China suffers from overpopulation and famine? Wouldn’t the Chinese then have a right to move to another land, even if that was already settled by others? No, that is precisely the point: if they did have that right, there would be no check on their population growth or on the mismanagement of their economy. If people don’t have the right to displace other groups, they have an incentive to contain their own population and to properly manage their economy so they won’t suffer from famine.

In some cases rulers maltreat subjects who are forced to flee. It’s common decency in such a case to help refugees that seek a safe haven. But it’s also perfectly reasonable to only do so temporarily as a form of charity until the problem is solved.

Freedom of government – the possibility of creating voluntary societies – could do a lot to address the problem of refugees and mass migrations of people. Most people have no desire to leave the place where they are born and grow up. They do so because they flee from war or poverty, both of which are caused by the state.

The problem of poor people in underdeveloped countries is not that they are helpless and need “aid”, but that they are shut out from opportunities to make a living – pushed around, extorted, taxed, excluded from land and resources – by the people in power. If they could

form their own societies, they might be able to get rid of the parasites that are destroying their lives, and they would not have to flee anymore. In the end the only way to solve the problems of refugees and immigration is to remove the criminal rulers who make large parts of this earth unlivable.

3. Setting up free societies

How can we put these principles of land ownership into practice in a world where all land is already claimed as property by states?

I certainly don't have all the answers to this huge question, but I do have some suggestions.

I believe it's reasonable at least to start from the assumption that people who currently live in a particular place or are born there, have a right to live there, if they or their ancestors settled there peacefully in the past, or if they were admitted freely into that society later.

As Grant Mincy of the Center for a Stateless Society writes, people tend to feel a deep attachment to the place where they are born: "The concept of a human being having lasting roots and an area of land representing those roots exhibits deep human bonds and connections to the earth."

This "sense of place", notes Mincy, involves memories with family and friends, coming of age, solace, comfort, etcetera. In addition, people often "equate their land with their legacy. The commons are tied to land and space through unique historical and cultural traditions."⁴⁰ Any state or power that denies or violates people's right to live in their birthplace and remain connected to their "legacy" commits a flagrant injustice.

Since peoples and societies have evolved in particular places over the centuries, our starting point must be the present distribution of people over the earth, at least in those cases where this distribution is not controversial or disputed. This may seem to contradict my earlier argument that states aren't legitimate land owners, but I am talking about the distribution of *people* over the earth, not states.

States are not the same as the people who live in the territory controlled by those states. "The state" consists of a small group of rulers of a territory. "The people" are all the people who live in that territory.

Just because a state is not a legitimate owner of the territory does not mean that the people in that state cannot be legitimate owners. They will often be the descendants of the settlers who first "mixed their labor with the land" and who cultivated and developed it. So, even if we don't recognize the claims of states to land, we should recognize the rightful claims of the people living within those states.

⁴⁰ Grant Mincy, "Power and Property: A Corollary", in: *The Anatomy of Escape*.

Thus, if some people want to split off from the state they live in and form their own society, they should have the right to do so – as long as they respect the rights of those who may not want to go along with their scheme. This right is similar to the right of “national self-determination” referred to earlier, although self-determination should apply to any voluntarily formed group, not only to “nations”.

Here is how the great Austrian free-market economist Ludwig von Mises described this idea:

“The right of self-determination in regard to the question of membership in a state ... means: whenever the inhabitants of a particular territory, whether it be a single village, a whole district, or a series of adjacent districts, make it known, by a freely conducted plebiscite, that they no longer wish to remain united to the state to which they belong at the time, but wish either to form an independent state or to attach themselves to some other state, their wishes are to be respected and complied with. However, the right of self-determination of which we speak is not the right of self-determination of nations, but rather the right of self-determination of the inhabitants of every territory large enough to form an independent administrative unit. If it were in any way possible to grant this right of self-determination to every individual person, it would have to be done. This is impracticable only because of compelling technical considerations, which make it necessary that a region be governed as a single administrative unit and that the right of self-determination be restricted to the will of the majority of the inhabitants of areas large enough to count as territorial units in the administration of the country.”⁴¹

Mises suggested that secession and self-determination should be based on a plebiscite – a majority vote. That is reasonable, because, for people to sustain their lives they will normally need to own land as a group. They need to form a viable community which controls a piece of land together. Some form of voting seems the best method to arrive at an initial distribution of land that will be recognized as fair by people.

This does *not* mean that a majority has the right to violate the rights of minorities or individuals, *only* that they have a right to organize a new “administrative unit”, as Mises put it. That “unit” must still respect the rights of all the people living within it.

Thus, for example, if the majority of people of Catalonia want to secede from Spain and set up their own society, they should have the right to do so, but that would not give them the right to violate the rights of those who live in their midst and who may not have wanted independence, i.e. their right to live in peace, acquire property, establish voluntary relationships with others. If it is practically possible that this minority can in some way form a society and remain attached to Spain, they would have that right too.

The same goes for any other group of people anywhere else of course.

⁴¹ *Liberalism, 1927*

There are other forms that “freedom of government” could take. People could get together to establish “charter cities”, of which the residents would become co-owners. They could establish a constitution or covenant together as European cities in the Middle Ages did. Or companies or associations could set up “free private cities” which people could join if they wanted to.

These options are interesting because most people nowadays live in big cities and a world of voluntary societies would very likely be a world with many independent, thriving urban agglomerations. In time, states may be willing or forced, under public pressure, to accord cities a large measure of independence, just as happened in medieval Europe.

How soon and where voluntary societies could be formed depends on the wishes of people. The more corrupt and repressive a state is, the stronger will be the call for change.

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One question that can't be ignored is whether injustices of the past should be repaired and how far back we should look to decide whether current landownership claims are legitimate.

Clearly many current land ownership claims, not just from states but also from groups, are based on force and conquest in the past or a mixture of force and legitimate settlement. There is no reason why these claims cannot be called into question.

If the claims of Catalonians, Palestinians, Kurds, and other groups that desire to be independent, are to be taken seriously – and they should be – the same should apply to the descendants of slaves or other victims of past injustice. There is no reason to accept the status quo just because it is the status quo. If we want to move to a world where every peaceful person can have a good life, we cannot ignore the consequences of past injustices.

One way to address past injustices is through “land reform” programs. This has been a long-time demand of social activists in many developing countries and rightly so. In many countries much of the land is owned by landowners with huge estates whose ancestors acquired their property illegitimately, e.g. by chasing away original settlers and using slaves to develop the land. Such arrangements should be critically evaluated and land should be redistributed if there are good grounds for doing so.

One example of successful land reform are the programs that took place in Japan, Taiwan and South Korea under U.S. guidance after World War Two. As Andro Linklater describes in his landmark book, “Owning the Earth – The Transforming History of Land Ownership”, in these countries owners of large estates (who usually did not even live near “their” estates) were dispossessed of their land, which was then redistributed among the people who actually worked on it. This led not only to a more just distribution of land, but also to much higher agricultural productivity. It is one reason why these countries did so well economically in the post-War years.

Of course this reform took place within state structures, but it was still a step in the right direction. In the post-World War Two, post-colonial period there were many other developing countries where people demanded similar land reforms. Unfortunately, under influence of the Cold War the U.S. government started supporting the dictatorial rulers of those countries (i.e. the status quo) rather than the reform movements, because it saw the reformers as communists, which in many cases they were not. In countries where socialists or communists did take power, people were even worse off, as the communists did not give the land back to the people but nationalized it and put it under state control, with disastrous results.

I am mentioning this bit of history because its consequences are still with us: land reform is a job left undone in many countries. I believe land reform programs could be an important intermediate step towards a world of voluntary societies.

However, we should not forget that justice must always be a process applying to individual human beings or groups of specific individuals, not to ethnic, racial or other kinds of “collectives”. If, for example, it can be established that specific descendants of slaves who once worked the land have in effect been cheated out of their rightful inheritance, justice must be done. But just because someone is black, for example, does not mean they have a right to compensation for slavery. Not all black people today were hurt by slavery in the past nor have all white people profited by it. Injustice cannot be repaired with new injustice.

How to decide when there are conflicting claims? The ideas of self-ownership and land ownership are abstract notions. There is no magical formula to translate them into reality. People will have to find solutions based on reason.

What may happen is that legal experts take the initiative to set up international tribunals and hear cases that people would bring to them. These tribunals could not enforce their decisions but their verdicts could be used by people trying to get their claims recognized by the states they live in.

Many conflicts in the world could be resolved if groups of people had the right to form their own societies. This is particularly true in artificial nations such as Iraq, Libya, Syria and many others where ethnic groups are fighting each other to gain possession of the state.

In this context it may be a good idea to set up a global organization of United Societies to displace the United Nations. The United Nations was set up by nation states to address problems between nation states. What we need is an organization that can address the problems *caused* by nation states.

Needless to say, I am only scratching the surface of an extremely complex topic, yet it's a topic that can't be ignored. Land ownership claims form the foundation of all our political and legal structures and the just distribution of land should be the foundation of any just world order.

Chapter 6

Why voluntary societies are likely to take good care of the environment

1. Small is beautiful

How could a world of voluntary societies deal with climate and environmental threats?

Environmentalists, unfortunately, often seem to be in favor of powerful governments. They seem to believe that states need to be powerful so they can protect the environment, even though what we see in practice is that the 200 nation states that rule the world are not doing a very good job of this. There is little reason to be optimistic that states are dealing adequately with threats such as species extinction, overfishing, deforestation, pollution and rising CO₂ levels.

One problem with nation states, certainly the large ones, is that they usually want to increase their power and wealth. To the rulers of nation states, size, power, material wealth, military might and even population size are all crucially important. It is what defines their status and power. They are always trying to become bigger, richer, mightier than others, even to the point of deliberately stimulating population growth (of their own subjects). Thus, they have little incentive or inclination to reduce their society's "environmental footprint" or to worry about long-term global issues like carbon emissions.

In their drive for power and wealth, and to keep their populations satisfied, almost all states are obsessed by "GDP growth". They are constantly trying to drive up "demand", by inflating the money supply, keeping interest rates low and ramping up government spending and debts. They claim this is necessary for "economic growth" and "to fight unemployment".

These Keynesian economic policies are not only a drain on our wealth, they are also bad for the environment. They discourage thrift and stimulate the short-term gratification of needs. If people see that prices go up all the time and they can't be sure of whether their money will retain its value, they are more likely to spend as much as they can as quickly as they can, which is exactly the purpose of these policies. It was no coincidence that Keynes dismissed critics who accused him of short-termism with the quip that "in the long run we're all dead". This sort of mentality is the opposite of what sustainability requires. Ironically, old-fashioned "capitalist" virtues like thrift and saving are much more aligned with notions of sustainability.

One obvious problem with putting politicians in charge of climate and environmental policy is that they may use their power to do the reverse of what is needed. Politicians often have other priorities than the environment, or they may be corrupt, or cater to population groups or interest groups that don't care about the environment. If you had a single world government the risk would be even greater. Such an all-powerful institution might just as well destroy the world as save it.

A world of many small voluntary societies is likely to deal entirely differently with the environment. Each of these societies *could* choose to be wasteful or destructive, but they have little incentive to do so. People who are owners or co-owners of land, or have direct control over their own environment, tend to be more responsible with regard to the effects of their actions, because they experience these effects directly.

People who are in control of their lives and their economic affairs, and are able to make a decent living, also tend to have fewer children.

Thus, citizens of decentralized voluntary societies, being empowered and able to make their own economic decisions, may well decide to give precedence to the environment and the preservation of nature, and to low population growth.

Ludwig von Mises has pointed out, in his book *Socialism*, that the institutions of private property and the family are crucial regulating principles to contain population size, as they make people responsible for their own livelihood. By contrast, people who do not own land or property and are the mercy of forces beyond their control, have little incentive to take care of their environment and limit their consumption of resources. The truth of this observation has been amply demonstrated by socialist societies, which have been hugely destructive of the environment.

It is true that there is no *guarantee* that voluntary societies or small societies will be more sustainable than today's nation-states. No political order can guarantee that humans will not foolishly destroy themselves. In the end it is people themselves who will have to decide that they want to live sustainably. Yet a decentralized world may give us a better chance to save the earth than either a world government or today's nation-states do.

Small, decentralized societies may well be the best guardians of nature. There is a famous environmentalist slogan that says: small is beautiful! This expression actually has a deep anti-statist origin. It was made famous by environmentalist writer E.F. Schumacher, who learned it from his teacher, Leopold Kohr, an Austrian social philosopher who opposed big states and was also radically opposed to the idea of world government. In his most famous book, "The Breakdown of Nations", he explicitly called for the dissolution of big nation states.

2. The question of Lebensraum

A different question is whether there are enough resources and room on earth to support the entire human population.

I have argued that people have a right to live on the earth, i.e. to have "access to resources" or land that allows them to support themselves. But is it physically possible for every person on earth to have a place of their own to live? Is there enough room, enough farmland, enough raw materials?

Clearly not every person or family could own a farm to grow their own food. The world is not big enough for that. But that would not be a good idea anyway and it is not necessary. People can support their lives in many other ways, offering goods and services that will earn them enough money to buy the food and other essentials of life they need.

The crucial point to note here is that peaceful human beings earning their own living by producing goods and services and exchanging them with others, actually *benefit* other human beings doing the same. In other words, human life is *not* a zero-sum game, in which in one person's wealth comes at the expense of someone else. If this were the case, then indeed the world would not be big enough for all of us. We would be doomed to fight each other for land and raw materials.

Unfortunately, many people, and many thinkers throughout history, have believed in the "Darwinian", zero-sum view of human existence. The mercantilists in the 17th Century, Thomas Malthus in the 19th and Adolf Hitler in the 20th Century, all believed that human beings or nations are locked in a struggle for survival. This is why Hitler wanted "Lebensraum" for the German people. Environmentalist thinking is also pervaded by the notion of zero-sum existence.

Yet you have only to look at recent human history to see that the zero-sum view cannot be correct. Global population started to grow tremendously around the time of the Industrial Revolution, and since that time the average standard of living has also risen. This would not have been possible if life was a zero-sum game.

The basic fallacy behind the zero-sum idea is that it focuses purely on consumption. It assumes that there is a limited, fixed amount of resources or raw materials which human beings are consuming in order to survive. The more we consume, the less there is left. The implication of this viewpoint is that we are doomed to a struggle for existence in which only the strong will survive, unless we "share" our (dwindling) resources.

But unlike animals, human beings are not doomed to only "use" resources. We are able to engage in conscious *productive* activity. Thanks to our unique brain – our ability to think conceptually and to grasp causes and effects of natural processes – we can find new ways of extracting and using raw materials. In this way we can create a virtually unlimited amount of goods and services. And we can continue to expand our knowledge and improve our production processes endlessly.

For example, to acquire food we don't have to go in search of fruit trees. We have discovered how to *produce* food. We plant seeds that we know will grow into edible plants later. We have learned how to adapt the soil to make the plants grow better. We have also figured out how to make tools to harvest the plants and how to preserve them for later consumption. We have created means of transportation to take the food to other places. And so on. And we are continually improving these production processes.

This means that human existence, in as far as it is based on knowledge and production, is fundamentally different from natural existence based on the struggle for survival. Thanks to

the way in which our minds work, we are able to expand our knowledge and productive capabilities all the time. As a result, although the amount of raw materials on earth is limited, in the obvious sense that the earth is limited in size, we can use raw materials to become wealthier, putting us in a position to find yet other ways of doing more with the same amount of available resources.

What is more, the acquisition of knowledge and production are cooperative processes in which we all benefit from each other's activities. No single individual can ever acquire more than a very limited amount of knowledge by his or her own efforts. Similarly, no single person or small group could ever produce more than only a very limited amount of goods and services. Yet each individual who acquires knowledge contributes directly or indirectly to the total stock of knowledge mankind can make use of by exchanging information. Similarly, each individual who produces goods or services contributes to the total stock of wealth that others can make us by trading with each other.

The more people join in this process, the more knowledge becomes available to everyone, and the more our productive skills will be expanded.

Thanks to this division of labor everyone becomes incalculably wealthier than anybody could have managed on their own. If you doubt that this is true, just think of all the goods and services you use in your daily life and ask yourself how much of these you could have produced by yourself – or in a small, “self-supporting” community.

There is another way to think about this, which I find even more revealing. Consider what you actually produce and offer in exchange to other people and compare this to what you are able to consume in return. I will take myself as an example. I make my living as a journalist. Say that I produce one article a day. This I “exchange” with other people, who pay me to read my articles. With that money I am able to purchase a truly incredible amount of goods and services: food, water, wine, housing, holidays, beds, blankets, chairs, computers, telephones, cars, bikes, books, bags, music lessons, dental surgery, education, skiing instruction, pop festivals, etc. etc. I get all this in return for just one thing I do – writing articles for a very small group of readers!

The same is true for you no matter what you do – bake bread, teach history, collect trash, clean floors, perform surgical operations, etc. With the money you earn for your work you can select from a stupendous range of goods and services in return. This process of the division of labor and voluntary exchanges – “the free market” – is the foundation of all civilization, as Ludwig von Mises and others have pointed out.

What this means is that *people are not each other's natural enemies*. They *can* be enemies, and often were in the past, when their leaders drove them on to conquest and exploitation. But they are not when they are engaged in production and trade. *Simply by making a living we benefit other people*.

This fact cannot be stressed enough. Political leaders who claim that the wealth of their nation and their people depends on subduing or beating or conquering other nations are

lying. They do this to make you believe you need them. But you don't. *You are better off when other people are better off as well.*

Yes, conquest and exploitation do make *some* people, particularly the ruling elite, better off, at the expense of others. But peaceful exchange makes *everyone* better off.

Another important implication of this is that we do not need, as socialists claim, to "share" our goods with others to enable us all to survive. There is nothing wrong with charity and sharing when people are in need, but normally speaking what people need to survive and prosper is not charity, but *the chance to produce and to participate in an exchange economy*. In this way we all become wealthier together. No charity needs to be involved. Indeed, charity, when it becomes a permanent practice, tends to keep poor people poor, because it does not give them the means or incentives to become productive.

What does all this mean for the availability of land and resources? It's good news. In a densely populated world, it may not be possible for everyone to own much land (beyond a piece of land to live on), but that does not have to be a problem.

"Latecomers", who arrive or are born in a city in a society in which all farmland is already owned by earlier settlers, may have to stay in the city. But that doesn't mean they will starve. Farmers don't produce food just for themselves. They too want to become wealthier, so they will want to exchange their products for the products and services supplied by the rest of the population. So the fact that farmland is already owned and used by farmers is not detrimental to "latecomers". On the contrary, they can consider themselves lucky that they grow up in – or enter into – a society where food is already being produced by professional farmers.

Those latecomers who would like to be farmers can always try to buy farmland. In a free society, the voluntary choices of people will lead to an optimal distribution of professions and jobs, in the sense that those who are good at certain jobs are likely to end up in those jobs.

There are some caveats, though. First, someone who is born in a city should have some rights as a citizen and free person enabling him or her to acquire a place of his own, and to move around to be able to relate to other people or trade with them. One way of accomplishing this could be to make every person born in a city or society a shareholder in that society.

Secondly, if some people own land and do nothing with it, or use it only for private purposes, this *can* be detrimental to others. Here Locke's principle should apply: people should only be allowed to own land if they "mix their labor" with it, or more broadly, use it to sustain their life, i.e. for productive purposes or to live on. Only in that case is their ownership of land and resources beneficial to other people's lives.

Thus, societies do have a right to limit land ownership claims if these can be shown to be detrimental to non-owners. There is no reason, for example, for "latecomers" to accept that

they are only able to eke out a marginal existence because they find that all land is being claimed by earlier settlers who let it lie fallow or use it for their recreation.

*

What about pollution? If people are allowed to own land are they allowed to pollute it? What if this pollution hurts other people?

The self-ownership of each individual implies that no one has a right to use force against other people. Pollution clearly can be a form of force. If I pollute your air and you die as a result, I have killed you just as effectively as if I had beaten your brains out. If I produce so much noise that it drives you mad, I have likewise used physical force against you.

If (if) I cause catastrophic global warming by my actions, I am also indirectly using force against you. It is perfectly legitimate therefore for any society to adopt environmental and climate rules and policies. Self-ownership is not a right to harm other people. On the contrary, it means the right not to be harmed by other people's actions.

However, in the case of pollution it is not always clear when some activity actually has a harmful effect and who are harmed by it or even who causes it. Small doses of toxic substances may not harm anyone, but a lot of emissions put together may. To complicate matters, effects of pollution often don't occur until much later. The case of man-made global warming is even more complex. Does it really exist, who is responsible for it, what exactly are its effects, on whom?

There are no black-and-white answers to these questions, but that does not mean we can't make any rules. In criminal matters liability and accountability aren't always easy to determine either, but that does not mean we don't do anything against crime. This is what we need legal and scientific experts for, to help us solve these matters and to try to make rules that are reasonable. These rules could include thresholds and doses beyond which, according to experts, damage occurs and below which damage is so small as to be acceptable.

What if the actions of people in one society harm the well-being of people in another society? Clearly the same standards apply as between people in the same society. If people in society A believe they are harmed by the pollution caused by people in society B, they can ask those people to stop their pollution, or they could turn, for example, to an international court specializing in such issues. If the court rules in favor of the people of society A, and society B nevertheless persists in its harmful activities, society A has a right to use force to protect itself, in self-defense.

None of these are simple issues, but one thing is clear: we don't need the state to protect the environment. A world of voluntary societies might even save the earth from destruction.

Chapter 7

Why democracy is not freedom of government

1. Democracy as a form of dictatorship

Many people believe that freedom of government already exists. They call it democracy.

For most people today democracy in fact *means* freedom. They are aware of only two options in politics: democracy or dictatorship. They believe that when a country is democratic, the people are free. When it's a dictatorship, they aren't free.

According to this view, there is no reason for someone like me to call for "freedom of government", or for an end to power and the state. A democratic state, in this view, *represents* freedom of government. The democratic state does not have power over us, *it is* us. We are the state. And since we are the state, we by definition freely consent to its decisions. We express this consent when we vote in elections.

Unfortunately, however, the idea that democracy is the same as freedom is a serious misconception.

In fact, I believe there are few more urgent issues than for people to understand that democracy is *not* freedom – that it is indeed a form of *dictatorship*, a form of *state control*. As such democracy is not a solution to any of our problems, it is not making the world a better place for people – on the contrary, it is the cause of many of the major problems we are facing: loss of wealth, bureaucracy, corruption, social conflict, inflation, unemployment, parasitism, short-term thinking.

And this is not going to change when we elect a different government, one that truly "listens to the people", whatever its stripe. These problems are inherent in how democracy works.

I would first like to explain why I hold that democracy is a form of dictatorship, and then why I believe we need less democracy, not more, to make the world a better place.⁴²

When I talk about democracy I am referring to the *national democratic state* (I will come back later to forms of *local democracy*, not at all the same thing). This is a state "*in which the supreme power is vested in the people and exercised by them directly or indirectly through a system of representation involving periodically held free elections*" (definition taken from Merriam-Webster dictionary).

From this definition it should immediately be clear that democracy is not self-government or freedom of government. It means the right to vote in elections which put persons in power who "represent the people" (or really only the majority of the people: the minority whose favored candidates are not elected are not represented). Once these persons are elected they then have the power to rule society, to issue any orders they like to the people

⁴² See also the book I wrote with Frank Karsten, *Beyond Democracy* (2011)

that elected them. All citizens in the democratic nation have to obey these orders. The only real freedom they have is their right to vote in the next elections which could bring other persons to power. That's not a whole lot of freedom.

Suppose slaves had had the right to elect their masters, would that have made them free persons? The same is essentially true of democracy.

The fact is that as a citizen in a representative democracy, you have no right and no way in which to participate in the decision-making processes of the rulers. You cannot influence their decisions in any way after you have voted. You don't have a contract with the persons who were elected that you can hold them to.

When the candidates you voted for are not elected, you are even worse off, for then you will be governed by people who don't represent you in any way whatsoever. Thus, for example, all the people in the U.S. who did not vote for Donald Trump as president (and the same goes for all the presidents that came before him), still have to obey all the orders he signs into law. How can that be the same as freedom of government?

But even if your candidate or party wins, you have no say in what they will decide. They can decide to take any measure or enact any rule they like. They don't have to consult you about it. You cannot even hold them to their election promises. The only thing you can do if you don't agree with their decisions is to vote for someone else in the next elections – with the same result.

By contrast, freedom of government – self-ownership – means that you can make *your own* decisions about your life, rather than being able to vote in an election that puts people in charge of you who make decisions about your life.

To illustrate the difference between freedom and democracy, let's take education as an example. If you were really free, in charge of your own life, you should be able to choose the kind of education you want, or to let your children follow the education you want them to have. You should also be able to spend as much money as you like on education.

But in a democracy the government interferes in your educational choices in countless ways. It decides what you are taught, how it must be taught, who must go to school, how long they must go to school, who qualifies to be a teacher, how much money will be spent on education, how much you have to pay for it in taxes, how much money the teachers earn, which degrees are officially recognized, and so on. The exact level of interference depends on the country you live in, but in all democratic countries the government is pretty much in control of the educational system.

The only influence you have on the educational system is that one vote that you are able to cast, which may not even result in electing the politicians you voted for, and even if it does, will still not give you any power over the decisions "your" politicians will take on education when they are in office. If they made promises during their election campaign which they don't keep, there is nothing you can do about it – you will still have to comply with their

decisions. Not to mention the fact that you may not even have voted for a party or politician because of their educational plank, but because of their climate policy, or whatever.

What goes for education, goes for all other aspects of your life. In a democracy your *entire life and all the choices* you make are subject to the authority of the government, i.e. the state.

The state can determine what you are allowed to say and write, what you are allowed to do, how much of your earnings and wealth you are allowed to keep, what sort of money you should use, whether you are allowed to smoke or drink, what qualifications you need if you want to set up a medical practice or any other business, who you should or should not hire if you have a business, how much of your money you have to hand over so the state will “save” it for you when you get old, what sort of sexual relations you can have with others, and so on.

Democratic states can decide this and do decide it all the time.

There is not a single thing in a democracy you could do without permission from the state. If you don't believe me I challenge you to come up with a counterexample. The government can even declare war on another state and force you to fight in it, in which case they can literally dispose of your life.

The only thing that a democratic state must do to stay democratic is to hold periodic elections. But that's all.

I know that most people find it quite normal that the state decides a lot of things for us, for example how much a pack of cigarettes should cost or the monetary currency we should use or all the other things I just mentioned. But that does not make it any less dictatorial. If you were really free, you surely would be able to decide on such simple basic things as selling or buying cigarettes at whatever price you like or pursuing any kind of education you like or using any kind of money you like.

Some readers will no doubt point out that I am using a rather narrow definition of democracy. They will argue that, for example, freedom of speech and “the rule of law” are also essential parts of democracy. Kofi Annan, former secretary-general of the United Nations, once wrote: “Democracy is not just about one day every four or five years when elections are held, but a system of government that respects the separation of powers, fundamental freedoms like the freedom of thought, religion, expression, association and assembly and the rule of law ... Any regime that rides roughshod on these principles loses its democratic legitimacy, regardless of whether it initially won an election.”

What Annan does however is to conflate two different political systems: classical liberalism and democracy. Classical liberalism does indeed stand for individual rights, such as freedom of speech and freedom of religion, and the other rights Annan mentions. And I completely agree with him that these are what freedom is about, not “elections”. But the classical-liberal notions he describes have nothing to do with democracy.

Suppose that in a democracy 95% of the people want to allow only one religion and they vote a party into power that promises to ban all other religions. Would that party then act undemocratically if it went on to keep its promise? Surely not. It would act dictatorially, yes, it would violate the freedom of religion that every person should have. But it would not be undemocratic.

What may be confusing here is that there are a number of democratic countries in the world today, including the U.S., that have a classical-liberal past and where classical-liberal rights are still upheld to some (limited) extent. In these countries many people still believe that freedom of religion or freedom of speech are important values, and the governments they elect tend to reflect these convictions. (Again, to some extent. They also put plenty of limits on these freedoms.) In addition, in these “liberal-democratic” countries there are still law courts that are not totally subservient to the government.

But the point is that these classical-liberal freedoms are not in any way related to democracy. Historically classical liberalism came *before* democracy. Freedom of speech, freedom of religion, the idea of individual rights, this was all introduced in European countries and in the U.S. in the 17th and 18th centuries *before* these countries became democratic.

In fact, the American founding fathers and other famous defenders of freedom (Lord Acton, Alexis de Tocqueville, Walter Bagehot, James Fenimore Cooper, John Stuart Mill, Thomas Macaulay, the French classical liberals) were either opposed to or extremely wary of democracy. If anything, they regarded it as a threat to individual freedom. The word democracy is not mentioned in the U.S. Constitution, for example, or in the Declaration of Independence.

When democracy did nevertheless expand, starting in the 19th century, their fears were amply justified. It led to a steady growth of state power at the expense of individual liberty. As more and more people were allowed to vote, classical liberalism gave way to collectivist political movements: socialism, nationalism, fascism, Progressivism, imperialism, the welfare state.

In Germany for example, as Fareed Zakaria writes, Chancellor Bismarck in 1881 introduced universal suffrage for men, because “he was convinced that the masses would always vote for the monarchy and nationalist candidates”. He certainly was proved right.⁴³ Germany from that time on became increasingly repressive and collectivistic.

The Austrian empire is another interesting case in point. In 1895, after the suffrage had been expanded, the ultranationalist Karl Lueger was elected mayor of Vienna. The Austrian emperor very undemocratically rejected his candidacy, but in the end was forced to accept Lueger under pressure of democratic public opinion. Lueger, who called his ideology Christian Socialism, was a source of inspiration to Hitler who lived in Vienna at the time.

⁴³ *The Future of Freedom, Illiberal Democracy at Home and Abroad*, 2003/ 2007

Germany and Austria were no exceptions. As democracy expanded in other western democratic countries, nationalism, socialism, colonialism, imperialism all expanded along with it. The First World War was, arguably, a product of the democratic-nationalistic spirit of the times. People in the European countries were eager to go to war, they demonstrated in the streets in favor of war and their (increasingly) democratic governments gave them what they demanded.

The fact that democracy has nothing to do with individual rights becomes even clearer when we look at democratic countries in the world that do not have a classical-liberal tradition. It turns out that many of these democracies are run by corrupt, authoritarian governments.

Nigeria, Zimbabwe, Turkey, India, South Africa, Venezuela, Honduras, Brazil, Argentina, Mexico, Indonesia, Philippines, Uganda, Sudan, Mozambique, the Democratic Republic of Congo, Haiti, Ethiopia, Tanzania, Russia, Iran are all countries with more or less democratic systems, and none of them comes close to upholding any kind of classical-liberal rights.

2. Democracy as a cause of economic stagnation

The connection people make between democracy and freedom leads them to attribute all sorts of virtues to democracy that it does not possess. They invest democracy with almost magical problem-solving powers. They believe not only that it leads to the rule of law and individual rights, which it doesn't, but also to economic growth, social harmony and peace, which it doesn't either. On the contrary, it leads to loss of wealth, social conflict and war.

It is no coincidence that all national democracies have high taxes, inflation, huge government debts, bureaucracy and overregulation, all of which are the direct result of the large power that democracy puts in the hands of the state. Democracies only show economic growth if and to the extent that they still uphold classical-liberal principles, e.g. respect for private property, free markets, low taxes, little government intervention.

Significantly, non-liberal democratic states, i.e. those that do have democracy but have no classical-liberal tradition and little regard for private property and individual rights, do very poorly economically. Most democratic African countries are among the very poorest countries in the world. Democratic Latin American countries are riddled with inflation, corruption and waste. Democratic countries like India, Iran and Indonesia do worse than China and other autocratic states in South East Asia and the Persian Gulf.

Or just look at the history of Eastern European states after the collapse of the Soviet Union. If democracy really were an engine of growth, these countries should have become economic success stories! Instead, they are still economic basket cases after thirty years of democracy.

The reason a country like (West) Germany did so well after World War Two was not because it was a democracy, but because it abolished economic controls and embraced limited governments and free markets. The man who is generally seen as the architect of

the German “economic miracle”, Economics Minister and later Chancellor Ludwig Erhard, was “a staunch believer in economic liberalism” (Wikipedia) and a member of the classical-liberal Mont Pelerin Society, which was founded by famous free-market economists such as Friedrich Hayek, Ludwig von Mises and Milton Friedman.

Something similar happened in Italy, where the key political figure after the war was another prominent classical liberal and anti-Fascist, Luigi Einaudi, who served as Governor of the Central Bank, then Minister of Finance, and finally President. Einaudi cut taxes, limited government spending and interventionism, and carried out “a careful monetary policy” which “curbed inflation for at least twenty years (in 1959 the Financial Times celebrated the lira as the most stable Western currency)”. This led to spectacular economic growth figures in the 1950s, even higher than those in Germany, but all this good work was undone by steadily increasing interventionism and socialism from the 1960s on.⁴⁴

3. Democracy as source of conflicts and war

Another misconception about democracy is that it is a good way to solve social conflicts and leads to toleration and a spirit of compromise, although probably not too many people believe in this anymore today. No one who looks at modern democratic states could argue that they are models of social harmony. People are thoroughly divided on just about all fundamental political issues and lifestyle choices and are constantly berating and denouncing each other.

This divisiveness is a direct result of the democratic system. Since in a national democracy all important decisions are made centrally by the government, and only one single set of rules is possible, everyone is forced into a one-size-fits-all social system and people fight each other over what that system should look like.

All private issues and incidents in democratic society are politicized. Any small issue – from a barroom brawl to a schoolyard fight, from a slip of the tongue to a childish insult – can turn into a political conflict, complete with parliamentary or congressional debates. For any small grievance people turn to politicians to demand a “solution” – and the politicians jump on any small issue to show their voters they can save the world. In the United States it’s election time all the time and no one can avoid the all-pervasive endless political meddling in all aspects of life.

Even people who are not naturally inclined to meddle with or sponge off others, have little choice but to play along with the system, if they don’t want to become its victim. For example, if I want to have what I regard as a good education for my children, I have to quarrel with others who have a different view of what a good education means. The system does not allow us each to make our own choices. Life in a democracy is to push or be pushed around.

⁴⁴ Piercamillo Falasca, “How the Welfare State Sank the Italian Dream”, in: *After the Welfare State*, ed. Tom G. Palmer, Jameson Books, Ottawa, Illinois, 2012

Compare this to a society where people can make different choices and don't all have to conform to the same rules. They could actually decide to live and let live – if anyone still remembers what that means. I am often reminded of Henry David Thoreau, the famous 19th Century writer, who was an opponent of the state and the inventor of the concept of “civil disobedience”, which inspired leaders like Gandhi and Martin Luther King. Thoreau once stood upon a hill, looked around, and said: “Here the State is nowhere to be seen.” Does any such place still exist in our so-called free democratic countries?⁴⁵

It is true that *in theory* it is possible for a government to get elected which will grant its citizens a large degree of individual freedom, although this would be a very conditional kind of freedom, which could be reversed any time. (This can happen in a dictatorship, too, by the way: “enlightened dictators” may also allow their subjects freedom sometimes.)

But in practice this happens only rarely. There is a reason for this: since the government in a democracy does have the power to direct people's lives and economic activities, the temptation for people to use that power for their own advantage will almost always prove to be irresistible. That's human nature. Power corrupts, absolute power corrupts absolutely.

Indeed, what we see happening in our democracies is that the power of the state is getting bigger most of the time, not smaller. The state is getting more and more interventionist and meddlesome and people are becoming increasingly resigned to this. They hardly even know what freedom is anymore.

As libertarian author Lew Rockwell has written:

“It would appear that the more liberty we lose, the less people are able to imagine how liberty might work. ... People can no longer imagine a world in which we could be secure without massive invasions of our privacy at every step ... People can no longer remember how a true free market in medical care would work, even though all the problems of the current system were created by government interventions in the first place. People imagine that we need 700 military bases around the world, and endless wars in the Middle East, for ‘security’, though safe Switzerland doesn't. People think it is insane to think of life without central banks, even though they are modern inventions that have destroyed currency after currency. ... People even wonder how anyone would be educated in the absence of public schools, as if markets themselves didn't create in America the world's most literate society in the 18th and 19th centuries... the capacity to imagine freedom — the very source of life for civilization and humanity itself — is being eroded in our society and culture. The less freedom we have, the less people are able to imagine what freedom feels like, and therefore the less they are willing to fight for its restoration.”

⁴⁵ *In the first sentence of the essay Civil Disobedience, Thoreau cites the expression “that government is best that governs least”, adding that as far as he is concerned “That government is best which governs not at all”.*

There is also a myth that democratic nations are more peaceful than non-democratic ones, but there is no evidence for this.

Fareed Zakaria, citing research by Jack Snyder and Edward Mansfield, writes that these researchers, “using an impressive data set”, have found that “over the past 200 years democratizing states went to war significantly more than either stable autocracies or liberal democracies. In countries not grounded in constitutional liberalism, the rise of democracy often brings with it hyper-nationalism and war-mongering.”

I would add that in democracies that *are* grounded in constitutional liberalism, such as the U.S., there is also plenty of “hyper-nationalism” and “war-mongering”. The U.S., one of the most belligerent and militaristic countries in the world today, a country that has killed millions of innocent people throughout the world, is in fact the perfect proof that democracy does not make nations more peaceful.

One of the problems of national democracy is that it tends to involve “the people” in the wars of the leaders. In the past, autocratic rulers were also constantly waging war, but these wars did not always turn into mass conflicts or lead to hatred between peoples. With the advent of national democracy we have seen the spectacle of entire populations involved in a mad pursuit of vilifying and murdering other populations.

I believe it is extremely important that people start to realize that to solve the problems the world is faced with we need *less* democracy, not more. That is to say, we should put all important economic, social and personal choices, e.g. in education, health care, finance, food, lifestyle, and so on, outside of the scope of the national democratic decision-making process and bring them back to where they belong: to people themselves. That would be genuine “empowerment”, unlike the right to vote for politicians who can ignore you once they are elected.

4. Local democracy

My criticisms of democracy apply only to the *national-democratic state*. I am not arguing that all kinds of democratic decision-making are wrong. In some situations voting can be quite useful and appropriate.

In any society, some decisions have to be made on genuine public issues, which involve the entire community, especially at the level of a city or town. Think for example of the use of “public” or communal land, e.g. where to build houses or roads or parks, or what are acceptable pollution or noise levels. In these cases, voting will often be the most reasonable way to arrive at decisions. Just as voting is perfectly reasonable in a group of people who need to make decisions together in a social setting, e.g. when they want to decide where to eat or whether their tennis club should have gravel or grass courts.

This kind of democracy is, however, very different from national democracy (or “mass democracy”). It only applies to genuinely public issues – it does not affect people’s personal

choices or self-ownership rights. It will also typically involve direct voting processes, e.g. through polls or referendums, rather than indirect.

Incidentally, it is rather ironic that, even though direct voting is clearly more democratic than indirect, most of our present-day democratic states don't like direct voting at all. There are plenty of issues that could be voted on directly by people, in polls or referendums, yet this is almost never done.

Why can't people vote, for example, on the income tax rate, if democracy really means that "the people rule"? Or on the amount of sales tax or VAT? Why can't American citizens vote on whether they want the military to stay in Afghanistan? Why can't citizens of European countries vote on how much they want to pay to the EU? These are all simple issues that could be decided on by majority vote and that should be decided on by majority vote, if democracy is taken seriously. But they never are.

In the Netherlands there have been only two large referendums in recent years, one on an important EU Treaty and one on a EU treaty with Ukraine. The outcomes of both were ignored by the Dutch parliament, which then abolished the possibility of referendums altogether.

A final note: there is a long tradition of elitist thinkers who are opposed to democracy because they believe ordinary people are too dumb to know what is good for them. This is not my view at all. I believe most ordinary people are quite smart enough to run their own lives. Hence my defense of self-government. The problem I have with democracy is not that it puts ordinary people in charge, but that it does *not* put them in charge – of their own lives.

Part III – The Liberal Society

Chapter 8

Private law and private protection

My argument in this book is that people have a right to form their own societies and choose their own form of government.

In this part I will be taking a stand as to what kind of society I would personally prefer.

If I get the chance, I will go for a classical-liberal or libertarian society, which I believe should simply be called a “liberal” society, except that in the U.S. and U.K. liberal these days means the opposite of liberal. You could also call it a free-market, private-law society.

In this society people will be free to pursue their own goals in any peaceful way they like. They may, as far as I am concerned, try to get rich (and good for them if they succeed), or give away their goods to charity, or do both. They may do things alone or together with others. They may save for their own pension or get together with others to set up a pension fund. They may offer or buy health care on a commercial basis or get together to arrange health care on a collective basis. Whichever they prefer.

They will have the freedom to think and say what they like, to do what they like with their bodies, to smoke or take drugs, or insult the Queen, if there is one, or rail against religion and the flag, or go to church every day – as long as they don’t use force against others.

My preferred society will have a government, but not a state. Income taxes will be zero. People will pay for services such as roads, schools, hospitals, protection, and so on, if and when they make use of them. My society will have laws and law courts as well as police forces, but they will be private courts and private laws. There will be no “central bank” – the government will have no say over the kind of money that will be used by people.

In this part I want to show how and why such a society may turn out to be a much better place than most people imagine. I believe the classical-liberal society will be the best!

But you certainly don’t have to agree with me on this. If you prefer a different kind of society, no problem. I have no desire to force you into my scheme of things. If you have made up your mind that you don’t want to live in a free-market society under any circumstances, then you may want to skip this chapter and the next. You won’t be the only one, so you need not fear that all voluntary societies will become like mine.

1. Private law

A lot has been written about what a stateless society could look like, from an economic, legal and political point of view and I have been inspired by many authors, many much

more learned than I am. (In the appendix you will find a literature guide.) Nevertheless, the sketch I will give in this chapter and the next, of what I believe could be the main attributes of such a society, represent my personal view.

In this chapter I will focus on what I believe should be (and should *not* be) the role of the government in a free society. In the next chapter I will discuss why I believe the free market is the best economic system.

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Traditionally, classical liberal thinkers have argued that the role of the state should be limited to protecting the basic rights of people. This is the idea of the state as the “night watchman” that provides for common defense, police and the courts.

However, many prominent libertarian thinkers, in particular those who call themselves “anarcho-capitalists”, disagree with this idea. They argue that when you give the state a monopoly on legislation and physical force, you in effect give away your most important freedoms as a free person.

They have pointed out that the state won’t hesitate to start bending the rules in its favor and expand its power, until in the end there is no freedom left. They have also argued that the state’s monopoly on the provision of security and law will necessarily lead to poor service and high costs in these areas, as monopolies always do. Thus, they argue that law and protection should be private matters and should certainly not be put in the hands of the state.⁴⁶

I find their arguments quite convincing.

How would this work? Let’s look at the law first. Most people today don’t know any better than that the law is something that is produced by the legislature, i.e. the state. The idea that law could be provided by private institutions is alien to the modern mind. We have become so used to the total power of the state over our lives, that we find it almost impossible to imagine a society outside of the state.

Yet historically law has often been provided privately, outside of the scope of the government. In the Medieval period in Europe multiple legal systems were developed by various institutions, including towns, traders and the Church. In England and later in the United States, there was the common law, which was provided by private courts outside of the parliament or the king. The same was true in ancient Rome.

Murray Rothbard, citing the Italian jurist Bruno Leoni, describes the process of bottom-up law-making as follows: “In the Roman private law, in the Continental Civil Codes, in the

⁴⁶ See for example Murray Rothbard, *The Ethics of Liberty*, New York University Press, 1998, including the introduction by Hans-Hermann Hoppe, or Lewellyn H. Rockwell, Jr., *Against the State, An Anarcho-Capitalist Manifesto*, 2014

Anglo-Saxon common law, 'law' did not mean what we think today: endless enactments by a legislature or executive. 'Law' was not *enacted* but *found* or discovered; it was a body of customary rules that had, like languages or fashions, grown up spontaneously and purely voluntarily among the people. These spontaneous rules constituted 'the law'; and it was the works of experts in the law—old men of the tribe, judges, or lawyers—to determine what the law was and how the law would apply to the numerous cases in dispute that perpetually arise."⁴⁷

Bruno Leoni himself wrote: "Everybody today pays lip service to the Romans no less than to the English for their legal wisdom. Very few realize, however, what this wisdom consisted in, that is, how independent of legislation [i.e. the state] those systems were in so far as the ordinary life of the people was concerned, and consequently how great the sphere of individual freedom was both in Rome and in England during the very centuries when their respective legal systems were most flourishing and successful...."⁴⁸

According to Leoni, "Both the Romans and the English shared the idea that the law is something to be *discovered* more than to be *enacted* and that nobody is so powerful in his society as to be in a position to identify his own will with the law of the land. The task of 'discovering' the law was entrusted ... to the jurisconsults and the judges, respectively ..."

Today, however, notes Leoni, this tradition has been lost. "Legislation has ... come to resemble more and more a sort of *diktat* that the winning majorities in the legislative assemblies impose upon the minorities, often with the result of overturning long-established individual expectations and creating completely unprecedented ones. The succumbing minorities, in their turn, adjust themselves to their defeat only because they hope to become sooner or later a winning majority ..."

Judge-made law or common law has various advantages, notes Leoni. It only intervenes when people ask it to do so and applies only to the parties to the dispute. It also provides more legal certainty than statutory law as it develops gradually, based on precedent, rather than being subject to the whims of parliamentary decisions.

Another point Leoni makes is that legislators in our present system not only have much greater power than judges under the common law, they are at the same time much less able to divine the true will of the people, as they deal with national issues that affect entire populations rather than specific cases. In this respect, notes Leoni, the current legal system resembles a centralized economy "in which all the relevant decisions are made by a handful of directors, whose knowledge of the whole situation is fatally limited and whose respect, if any, for the people's wishes is subject to that limitation."

Harold J. Berman, legal scholar and historian from Harvard University, writes in his major work, *Law and Revolution*: "Perhaps the most distinctive characteristic of the Western legal tradition is the coexistence and competition within the same community of diverse

⁴⁷ Murray Rothbard, "[How to Have Law Without Legislation](#)", 5 July 2014, *Mises.org*

⁴⁸ Bruno Leoni, *Freedom and the Law*, Liberty Fund, 1991, orig. publ. 1962

jurisdictions and diverse legal systems. ... The very complexity of a common legal order containing diverse legal systems contributed to legal sophistication.”

However, notes Berman, the western legal tradition, which was based “on belief in the existence of a body of law beyond the law of the highest political authority, once called divine law, then natural law, and recently human rights”, has been undermined in recent times by “the introduction of pervasive government controls over most aspects of economic life.”

“What was previously conceived to be private law has also been transformed in the 20th century by the radical centralization and bureaucratization of economic life,” writes Berman. “Contract law, for example, which has traditionally been viewed in the Western legal tradition as a body of rules for giving effect to voluntary agreements according to the intent of the parties, within limits set by broad public policies, has in the 20th century [been adapted to] “legislation ... In property law, governmental and large-scale corporate interests have intervened to remove from private owners a very large share of their rights of possession, use and disposition – that is, of what would in the past have been considered their rights of ownership ...”

According to Berman, “modern times have witnessed ... a substantial break with the individualism of the traditional law ... Conversely, they have witnessed a turn toward collectivism in the law, toward emphasis on state and social property, regulation of contractual freedom in the interest of society, expansion of liability for harm by entrepreneurial activity, a utilitarian rather than moral attitude toward crime ... These radical changes constitute a severe challenge to traditional Western legal institutions, procedures, values, concepts, rules and ways of thought. They threaten the objectivity of law, since they make the state an invisible party to most legal proceedings between individuals or corporate entities – the same state that enacted the applicable law and appointed the court.”⁴⁹

The point that these scholars make is that the modern system in which the state has a monopoly on law-making is not at all self-evident. On the contrary, it is at odds with what they regard as the major thrust of western legal tradition.

Various libertarian authors, such as Murray Rothbard, Hans-Hermann Hoppe, David Friedman and Tom W. Bell, have described how a private-law system could work out in practice in a future free society. In such a society anyone is entitled to set up a court, pretty much like private arbitration courts today. These courts would compete with each other for customers. Very likely there would be “retail chains” of arbitration courts just like there are department store chains today like Wal-Mart.

⁴⁹ Harold J. Berman, *Law and Revolution – The Formation of the Western Legal Tradition* (Harvard University Press, 1983), pp. 10, 34-45

Competition will lead to the best courts winning out. People will go to courts that have established a good reputation and that are seen to be quick and inexpensive. Courts will adopt laws that judges find useful, fair and effective. People would not have to wait anymore for months or years to have their cases heard, and they would have not to employ outrageously expensive lawyers, as in our present monopolistic legal system.

Wouldn't it be a problem if people who have a conflict with each other want to use different courts? No, this is normal today too when people do business across borders. This is even true within a country like the United States, where each state has its own jurisdiction. When you have a problem you go to "your" court, which will issue a verdict. Whether that verdict can be enforced and what kind of appeals procedures would exist would depend on how different courts cooperate with each other. The market will sort out the most effective processes.

No doubt, argue Rothbard and others, jurisprudence would emerge (re-emerge) and bodies of law would develop best suited to the needs of people, as they have in the past under the common law and Roman law. As Rothbard puts it, "The twin of the free-market economy ... is *not* a democratic legislature ever grinding out new *diktats* for society, but a proliferation of voluntary rules interpreted and applied by experts in the law."

Societies could learn from each other. There are open-source law codes available on the internet, such as Ulex, developed by Tom W. Bell and the Institute for Competitive Governance, which could be adopted by newly established societies. Specialized international courts could emerge that people could take their disputes to.

One important advantage of a private law system, as various libertarian authors have pointed out, is that it would not try to run our lives. People would have little incentive and little opportunity to try to use the legal and political system to get other people to change their way of life. We would finally be rid of the mountains of rules that our legislatures are burying us under in today's system.

One might ask, doesn't private law violate the rights of citizens just as state-made law does? After all, in both cases there are *some* people who will make the rules and enforce them, and these people will then have power over others.

But coercing someone to abide by the law is not in itself a violation of someone's self-ownership rights. That depends on the kinds of law that are being upheld. In fact, law, properly applied, serves to *protect* self-ownership and rights.

As Frédéric Bastiat wrote in his great essay *The Law*: "It is not because men have made laws, that personality, liberty, and property exist. On the contrary, it is because personality, liberty, and property exist beforehand, that men make laws."

Clearly it isn't always obvious whether a law or a court verdict is just or unjust. Although justice is not a subjective concept – it exists objectively: it is the practical implementation of

the idea of self-ownership in human society⁵⁰ – how it is to be applied in individual cases will often be uncertain. That’s what we need judges and legal specialists for.

In this sense law resembles other spontaneous, bottom-up processes such as science, as Bruno Leoni also pointed out. This will not lead to “perfect” results, just as science is not perfect. But there is no reason to believe it won’t work well.

2. Private security

Security services can be provided by private parties too. There is no reason why we need a state for this. Indeed to give this monopoly to the state is virtually to ensure that the state will rule rather than serve us.

Many libertarian authors have described how private, volunteer police and armed forces could work. People could subscribe to police services offered, for example, by insurance companies. Landowners (whether individual or communal) would also have an incentive to provide security services on their property, just as private enterprises (think of shopping malls, amusement parks, football stadiums) do today. Such “free-market police would not only be efficient”, writes Murray Rothbard, “they would have a strong incentive to be courteous and refrain from brutality against either their clients or their clients’ friends or customers.”⁵¹

Other solutions are possible as well: people in a neighborhood or city could get together to organize their own citizens’ police force if they prefer, doing police duty themselves or they could appoint professionals to do it for them, or choose a combination of the two.

It is possible that crimes like theft and burglary might be most effectively addressed through private policing services, whereas broader threats to the public order, such as invasion, organized crime and murder, might be better dealt with by collective, communal arrangements.

One problem with our modern-day police is that they are a government-controlled monopoly, who are not directly accountable to their supposed “customers”, the citizens. This means they have all the wrong incentives. They have no incentive to prevent or reduce crime. That will put them out of work. They have no incentive to recover property for citizens. They don’t get rewarded for that. They are actually rewarded for their failures: when crime rises, they get more budget. Police forces often work on the basis of “arrest quotas” or “ticket quotas”, which clearly has nothing to do with reducing crime or protecting people.

⁵⁰ As the 19th century anarchist-libertarian jurist Lysander Spooner wrote in his great essay “Natural Law”: if justice weren’t a natural principle, it would be impossible to teach people what it means. In Spooner’s words: “*To make [people] understand the meanings of the words justice and injustice, before knowing the nature of the things themselves, would be as impossible as it would be to make them understand the meanings of the words heat and cold, wet and dry, light and darkness, white and black, one and two, before knowing the nature of the things themselves.*”

⁵¹ Murray Rothbard, *For a New Liberty – The Libertarian Manifesto*, 1973, part II, ch. 12

We see the results around us. Crime rates are high, and most crimes are not even reported to the police, since people know they won't get solved anyway.

Private security agencies are likely to be more efficient and result-oriented. Since they have to compete, they will try to deliver their services at minimal cost. That means they will try to come up with efficient and effective solutions, rather than trying to amass ever larger budgets and powers without regard for the outcome of their operations, as state-funded police do. For example, they won't try to disarm their clients, as the police do to maintain their monopoly on force, but will stimulate citizens to take effective measures to protect their persons and property.

Private security agencies would also have an incentive to retrieve stolen property, since that is what their customers will want them to do, and to try to obtain compensation from perpetrators of crimes rather than putting them behind bars, which only costs money. In the present criminal justice system, victims rarely get compensation for their sufferings, but instead, to add insult to injury, have to pay taxes to maintain the massive prison population.

Another great advantage of private security agencies is that they would not likely be interested in pursuing "victimless crimes", such as drug use and prostitution, or "offenses" such as "hate speech" or "discrimination". As Hoppe writes: "... currently a huge amount of resources are committed to combating victimless crimes, in particular, of course, the entire war on drugs. There are millions of people in the United States locked up because they have done nothing else but ... smoked dope or take cocaine or whatever it is, without having committed any crime that has a victim that you can point to. It is easy to predict that [in a private system] most people, because they are not affected by victimless crimes ... would say, I don't want to shell out extra money because there is a prostitute somewhere having a client in some place ... So companies that would offer these types of services would likely go out of business instantly."⁵²

The notion of a police force that belongs to the citizens rather than the state may be difficult to conceive of by those who are used to the present system, and that includes virtually all of us. Yet not so long ago this was precisely the idea that prevailed in Britain. As author Peter Hitchens notes, for many centuries in the British tradition the law was "in the hands of the English people and is shared by them with a police force who are supposed to be *citizens in uniform*."

A Royal Commission noted in 1929: "The police of this country have never been recognized, either in law or by tradition, as a force distinct from the general body of citizens." The constable's oath, notes Hitchens, was not "a declaration of loyalty to the state but to the law, which in England is the property of the whole people".

Even as late as 1962, notes Hitchens, another Royal Commission could write that there was "a fundamental contrast between the continental principle of placing responsibility for the

⁵² Hans-Hermann Hoppe, "The Economics of World Government", 2009, published 11 March 2013, Mises.org

maintenance of law and order upon the executive government, and arming it with powers of direct enforcement; and the British principle that it is the right and duty of each citizen to preserve the peace and bring malefactors to justice, with its corollary that the police are merely paid to act on the citizens' behalf." ⁵³

Today, of course, those traditions hardly exist anymore. The police, writes Hitchens, has changed from "a preventive agency, linked to the public by friendship, common purpose and familiarity into a distant bureaucracy whose main purpose is to function as a crime-reporting agency for government statisticians and insurance companies."

As to the threat of war or foreign invasion, I think many people would like to volunteer to be part of a society's defense forces, such as a militia or "national guard", if they feel strongly about their freedom. (Some fun for the men on the weekend: getting together for military exercise with a serious purpose!) At the same time, they could of course decide to also set up professional defense forces to help deal with this task.

Private armed forces would have the same advantages as private police services. They would likely be efficient, cost-effective and purely reactive and protective. They would not be able to involve the entire population in costly and destructive wars.

By contrast, today's monopolistic armed forces have the same perverse incentives as our police force. They benefit from wars, enemies, conflicts, crises – not from love, peace and harmony. Crises lead to higher army budgets, and more and more advanced weaponry.

As Hoppe has observed, despite a budget of hundreds of billions of dollars every year, the U.S. military and intelligence services were unable (or unwilling) to prevent the 9/11 attacks, but instead of being punished for this failure, their budgets and powers skyrocketed!⁵⁴

One may ask, could private armed forces ever be strong enough to defend a free society against military aggression from states? That's not an easy question to answer.

Author and economist Jeffrey Rogers Hummel put this question as follows: doesn't the fact that states conquered and replaced stateless societies in the past show that stateless societies, if they emerge in the future, are unlikely to be able to maintain their independence?⁵⁵

But Hummel's own answer is not negative. He believes that a committed citizenry, if it is driven by a conscious desire to maintain a voluntary society, could acquire the skills and resources to beat off external aggression. Such a society, he noted, would likely be more technologically advanced than existing states (this was not true for the stateless societies of

⁵³ Peter Hitchens, *The Abolition of Liberty – The Decline of Order and Justice in England*, p.117, 45, 62, 102

⁵⁴ Hans-Hermann Hoppe, "Introduction", in: *The Myth of National Defense*, Ludwig von Mises Institute, 2003

⁵⁵ Jeffrey Rogers Hummel, "The Will to be Free: The Role of Ideology in National Defense", in: *The Myth of National Defense*, Ludwig von Mises Institute, 2003

the past) and would be more motivated to retain its independence than aggressors would be to conquer it.

Voluntary societies could also form alliances with other voluntary societies to defend themselves together against predatory states. The more voluntary societies there would be in the world, the greater the chance that they would be able to defend themselves successfully.

Many people will no doubt object that there is a danger of these “anarchic” police or defense forces clashing with each other or trying to take power. True, this risk exists. Liberty can never be taken for granted. It will have to be defended.

However, as Rothbard has pointed out, it is better to have local conflicts between private security forces than to have large conflicts between states complete with genocides, concentration camps and nuclear bombs. Nevertheless, he adds that such conflicts are not very likely to occur too frequently. Most citizens desire peaceful resolutions of conflicts and will award agencies that can deliver this good.

Whatever the difficulties of organizing security on a voluntary basis, we should never forget that the alternative, a state monopoly on force, is bound to be – indeed, has shown itself to be – much worse. The state cannot be entrusted to provide protection and safety. The temptation of wealth and power it provides will always be too great for some people to resist, as history has demonstrated and as today’s newspapers still daily attest to. In 2018 alone, states spent €380 billion on the purchase of weapons, according to the Swedish research institute SIPRI (and that figure excludes China). This madness can only stop if we get rid of the state’s monopoly on force.

Our best chance of limiting violence and maximizing peace and the rule of law is not by institutionalizing power, but by getting rid of it.

3. The role of government

Libertarian, anarcho-capitalist thinkers seem to believe that we do not need a government at all– and by government I mean not a state, but an institution that “directs the public business of a country, city or group of people” (Cambridge Dictionary).

Authors like Hans-Hermann Hoppe, Stephen Kinsella, Walter Block and Murray Rothbard in effect assume that in a libertarian society there would be no such thing as “public” affairs. All affairs would be private.

For example, they argue that all land, even unique natural resources such as the Niagara Falls, should be owned privately, so there would be no need for an institution that makes rules for the use of public lands or public spaces.⁵⁶ Similarly, they assume that all crimes

⁵⁶ *Walter Block writes: “For example, how does Niagara Falls pass from unowned to owned status? ... The answer is that the owner would place paths around it, enabling tourists ... to better enjoy this amenity. The thing itself*

would be matters between citizens – there would not be such a thing as “public crimes” or crimes against society – so there would be no need for public authorities dealing with criminal affairs. For these thinkers, only one basic rule needs to apply, namely that no one shall initiate the use of physical force against others. This, they argue, is essentially the only way in which people’s self-ownership rights can be violated.

This view seems to me problematic. It is in effect too *individualistic*. It ignores the fact that human beings live in groups. It assumes, implicitly, that all relations between people are one-on-one relations. Thus, it insufficiently recognizes that there are actions and situations which do not involve force or aggression and yet that do or could have a strongly negative impact on people’s lives. It also fails to recognize that, as I have argued in chapter 5, land is settled in groups and private land ownership is not absolute, but derived from and limited by people’s self-ownership rights.

Since human beings do live in groups and settle and occupy land together, they need decision-making mechanisms to decide on issues that involve the entire group. These issues relate in particular to how land, water and air are used and how this affects the members of a community.

For example, where should roads be built, how much road traffic should be allowed? When does pollution become harmful? What if I build a skyscraper on my property that takes away the sunshine and the unobstructed view of my neighbors? What if I build a nuclear power station on my property that some people claim is unsafe but I refuse to take extra safety measures? What if I claim ownership of a unique beach just because I happen to be the first to think of it and then deny everybody else access to it? What if I acquire land and surround your property and then charge outrageous fees to you for crossing my land? What if I pollute a water stream that crosses my land which leads to the pollution of water downstream? What if I put greenhouse gases in the air that warm the climate? To resolve such environmental issues, societies need a *political* structure in addition to a *legal* structure, i.e. they need a government.

In addition, there are issues that involve people who are unable to act on their own behalf but who nevertheless need protection. What if an orphan is left in the streets and picked up by someone who abuses the child – how will that child’s rights be defended if the community cannot step in to act as its guardian? Or to mention another example, what if someone gets killed and there is no one, no relative or friend, who cares enough to bring his murderers to justice? Who will prosecute the murderers if there is no one who can act on behalf of society to do so?

remains unchanged, but, through the actions of the homesteader, he and perhaps more people are now able to enjoy it.” (Walter Block, “Libertarianism, positive obligations and property abandonment: children’s rights”, International Journal of Social Economics, Vol. 31, No. 3, 2004) Presumably, the homesteader, since he is the owner could also keep Niagara Falls for himself and keep out all visitors. How all this relates to protecting the natural rights of people is a mystery.

With regard to this last problem, there may actually be private solutions that don't involve government. In England in the period roughly from 1750 to 1850, when there was no state police, citizens set up "prosecution associations", voluntary associations that were created for the purpose of investigating, apprehending and bringing to justice thieves and other criminals. The prosecution associations also took it upon themselves sometimes to prosecute criminals who had not committed any crimes against their members, but were still regarded as a nuisance and a threat. These private police forces (there were between 1,000 and 4,000 of them in England at a certain point) were crowded out eventually by state police forces, writes historian Stephen Davies, because the government wanted to have a police force that it could control and that would also be responsible for enforcing morals and suppressing threats to public order such as riots and strikes, something which the voluntary associations would not do.⁵⁷

With regard to pollution, anarcho-capitalist libertarians are opposed to it when it can be seen to harm other people, but they have no problem with pollution per se. Murray Rothbard has argued: "If A is causing pollution of B's air, and this can be proven beyond a reasonable doubt, then this is aggression and it should be enjoined and damages paid in accordance with strict liability, *unless* A had been there first and had already been polluting the air before B's property was developed. For example, if a factory owned by A polluted originally unused property, up to a certain amount of pollutant X, then A can be said to have *homesteaded a pollution easement* of a certain degree and type."

This would imply that someone could go to the North Pole and start polluting it, since he would have "homesteaded a pollution easement". How far could this pollution go? Rothbard refers "to a certain amount of pollutant X", but he does not make it clear how this amount is to be derived or defined. However, it is clear that there is no assumption on the part of the libertarians that the North Pole or any other part of nature should *not* become privately owned or that it should not be polluted under any circumstances. But why would other people accept this? What if most people prefer to preserve parts of nature and strictly limit harmful emissions? It is hardly a violation of people's self-ownership rights to adopt environmental rules; it might just as well be argued that it is a violation of people's rights *not* to adopt environmental rules.

The brilliant Belgian legal scholar Frank van Dun has written powerfully about the need for libertarian thinkers not to fall into the trap of what he calls "legalistic" thinking which blindly follows seemingly logical assumptions, such as the idea that there is no other way of violating people's rights than through the initiation of aggression or the idea that "all land should be privately owned".⁵⁸

"Libertarianism, as I understand and cherish it," writes Van Dun, "should found its theories of legality on the natural law requirement of respect for persons. It should not be satisfied

⁵⁷ Stephen Davies, "The Private Provision of Police", in: David T. Beito, Peter Gordon and Alexander Tabarrok, eds., *The Voluntary City – Choice, Community and Civil Society*, The Independent Institute, 2002

⁵⁸ See for example Hans-Hermann Hoppe, "Of private, common and public property: the rationale for total privatization", *Libertarian Papers*, vol. 3, art. No 1, 2011

with its physicalist shadow—what remains of it after we have reduced persons to tangible property and [interactions] among persons to physical relations among behavioral units. The primary philosophical objective of libertarianism is to restore natural persons to their rightful place in our understanding of, and thinking about, the human world. ... I think I have shown that restricting libertarianism to the enforcement of the non-aggression rule still leaves us with a world where freedom and justice do not mix. Unless we want libertarianism to be another revolt against nature, we should consider that it is supposed to be about justice and freedom for real human beings. It is not about the installation of a mechanical rule that offers a golden opportunity for any scoundrel that knows 'how to play the system'." ⁵⁹

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How should decisions on “public matters” be made? How should a government be formed in a free society?

The most reasonable solution here is to form governments and take decisions based on local democratic processes, such as is done for instance in the Swiss cantons. Decisions could be taken on the basis of direct democracy, i.e. referenda, or they could be made by representative governments or committees, whose members could be elected or selected at random similar to how juries are formed in the U.S.

Each member of the community could be given the right to vote in elections or be made part owner of the communal land, in which case they would have rights similar to the rights of a shareholder in a company. They could also take turns serving in the government or the governing committee. Government would only decide on genuinely public issues of course.

It is true that such collective decision-making processes could lead to decisions that some people will not like. If there is a vote, for example, on whether or not a road should be built through a forest, the people who lose will not be happy with the outcome.

Again, that does not mean that their self-ownership rights are violated. People's rights are violated if they are forced to act against their will, not if something happens in a community that they do not like nor if they are coerced to take measures that can be reasonably said to be necessary to protect other people's lives and health.

⁵⁹ Frank van Dun, “Against libertarian legalism: a comment on Kinsella and Block”, *Journal of Libertarian Studies*, vol. 17, no. 3, 2003

Chapter 9

The free economy

Many people fear that if we were to get rid of the power of the state, we would be ruled by Big Business instead. Good education, health care and other “public goods” would be accessible only to the wealthy few and there would emerge an underclass of poor people left to starve or to subsist at the mercy of private charity. The rich would get richer, the poor poorer and all our relations would be dominated by superficial commercial interests.

This was a point that was already made by Marx and Engels in the Communist Manifesto in 1848. They wrote:

“The bourgeoisie, wherever it has got the upper hand, has put an end to all feudal, patriarchal, idyllic relations. It has pitilessly torn asunder the motley feudal ties that bound man to his “natural superiors”, and has left remaining no other nexus between man and man than naked self-interest, than callous “cash payment”. It has drowned the most heavenly ecstasies of religious fervor, of chivalrous enthusiasm, of philistine sentimentalism, in the icy water of egotistical calculation. It has resolved personal worth into exchange value, and in place of the numberless indefeasible chartered freedoms, has set up that single, unconscionable freedom — Free Trade. In one word, for exploitation, veiled by religious and political illusions, it has substituted naked, shameless, direct, brutal exploitation.”

This Marxist vision of “the free market” is still widely shared people. It lives on in a number of persistent beliefs about capitalism that you can hear at every party or read in practically every newspaper column.

I have summed them up in five “myths about capitalism” – the myth of selfishness, commercialism, economic anarchy, inequality and poverty. In each case, I believe the reality is more like the opposite. Karl Marx has got it all wrong.

Myth 1: capitalism promotes selfishness; Reality: capitalism rewards cooperation

Most people tend to equate “capitalism” with “selfishness” and socialism with generosity and “unselfishness”.

As we saw, critics like Karl Marx claim that people in a free-market society think of nothing of their own “naked self-interest”. This, they claim, leads to a world of “brutal exploitation”.

Why are people so selfish under capitalism? It is the market, the institution of private property, that makes people selfish, they say. If we all shared our goods, we would not have to be selfish anymore. We would all live for each other. “From each according to his ability, to each according to his needs,” so goes the socialist slogan.

The problem is that it has turned out to be very difficult to put the socialist ideal into practice. In fact, everywhere socialism has been tried, it has resulted in a totalitarian dictatorship in which people starved to death or were killed on a massive scale.

According to most intellectuals, however, this is not because there is anything wrong with the ideal – it's because somehow people have not been good enough to live up to it.

Thus, André Klukhuhn, a Dutch philosopher, once wrote:

“The communist ideology is as old and venerable as civilization itself. The basic ideas – banning repression and exploitation, the collective ownership of the means of production and each person's equal right to the fulfillment of their modest needs of goods and services – can already be found in Plato's *The Republic*, in early, still pure Christianity and in Tommaso Campanella's *The City of the Sun*, and those same ideas have been articulated in 1848 by Marx and Engels in *The Communist Manifesto*. The fact that something went terribly wrong with the Marxist-Leninist version is nothing but an embarrassment for us, since *at an ideological level communism is the only decent system* and it is very annoying that we have not been able to find a form yet that fits with human behavior.”⁶⁰

I think many people, consciously or subconsciously, share Klukhuhn's admiration of the socialist ideal – and they keep thinking of ways to put it into practice.

But how moral is socialism really? It is interesting that Klukhuhn should mention Campanella and Plato as sources of inspiration. What did their ideal societies look like?

Hans Achterhuis, another Dutch philosopher, described Campanella's fictional *City of the Sun* as follows: it is ruled by a great leader, called the Metaphysician or the Sun. “Without him nothing is undertaken in the City. Through a network of informants and neighborhood supervisors he knows everything, all details of the daily life of his subjects come under his supervision. In addition, thanks to confessional practices organized from top to bottom, he is aware of all the evil going on in his empire.”

In this ideal society, women who wear make-up are put to death. They have to carry out sexual services for the community. Young children hold military exercises every day. Each “virtue” has its own officer who has to enforce it, and “woe to the person who refuses to be loving. Corporal punishment is the least he will get.”

Plato's ideal socialist Republic looks pretty much the same. In it every person is designated from birth by the rulers to carry out a specific task. With fables and legends people are instilled with loyalty and patriotism. Fables that may lead to wrong thoughts are forbidden. Sexual intercourse between inferior people is forbidden. As W.T. Jones notes in his “*A History of Western Philosophy*”, Plato's Republic closely resembles George's Orwell 1984:

⁶⁰ Quoted in Hans Achterhuis, *De Erfenis van de Utopie*, Amsterdam, 1998, p. 396, translated from Dutch, italics added

“There is a Ministry of Propaganda, indoctrinating the public with useful fictions; a Ministry of Censorship, rigidly repressing dangerous thoughts; the same military flavor; the same powerful police, the same discipline, the same denial of a domain of private rights; the same omnipresent state; the same ruling and self-perpetuating clique.”⁶¹

Another person who had a huge influence on socialist leaders and thinkers was the 18th Century French philosopher Jean-Jacques Rousseau. He too espoused an extremely totalitarian philosophy, in which he explicitly stated that the individual must be sacrificed if the leaders of the state decide that this is necessary for the common good. Rousseau, who like Marx argued that private property (i.e. capitalism) is the root of all evil, said that the ideal society of the future requires Great Leaders, whom he called “Law-Givers”, who are “able to change human nature; to transform each individual ... into a particle of a larger whole from which the individual derives in a certain sense its life and existence.”

This is exactly what the socialist leaders – Mao, Lenin, Stalin, the Khmer Rouge, Castro, Hitler, Mussolini and the rest of them – proceeded to do. In their socialist utopias, individuals were ruthlessly sacrificed for the common good and any “selfish” tendencies were stamped out. Why then do we say that something went “wrong” with the implementation of socialism in these states?

In communist Cambodia, for example, where relatively more people were killed by the Khmer Rouge regime than in Germany under Hitler or in the Soviet Union under Stalin, all “selfish” concerns were forbidden – including radio, television, mail, telephones, newspapers, magazines, books, libraries, restaurants, shops, private meals, private companies, music, travel, walking hand in hand, caressing each other, riding bicycles, laughing and crying – all for the sake of creating the New Man and New Woman who would selflessly live for their brothers and sisters. Isn’t that what Campanella and the other philosophers advocated?

Who were these cold-blooded leaders of the Khmer Rouge? In the words of historian Paul Johnson, “a group of middle-class ideologues”, mainly teachers and bureaucrats. “All had studied in France in the 1950s, where they had absorbed the doctrines of 'necessary violence' preached on the radical Left. They were Sartre's children.”⁶²

Similar stories can be told for all other socialist states, which displayed various levels of brutality but were all totalitarian dictatorships. Rather than blaming these results on the selfishness of human nature, isn’t it time to ask whether there could be something wrong with the socialist ideal of unselfishness itself?

⁶¹ W.T. Jones, *A History of Western Philosophy (vol I-V)*, New York, 1975, p. 186. Jones also points out significant differences between *The Republic* and 1984, especially regarding the intentions of the rulers.

⁶² Paul Johnson, *Modern Times*, New York, 1983, p. 655.

The essence of the injunction that we have to work “according to our abilities” and are entitled to receive “according to our needs”, is that, as the collectivist philosophers freely admitted, *it denies the individuality of human beings*.

The socialist ideal ignores the fact that human beings are all unique individuals, with their own lives, hopes, dreams, needs and desires. It demands of human beings that they sacrifice their lives to a “common good” to be defined by the ideologues in charge. How else can this end than as a totalitarian dictatorship in which individual human beings are repressed if not slaughtered?

Most people believe there is a connection between socialism and “being kind to others” or “helping the poor”, hence they think socialism is a moral ideal. But socialism goes much further than that: it demands the sacrifice of all individual interests to the collective good. It does not see humans as social creatures, but as cogs in a wheel, or organs of a single body. That is the implication of the slogan “from each according to his ability, to each according to his need”.

Note that socialism breaks the link between the individual’s needs and his or her responsibility to take action to fulfill his needs. The socialist ideal assumes that humanity is some kind of collective entity, and it goes on to arrange “production” and “consumption” so that it will somehow lead to the fulfillment of everyone’s needs, without regard to the individual efforts that have to be undertaken by human beings to produce the goods and services “society” gets to dispose of. As a result, it demands that some people must “produce” for the benefit of all mankind, and others will be able to “consume”, without having to take any personal responsibility for what is being produced or who is doing the producing, simply because they have a “need” for things.

As Ayn Rand has shown like no other writer, this is not a moral ideal: the idea that people have to sacrifice their lives – “from each according to their ability” – to anyone who may feel a need for something – “to each according to their needs” – has led to monstrous results precisely because it is an immoral, monstrous notion.

It is certainly not an ideal that is “as old and venerable as civilization itself”, as Klukhuhn claims. On the contrary, it is a *pre-civilized* notion, one that goes back to a time when humans had not evolved far enough to be considered individuals – when they were hardly even human.

In a civilized society, people take responsibility for their own lives. They don’t *demand* that others take care of them. They understand that if they want to have something from someone else they have to offer something of value in return. It does not mean they are not prepared to help others who may suffer from misfortune or that they may never need or ask for help. But for civilized people such situations are the exceptions, not the rule.

Marx and Engels complained about “the naked self-interest” and “brutal exploitation” of capitalist selfishness. By contrast, the great free-market thinker Adam Smith soberly

pointed out that “it is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest.”

Ask yourself who is right? Do you expect when you step into the baker’s store to buy a loaf of bread, that the baker and his helpers got up at 3 in the morning so they could selflessly fulfill your needs and the needs of anybody who happens to come along and needs bread? Do you expect them to freely give away their bread to you? Would you even want that? Wouldn’t you feel like a bum and a parasite if you went in to their store and demanded to be given bread just because you happen to need it?

The “morality” of socialism is that it demands from people that they work without right to keep the fruits of their labor. It assumes that “society” has the right to seize the fruits of people’s labor. This puts the parasite on a pedestal, as the God for which we all have to work. So which system leads to “brutal exploitation” – unselfish socialism or selfish capitalism?

True, there are versions of socialism that are less extreme. There is “social democracy”. Yet this does not differ from pure socialism in its essence. It allows some measure of individualism and capitalism but only because it realizes that pure socialism ends up in disaster. To create a better world what we need to realize is that socialism and the socialist mentality is the problem, not the solution.

The truth is that socialism leads to dependence, parasitism, self-indulgence, and grandiose social engineering disasters, capitalism to independence, thriftiness, diligence and modest dedication to family and community. Think about that before you go running after the socialist “ideal” again.

Myth 2: capitalism puts us at the mercy of Big Business; Reality: consumers have the best of it in the free market

But, you might ask, regardless of socialist ideology – don’t we need the state simply as a counterweight to protect us from commercial interests? Won’t we be ruled by Big Business if we “leave everything to the market”?

First of all, a free-market society does not imply that “everything is left to the market”. Life is more than making a living and buying and selling stuff. People in a free-market society raise families, have hobbies, go to church, read books, go to movies, and do countless other things that are not “commercial”.

They also can and do make communal or collective economic arrangements all the time. They form food cooperatives, building cooperatives, housing corporations, mutual insurance associations, labor unions, consumer watchdog groups, and so on. These are all just as much “private” organizations as companies listed on the stock exchange or privately owned businesses.

Taken together, all these activities and organizations, also known as “civil society”, serve as the “counterweight” to business interests.

A thriving civil society has indeed always been an outstanding characteristic of free-market societies. Powerful states, on the other hand, regard civil society as their worst enemy. They know that if there is one thing that undermines their power it is the ability of citizens to act and interrelate in a private space apart from the state.

In the Communist Manifesto, Marx and Engels claim that “the bourgeoisie has stripped of its halo every occupation hitherto honored and looked up to with reverent awe. It has converted the physician, the lawyer, the priest, the poet, the man of science, into its paid wage laborers. The bourgeoisie has torn away from the family its sentimental veil, and has reduced the family relation to a mere money relation.”

Nothing could be further from the truth: the physician, the lawyer, the poet, the scientist, the baker, the butcher, the brewer, and above all the family, were *created* by bourgeois, capitalist society – they are bourgeois institutions or professions – and they are always the first to be destroyed, usually deliberately, by the socialist state.

This is not to suggest that business is something evil. On the contrary, generally speaking, business in a free-market society is a benefit to people. Businesses make money by providing goods and services that people *choose to buy*. If some of these businesses become “big”, it is not because they are evil but because many people choose to deal with them.

Think about your own life. I bet you choose to deal with private companies all the time, big and small: supermarkets, car manufacturers, telephone companies, airlines, software companies, media outlets, food processing companies, chemical manufacturers, steel companies, insurance companies, accountants, bookstores, travel agencies.

You do this because they supply things that you need or that make life easier and more fun for you – from food to clothing to furniture and housing and holidays and concerts and games and you name it. They usually serve you efficiently at affordable prices.

It is true that these companies don’t exist for your benefit. They expect to be paid for their services. But that doesn’t matter. They will only be paid if they benefit you. They are not your enemies.

Even someone as intelligent as Einstein did not grasp this point. A few months before his death, he wrote: “The economic anarchy of capitalist society as it exists today is in my view the main cause of our evils. Production is carried on for profit, not for use.”

This is an age-old criticism of capitalism, yet it totally misses the point. As one free-market economist pointed out: “Production is carried out ‘for profit’ under capitalism, but it does not follow that it is not carried out ‘for use’. On the contrary, in the price system, profit (or loss) is the difference between the value of the input of resources and the value added (or lost) by using them to produce the output. If consumers regard the output as more useful to

them than the resources that went into producing it, there is a profit; if the resources are regarded as more useful, a loss. Producers shift production accordingly: they are led, nolens volens, by their profits, or losses, to produce what consumers regard as most useful. Thus, 'production for profit' is a means to 'production for use' – not an alternative ..." ⁶³

Needless to say, there are unscrupulous businessmen who try to cheat their customers, supply bad products and treat their employees badly. I do not deny that. The free market is not "perfect".

But when we are not satisfied with a company, we can decide not to deal with it anymore. If they cheat us, we can sue them.

Companies, if they don't have government connections, don't rule us. And, unlike the state, they are not able to force their products down our throats.

Sometimes companies acquire a dominant position in the market and that can become a genuine concern. As I am writing this, there are a lot of complaints about the market dominance of Big Tech companies like Apple, Google, Amazon and Facebook. These complaints may well be justified. I have no quarrel with that.

But we are easily able to push back against Big Tech if we want to. It does not have any *real* power over us. It only has "market power" – and then only as much as we as consumers decide to give it. If we don't like Facebook or Google or Twitter, we can decide not to deal with them. Mark Zuckerberg won't come after us. He can't fine us. He can't put us in prison. He cannot interfere in our freedom of speech. He can ban people from speaking on Facebook, but not from speaking in any other way.

Compare this to the power of the state. The state is in charge of the law, the courts, the police, the military, the economy, our money. When the government decides something, you have to obey. When was the last time Google put anyone in jail or started a war?

Indeed, the fact that so many people are complaining about these companies, is a good sign. The fact that we are free to complain about them, and *not* to deal with them, shows they aren't a *real* threat to us.

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The point is that the free market is not, as is often claimed, a *dog-eat-dog* system in which the strong devour the weak. On the contrary, it is a system in which people trade value for value and *become wealthier together*.

⁶³ Ernest van den Haag, by "Private and Public Expenditures," In: The New Argument in Economics – The Public Versus the Private Sector, eds. Helmut Schoeck and James W. Wiggins, William Volcker Fund, 1963, <https://mises.org/library/new-argument-economics>

Marx and Engels accuse capitalism because it is supposed to have reduced all relations to “Free Trade”, which they clearly regard as an evil – as “naked, shameless, direct, brutal exploitation”. They were apparently unable to grasp that free trade – voluntary exchanges in the marketplace – occur because both parties feel they benefit by them. Perhaps they never went shopping.

Yet this is how many people subconsciously perceive market transactions. They don’t trust companies because they cannot understand how it could be possible that these companies could benefit others while they are pursuing their own interests.

To be sure, there is *competition* in a free market – although not among consumers, only among producers. And yes, it’s true that in a competitive market only “the strong” producers survive – but “strong” simply means being able to deliver the best products and best service at the lowest price. It doesn’t mean anybody gets eaten,

Competition may be hard sometimes on producers who lose out in the market place, yet they too ultimately benefit from the free market, since every producer is also a consumer, who needs to buy goods and services.

Isn’t “cooperation” better than competition, you might ask? First of all, there actually *is* a lot of cooperation in the market. Companies involved in the same value chain cooperate with each other, for example to produce pencils, automobiles, telephones, and all the other products of a modern industrial society. Employees also cooperate within companies.

Indeed, as author Jonah Goldberg has remarked, “Capitalism is the most cooperative system ever created for the peaceful improvement of people’s lives (...) The market system is so good at getting people – from all over the world – to work together that we barely notice how much we’re cooperating.”⁶⁴ Unless of course states intervene and start “trade wars” or “currency wars”, in which case cooperation breaks down.

Yet, as Friedrich Hayek pointed out, cooperation is not the right approach “if the problem is to adapt to unknown circumstances”, as human beings constantly have to do. “Competition”, said Hayek, “is a procedure of discovery, a procedure involved in all evolution, that led man unwittingly to respond to novel situations; and through further competition, not through agreement, we gradually increase our efficiency.”⁶⁵

In other words, this kind of competition – the “race” to discover new knowledge and new and better methods of production – leads to progress. It also ensures that people, in their

⁶⁴ Jonah Goldberg, *Suicide of the West*, 2018, p. 12

⁶⁵ F.A. Hayek, *The Fatal Conceit - The Errors of Socialism*, London, 1988, p. 19; also F.A. Hayek, “The Use of Knowledge in Society”, *American Economic Review*, September 1945. Jimmy Wales, founder of Wikipedia, has said that the idea for establishing Wikipedia came to him after reading Hayek’s “The Use of Knowledge in Society”. See Saifedean Ammous, *The Bitcoin Standard*, 1978, p. 106

capacity of consumers, are not at the mercy of companies, but the other way around: the companies are at the mercy of the consumers.

The state, by contrast, allows no competition. It is a monopoly! Worse, a monopoly backed by force. Strangely enough, when companies acquire a monopoly in the market, this is usually seen as bad. Yet somehow no one applies that same standard to the monopoly of the government.

Yet its monopoly position is precisely why the government can afford to ill-treat its “customers”, for example to demand that they fill in forms and comply with all sorts of bureaucratic procedures when they deal with it. In a competitive market, no company could get away with that if it wants to survive. Why is it that you don’t have to fill in a form when you go to McDonald’s? Because then no one would go there.

Many people have the idea that as a result of competition, the free market inspires immoral behavior and state control does not. It is true that the free market does not *guarantee* moral behavior. There will always be nasty people who try to put things over on others. But a free society does provide positive incentives for moral behavior that do not exist in a state-controlled centrally planned economy.

As free-market economist David Friedman has pointed out, “In the market society, since most people who associate with me do so only if they think they benefit by the association, there are sizable costs to being dishonest and sizable benefits to being honest. If you are a worker in a centrally planned society, on the other hand, your job is determined and your salary set by someone far away who does not know you and will not have to associate with you. It follows that the dishonest employee will have the same opportunities as the honest one—and the additional opportunity to steal things when nobody is looking.”

As a result, said Friedman, “a market society will have nicer people than either a traditional or a centrally planned society. Virtues will have a higher payoff, so more people will be honest. Vices will have a lower payoff, so fewer will be bullies. The result is precisely the opposite of the claim—that such a society promotes a blind, narrow selfishness—often made by critics of capitalism.”⁶⁶ Friedman’s argument is borne out in practice: service workers in free-market economies are infinitely more friendly and helpful than in socialist countries.

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But don’t we need a government at least to protect us from the cheating companies that deliver bad products or try to put things over on us? Don’t we need the state to ensure that our food and our buildings and our cars are safe?

Of course we need to be aware of swindlers and sharks. And it can be very useful for people to organize themselves to obtain protection against risks and fraud. But there is no reason

⁶⁶ David Friedman, *The Machinery of Freedom*

why this can't be done on a voluntary basis. Consumer groups, labor unions, insurance companies, and so on, will surely take on a more important role in a free society, as a counterweight to corporations. We don't need a state for that.

In fact, the role of the state as protector has several disadvantages. It can easily lull us into a false sense of security. Many people think they don't need to be on their guard against bad, unsafe or unhealthy products, because the government will protect them. But that assumption often turns out to be wrong, because government inspectors are human just like the rest of us. They can be lazy, incompetent, corrupt – and they can afford to be all that, because they have no competition.

In addition, state inspection agencies are often corrupted by the companies they are supposed to oversee. This is even *likely* to happen: companies that face regulation have a larger incentive to influence the regulators than consumers have to keep those regulators independent, because for those companies the inspections represent a direct and immediate interest, whereas consumers have a lot of other things on their minds. This phenomenon is what economists call “regulatory capture” and it happens time and again.

Another disadvantage of government protection is that it will result in a one-size-fits-all approach, which may err on the safe side (politicians and bureaucrats are likely to be risk-averse), and prohibit products that people would like to try out. Drugs are a good example: they are regulated to the hilt, so only big companies can afford to conform to all the tests and regulations. We will never know how many effective drugs never make it to the market because government “protects” us from them.

Or think of food safety regulations, which, under the influence of lobbying from big corporations, may favor irradiated, chemically treated, or genetically-modified foods and create barriers for small artisanal producers and retailers who can't afford the “hygienic” measures they have to comply with.

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Even so, you may say, doesn't capitalism produce a large number of filthy rich people who are able to get away with murder? And don't we need the state to ensure that these people don't abuse their economic power?

It is true that there are a number of people in the world today who are extremely rich and powerful because of the immense wealth they have gathered. But most of them have become rich because of their connections with the state, not because they delivered goods and services that people bought voluntarily.

This is obvious in the case of people connected to corrupt regimes as that in Russia, the oil-states in the Middle East, and most African countries. It also applies to criminals who make billions selling stuff that the state has forbidden, such as drugs.

But it is no less true for bankers and Wall Street speculators and investors, who are amassing fortunes as a result of the criminal monetary policies of our central banks, and for corporations profiting from their connections with the U.S. government, such as military contractors.

All of this, however, is *not* the free market. In a free-market society, there would be no government-sponsored contracts, no state oil companies, no “central banks” nor a centrally authorized currency nor banks that would be able to create money out of thin air or be bailed out by the government.

In a free market the people who get rich are mostly entrepreneurs who succeed in creating mass markets for their products, in other words, because they supply stuff that people are eager to buy. These rich people tend to be productive people. They may buy themselves big houses and big cars, but they usually put most of their money to work investing in other enterprises or giving it away to charity, to the benefit of everyone.

Needless to say, rich businessmen may not always be nice people. Nothing is perfect in this life. The free market won't lead us into paradise. Some businessmen may even try to seize political power in some way. That sort of thing can happen in any kind of society. There is only one remedy for this, which is always to stay on guard against evil and injustice.

But we have a better chance of success fighting abuses from Big Business than when we are up against the power of the state.

Myth 3: the economy requires central planning; Reality: the free market's invisible hand is much better suited to today's complex society

For some people it is difficult to grasp how there could be order without the state. They believe that order is something that needs to be imposed “from above”, by institutions or persons with political power over others - and all the more so in our time as society has become increasingly complex.

This argument – that central planning is superior to the market – used to be very popular until around World War Two. It was demolished thoroughly in theory by the Austrian economists Mises and Hayek – and in practice by the disastrous results of centrally planned economies. Nevertheless, it is worth having a closer look at it. Arguments against capitalism have a way of popping up again even after they have been refuted.

The Austrian economists showed that the market economy is a form of “spontaneous order”, the unintended result of millions of individual, “uncoordinated” decisions, similar to other spontaneous orders, such as language and science.

Hayek called this the “result of human action but not of human design”. That is, no one is in control of the market, yet, as free-market economist Ernest van den Haag noted, “the milk is on the doorstep every morning, whereas in a planned economy it is characteristically not”.

Another free-market economist, Leonard Read, illustrated the process of spontaneous market order in his famous essay, *I Pencil*, published in 1958, which describes the extremely complex processes taking place all over the world by thousands of people who, while totally unrelated to each other, cooperate to produce something as seemingly simple as a pencil.

To produce a pencil, Read notes, components such as cedar, lacquer, graphite, ferrule, factice, pumice, wax and glue are needed. These all need to be produced, with sophisticated machines, which themselves are the result of a long chain of economic processes in which many millions of people are involved. Then, to transport and distribute the pencil, takes even more resources and knowledge.

No one coordinates this process of producing, distributing and selling pencils, most of the people who are engaged in it do not even have the desire or aim to make pencils, yet the result is that pencils get produced and that everyone who needs one can easily buy one for next to no money at all.

The crucial factor in coordinating these economic activities is the price system, which, as Hayek said, “enables entrepreneurs, by watching the movement of comparatively few prices, as an engineer watches the hands of a few dials, to adjust their activities to those of their fellows.”

Compare this to the top-down system that was propagated by the Communists in countries like the Soviet Union and China. They replaced the free market by central planning. The result was, as history has shown, a highly inefficient system characterized by shortages and lack of innovation.

Lenin, the first Soviet leader, who said that “freedom is a bourgeois prejudice”, and who had millions of people locked up and killed, wrote that he wanted to organize the entire economy according to the model of ... the post office. Well, he succeeded in that.

In the 1930s, the Soviets built a huge planning headquarters in Moscow, described by one foreign visitor as “an organization unsurpassed in the world for the extent and importance of its operations. ... No factory, no farm, no school, no theatre, no court of law, no hospital, no regiment escapes its scrutiny. By statutory law every public institution in every branch of activity throughout [the country] must supply to that central office in Moscow complete data of their present and prospective needs and operations. The mass of information that pours daily and hourly into those central offices is seized upon, sifted, sorted, and utilized by what is undoubtedly the largest staff of trained statisticians and technical experts in the world, served by thousands of clerks and assistants.”⁶⁷

The result of this brilliant system, as we know, was stagnation, waiting lines, poverty for the great mass of Soviet people.

⁶⁷ Cited in Tom Bethell, *The Noblest Triumph - Property and Prosperity through the Ages*, New York, 1998, p. 142

Mao's attempts to centrally plan the Chinese economy had even more disastrous results. His arbitrary edits completely wrecked the economy in the 1950s and 1960s, and even led to a famine that killed 30 million people between 1958 and 1962.⁶⁸ Other centrally planned economies – in Venezuela, Cuba, Tanzania, Cambodia, North Korea, Mozambique, Guinea, Ethiopia, and so on – all produced the same mess.

The reason that spontaneous order is superior to central planning is that, as Hayek described it, knowledge is fragmented. It is dispersed among millions of people, which means that “decentralization leads to more information being taken into account” than centralized processes.⁶⁹ In addition, any central authority will necessarily discard the personal interests of people in society, substituting orders from above for personal motivation (yes, the profit motive!), with predictable results.

Paradoxically, the more complex the economy is, the *less* likely it is that order can be imposed on it from above. In the old days, in small, simple societies, central planning may have “worked” to some extent. Today it does not work anymore: society has become too complex.

This means we are better off decentralizing than centralizing. Indeed, this is exactly what we see happening in our economy, which is increasingly based on decentralization and networking. The only exception is government, which is going in the opposite direction.

As libertarian author Jeff Deist points out: “Virtually every aspect of human life — from business organizations to trade to food to communications to travel to shopping to money to education — becomes more and more decentralized every day. Hub and spoke networks are dying; replaced by nimbler webs and networks. *Only government*, in its hubris, bucks this dominant trend of the digital age. Somehow governance continues to go in the wrong direction: from local to regional, from regional to national, from national to supra-national, and from supra-national to global. And it's not just DC: bodies like the UN, EU, and IMF work every day to centralize the management of human affairs. Why do we put up with this, even as we demand decentralized efficiency in everything else?”⁷⁰

Some people may find it a scary idea that there is nothing “above us” that controls our destiny. But belief in the power of a president or king or great leader that can save us all from chaos is a superstition.

We laugh at “primitive” people who imbued their Kings with Divine Power, or who believe they can ward off evil by bowing or praying or dancing around totem poles. But we do the same when we place our hopes in the powers of a president or leader or central banker who we believe will magically solve our problems. We fail to see that the capability of any president or government to arrange our lives for us is extremely limited.

⁶⁸ See the brilliant book by Valentin Chu, *The Inside Story of Communist China*, London, 1964 (*Ta, Ta, Tan, Tan*, New York, 1963)

⁶⁹ F.A. Hayek, *The Fatal Conceit - The Errors of Socialism*, London, 1988, p. 76-77

⁷⁰ Jeff Deist, *A Small Revolution*, 11 Dec 2017, *Mises.org*

It is the intricate web of relations and actions among millions of people that keeps society together, not some kind of superman or superwoman.

Isn't that a much more inspiring thought?

Myth 4: we need the state to ensure equal access to public services such as education and health care; Reality: the free market would do a much better job

In almost all countries health care, education and other “public” services are controlled by the state, presumably because most people feel that everyone should have “equal access” to them. People fear that if left to the free market, the poor would end up with worse education and health care than the rich.

Yet this argument does not make sense on the face of it. Think about another crucial service: the provision of food. Presumably we want everyone to be able to buy food. Yet we don't put the state in control of supermarkets because some people are too poor to buy food. We help them directly. We could do the same in education and health care. We could leave those sectors to “the market” and directly help the people who would be too poor to buy adequate education and health care.

Few would dispute that health care and education are the worst managed, most inefficient and most bureaucratic economic sectors in our society today. Other “public” sectors, such as the police and the courts, also perform very poorly. According to the critics of capitalism (i.e. most people) the reason for this is that the state does not spend enough on these services – even though government expenditures keep going up. It never occurs to them that there may be another, more obvious reason for the problems in these sectors, namely that they are all heavily controlled by the state.

To solve the problems in our “public sectors” the solution is not to give yet more power to the state, to put more money into them, to try yet another (umpteenth) “reform program”, least of all to nationalize them completely, but to put them back where they belong: to private initiative. That would liberate them and they would become as dynamic and innovative as any private sector is today.

Take health care. As the libertarian author and politician Jacob G. Hornberger has pointed out, in the early 1960s in the U.S., before the government programs Medicare and Medicaid were enacted, health spending was about 2% of federal spending. Today, it is nearly one-third!⁷¹

As the liberal economist Robert Samuelson has written, this is having dire effects on the economy: “Government can't cut health spending, so new spending reduces spending on other programs, raises taxes or bloats deficits. The effects are felt keenly by middle-income Americans and the poor, because the high cost of modern medicine consumes more of their

⁷¹ Jacob G. Hornberger, “Medicare and Medicaid Destroyed Healthcare”, *Mises Wire*, 14 December 2019

incomes. We have created a monster, inspired by good intentions, that is slowly and menacingly taking charge of our future.”⁷²

And it’s not as if health care was in a terrible state before 1965. On the contrary, Hornberger notes that “before Medicare and Medicaid, the United States had the finest healthcare system in history. Healthcare costs were low and stable, to such an extent that most people didn’t even have major medical insurance. That’s because they didn’t need it. Going to the doctor was like going to the grocery store. How many people have grocery insurance to help them cover soaring grocery costs? Healthcare costs were just as low and stable as grocery store prices, so there was no need for major medical insurance.”

The obvious solution, writes Hornberger, “lies with repealing Medicare and Medicaid and, in a broader context, ending government involvement in health care.” The same, I might add, applies to health care systems in other countries.

What would free-market health care look like? The truth is: we don’t really know until we try.

It surely would not look anything like the socialized National Health Service in Britain, with its [mediocre “free” care](#) and long waiting lists, despite continually rising spending.

It also wouldn’t look like the present U.S. system, where per capita *government* spending on health care is [one of the highest in the world](#).

I would guess that primary care would function a lot like opticians do today. Opticians are a private health service which works to everyone’s satisfaction, providing high-quality service at competitive prices without waiting lists or bureaucracy. I can’t see any reason why we couldn’t have similar services for other specializations as well as for basic health services.

The “left-libertarian” author Kevin Carson speculates that a free health care system “would mean, almost certainly, a shift to decentralized delivery of service and cooperative finance: small, neighborhood clinics and associated small hospitals as the main source of primary care, bypassing the insurance system altogether and operating on [a] flat-fee membership.”

According to Carson, such a system would be much more efficient than the present one: “This would have two primary benefits: first, because of the flat-rate fee, there would be no incentive to mutual logrolling between specialists, or padding the bill with a \$6000 CT scan; second ... it eliminates the 25% or so of costs that come from insurance paperwork. In addition, it would mean an end run around the internal bureaucratic culture of the large hospital.”

⁷² Robert Samuelson, [“Yes, Americans are Feeling the Squeeze. It’s Coming from Health Care,”](#) *Washington Post*, 1 December 2019

Carson argues that “the vast majority of our health care should come from clinics and hospitals that are too small to justify separate departments of nursing, housekeeping, dietetics, etc.—let alone departmental staffs and interdepartmental committees. It would render superfluous, in most cases, the entire Weberian organizational culture of prestige salaries, mission statements, Weberian ‘best practices’, work rules, and job descriptions. It would mean, instead of interdepartmental ‘quality improvement committees’, empowering those actually providing the care to act on what’s right in front of them without interference from pointy-haired bosses.”⁷³

More specialized care would likely be offered by specialized (hi-tech) hospitals. Financing for complicated surgery could be arranged in many different ways, including insurance. There is no presumption that in a free market all care would be organized on a “commercial” basis. There could be cooperatives, mutual insurance initiatives, collective community facilities, and so on – depending on how people, rather than bureaucrats, would actually want to arrange their care.

Doctors, nurses, surgeons would be freed to do what they are good at: delivering care without having to follow thousands of rules imposed on them. Who knows what kind of innovations – in technology and services – would result.

Who would ensure quality control in such a setting? Whoever wants to. There would surely be all sorts of initiatives to rate and rank healthcare suppliers. Quality control might well be much higher than in today’s non-transparent medical sector where doctors tend to shield each other from outside scrutiny and are often hand-in-glove with the government inspection agencies that are supposed to oversee them.

No doubt some rich people would be able to purchase better care than most of the rest of us. But they manage to do this in our present system as well. What matters is the quality of the care available to the general public. The free market has shown that entrepreneurs can make most money from supplying decent mass products and services to the masses. There is every reason to assume that they will do so in health care as well, if they get the chance.

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What goes for health care, goes for education too. Who knows what our education would look like if the state did not interfere with it? I can’t imagine we would still put children through 12 or so years of compulsory schooling and imprison them in classrooms where they learn very little.

David Friedman notes that “the conventional model of K-12 schooling is based on two assumptions. The first is that, out of all the world’s knowledge, there is some subset about the right size to fill K-12 that everyone should learn or at least be exposed to. The second is

⁷³ Kevin A. Carson, *The Healthcare Crisis, A Crisis of Artificial Scarcity*, Center for a Stateless Society paper no. 8, first quarter 2010

that the way to educate children is to sit them down and tell them what some authority, typically teacher and textbook, have decided they should know.”⁷⁴

I am not too familiar with the U.S. system but in The Netherlands, where I live, the same assumptions hold. Personally, I have always been amazed at the low productivity of our school system. Here we have young people, who are at an age when learning new skills is relatively easy, and they come out of school after 12 years and still can't really speak any foreign languages at an advanced level, to mention just one example. I was exposed to French and German classes for years but I can't say I really learned to speak those languages in school. Surely in a free educational system ways would be found to properly teach foreign languages? How about offering to put children in a foreign setting for six months where they are forced to speak another language?

The presumption that some central planners in the government are able to decide for a whole nation what a proper education consists of is absurd. As I am writing this, in 2019, the Dutch media report that, after a five-year (!) study, a governmental committee in the Netherlands came up with (yet another) curriculum that it says all students must learn “to be prepared for the challenges of modern society”. This happens every so many years and every time our poor teachers have to submit to yet another set of stupid directions from another bunch of state-appointed “experts”.

In a free market, it would be schools and other educational institutions that would design their own curricula and teaching methods. They are after all the real experts. Those with the best results would get the most customers. Education would be transformed.

Author Nassim Nicolas Taleb makes another point about compulsory education that I sympathize with. He writes that “what you learn from the intensity and the focus you had when under the influence of risk stays with you. You may lose the sharpness, but nobody can take away what you learned. This is the principal reason I am now fighting the conventional educational system, made by dweebs for dweebs. Many kids would love to learn mathematics if they had some investment in it.”⁷⁵

Isn't that really how we all feel about the education we have had? Even if we had a good time at school, it was not an experience that inspired or impressed us or moved us – at least not the experience inside the classroom – and we tend to remember very little of what we are supposed to have learned. What a stupendous waste of time!

None of this means that there is anything necessarily wrong with our teachers, just as most of our doctors, nurses, medical technologists, and so on, are hard-working, well-meaning professionals. That's not the point. Most try to do the best they can within the constraints of the system they have to work in – and many find creative ways to get around the system. The problem is not the people, but the constraints.

⁷⁴ David Friedman, *The Machinery of Freedom*

⁷⁵ Nassim Nicholas Taleb, *Skin in the Game*, 2018, p. 31

Myth 5: the poor will be left behind in a free-market society; Reality: people will take care of each other when the state does not interfere

Having said all this, I do agree that, yes, even if in a free-market society, where there is no parasitic state holding us back and destroying our money, there will always be some people in need of help. Naturally.

Who will help them if there is no state to look after them?

Their fellow human beings.

Without the state, people would not be “left to their own devices” – they would be left in the care of other human beings. Just as they are now, in fact, but without the institution of a state.

Virtually everyone in our society agrees we should help the needy. So why would this not happen unless we are forced to do so by the state? That does not make sense.

People are social creatures. They realize that they need each other’s help and are generally prepared to help others whom they feel deserve help, especially if they belong to the same group, but often also when they are total strangers. A voluntary society would leave people free – *and give them the means* – to take care of each other. Each society would find its own ways of helping the needy in their midst. The smaller the society the more likely it is that it will have voluntary collective ways of helping people.

However, most people when they think of unbridled capitalism associate it with the supposedly dreadful time of the 19th Century, which conjures up to them an image of the poor and the proletariat being callously left to starve by rich industrialists. Hence they assume the state is needed to take care of the poor.

But this picture of capitalism is distorted, for two reasons. First, as I have argued in chapter 3, grinding poverty had been the norm throughout history, and capitalism was in the process of lifting people out of poverty, even if they were still dirt poor by modern standards.

But secondly, it is misleading to say that people in those days didn’t care about the poor. Many industrialists carried out charitable works or tried to improve labor conditions for their workers. What is more, people – ordinary, common, working-class people – *took care of each other*.

As there were no state-welfare systems, workers in Great Britain and the U.S. (and no doubt in other countries), formed mutual aid societies to help each other in times of need. These “friendly societies” (called “fraternal societies” in the U.S.) were, in the words of historian

David Green, “self-governing mutual-benefit associations founded by manual workers to provide against hard times”.⁷⁶

They were not charitable institutions. “The mutual benefit association was not run by one set of people with the intention of helping another separate group; it was an association of individuals pledged to help each other when the occasion arose. Any assistance was not a matter of largesse but of entitlement, earned by the regular contributions paid into the common fund by every member and justified by the obligation to do the same for other members if hardship came their way. They began as local clubs, holding their common fund in a wooden chest or strong-box, but the nineteenth century saw the gradual evolution of national federations with hundreds of thousands of members and carefully managed investments.”

Friendly societies were far from a marginal phenomenon. In fact, they were the backbone of civil society.

According to Green, “the friendly societies ... had more members than the far more extensively chronicled trade unions, far more support than the socialist movements that seized power in so many countries, and far superior systems of delivering social services and securing dignity for working people.”

Membership in registered friendly societies in Britain grew from 2.8 million in 1877 to an astounding 6.6 million in 1910 (in addition to those in unregistered societies). In that year over 9 million people were covered by insurance through the friendly societies in Britain, over 20% of the population.

The fraternal societies in the U.S. were also a resounding success. Historian David Beito has documented “how Americans used their freedom of association to create a vast network of mutual-aid societies. With the possible exception of churches, fraternal societies were the leading providers of social welfare in the United States before the Great Depression. Their membership reached an estimated 30 percent of the adult male population and they were especially strong among immigrants and African Americans. Unlike the adversarial relationships engendered by governmental welfare programs and private charity, fraternal social welfare rested on a foundation of reciprocity between donor and recipient.”⁷⁷

The fraternal societies offered a wide variety of services. As the left-libertarian philosopher Roderick T. Long notes: “Turn-of-the-century America offered a dizzying array of fraternal societies to choose from. Some catered to a particular ethnic or religious group; others did not. Many offered entertainment and social life to their members, or engaged in community service. Some ‘fraternal’ societies were run entirely by and for women. The kinds of services from which members could choose often varied as well, though the most commonly offered

⁷⁶ David Green, “The Evolution of Mutual Aid”, in Tom G. Palmer, ed., *After the Welfare State*, 2012

⁷⁷ David Beito, “Mutual aid for social welfare: the case of American fraternal societies”, in Tom G. Palmer, ed., *After the Welfare State*, 2012

were life insurance, disability insurance, and 'lodge practice'. Lodge practice refers to an arrangement, reminiscent of today's HMOs, whereby a particular society or lodge would contract with a doctor to provide medical care to its members."⁷⁸

Similarly, Green writes that "prior to their displacement by the welfare state, there was a remarkable proliferation of voluntary institutions to help people to deal with the problems of life, from the need for medical care during times of misfortune to a friendly hand up when life had gotten one down. Historians have documented the remarkable story of the 'friendly societies' that provided such 'mutual aid' before the welfare state crushed them. Such societies provided social solidarity, insurance against misfortune, moral support, and much more, all on a voluntary basis."

The friendly and fraternal societies were killed by the expanding welfare state and social legislation in the 20th Century, which made them superfluous, but at a great cost. People, instead of being able to take part in voluntary schemes controlled by themselves, now were delivered into the hands of a costly bureaucratic superstructure controlled by politicians, civil servants and special interests.

The amazing history of the friendly and fraternal societies has been almost totally forgotten. It's completely ignored in almost all accounts of capitalism and the Industrial Revolution. That's not a coincidence of course. The ideological critics of capitalism prefer to create the impression that we can't do without the state. The friendly and fraternal societies show that this is a myth.

Any voluntary society – in particular any small voluntary society – will look for ways to help those who need help for the simple reason that most people prefer a caring society to a heartless society. They don't need to be forced to be caring by politicians and bureaucrats.

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There surely has never been a more hated political idea than capitalism. Socialists hate capitalism. Fascists hate capitalism. Nationalists hate capitalism. Nazis hated capitalism. Conservatives hate capitalism. Progressives hate capitalism. Feminists hate capitalism. Greens hate capitalism. Religious fundamentalists hate capitalism. Newspaper columnists hate capitalism. The French hate capitalism.

But almost all that is being claimed about the evils of capitalism is wrong. Capitalism has led the mass of mankind out of bondage and misery. Capitalism's greatest achievement – attained, I believe, with help from Christianity – has been to abolish that age-old specter and symbol of human misery: slavery. The fabulous wealth created by capitalism made slavery obsolete. No other economic system has achieved that.

So where does this hatred come from? It can't be because all these people truly believe that capitalism leads to poverty and injustice. There is too much evidence that this is not so.

⁷⁸ Roderick T. Long, *How Government Solved the Health Care Crisis: In: Markets, not Capitalism*

Admittedly there is confusion about what capitalism means. If you believe modern banks are capitalist institutions, and the U.S. government is a capitalist institution, I can understand why you wouldn't like capitalism.

Yet it doesn't take that much thought to see that banks profit from privileges granted to them by the state, and that the U.S. state is by definition the opposite of the free market. And when you are concerned about poverty, it should also be clear that the free market does a much better job at eliminating it than any socialist schemes.

The dislike many people feel towards capitalism goes deeper, I believe. Perhaps what people feel, deep down, is that capitalism – individual freedom, voluntary action – requires responsibility. It asks for independence. It requires work. It doesn't provide people with rules they can blindly follow. It doesn't give them the warmth of the tribe and the comfort of scapegoats that they can blame for their problems.

Capitalism is not immoral and not even amoral, but it requires a different morality than socialism. The morality of standing on your own feet, earning the respect of others, making an effort to reach out to others, making an effort to give meaning to your life and to your relationships with others. That's much more difficult than the camaraderie and solidarity offered by the mob, the nation, the group.

Yet I am convinced that, in the end, the solidarity of the collective is a fake solidarity. It does not lead to real goodwill and benevolence. It is based on subjugation and envy. Real progress and true mutual respect can, I believe, only be based on personal freedom.

None of this has anything to do with the supposed superiority of "western" society or "western" civilization. The idea of "individual rights" may have been invented in "the west", if that means anything. But it is not a "western" idea any more than fascism or communism, which have also been invented in "the west", are "western" ideas. Freedom is a universal idea. So is dictatorship.

More or less free-market societies have emerged at various times at different places in the world. When people become able to set up their own voluntary societies, I believe most of them will sooner or later opt for a political organization based on private – including communal – initiative, because they will see that this will work best for them.

Part IV – The Friendly Society

Chapter 10 What can be done?

1. The primacy of equality

A crucial point that is often overlooked is that the struggle against power is a struggle not just for freedom, but also, and even more importantly, for *equality*.

The idea of the voluntary society, the idea of individual freedom itself, is indeed *based* on the belief that people are – or should be – equal in the sense that no person has a right to yield power over another person. The primary value is equality, from this follows liberty.

When I was writing this book – when I had almost finished it – I came across an article by Roderick T. Long, “Equality, the Unknown Ideal”⁷⁹, which expresses this idea brilliantly.

Long points out that Thomas Jefferson’s original draft of the Declaration of Independence, began like this: “We hold these truths to be sacred and undeniable: that all men are created equal and independent; that *from that equal creation* they derive rights inherent and inalienable, among which are the preservation of life, and liberty, and the pursuit of happiness.”

Unlike in the version of the Declaration that was officially adopted, notes Long, where equality and liberty are regarded as equal values, in the original version Jefferson makes it clear that he regards equality as the basic value, from which liberty is derived.

Jefferson’s source for this idea, according to Long, is John Locke’s Second Treatise of Government, published in 1689, in which this English philosopher defends the idea of equality exactly in the sense I have been defending it in this book: as *equality of power*.

Locke wrote that equality is a condition “*wherein all the power and jurisdiction is reciprocal, no one having more than another, there being nothing more evident than that creatures of the same species and rank, promiscuously born to all the same advantages of nature, and the use of the same faculties, should also be equal one amongst another, without subordination or subjection...*”

Locke argued: “[B]eing all equal and independent, no one ought to harm another in his life, health, liberty or possessions.... And, being furnished with like faculties, sharing all in one community of nature, there cannot be supposed any such subordination among us that may authorise us to destroy one another, as if we were made for one another’s uses, as the inferior ranks of creatures are for ours.”

⁷⁹ 16 October 2001, Mises.org

From this Locke draws the radical conclusion, which I also defend in this book, that the state, as Long puts it, has no “powers beyond those possessed by private citizens”.

This goes further than the notion of “equality before the law”, as Long notes. Equality before the law is important, but it does not do anybody any good if the law can be wielded by some to exploit others. Locke’s point is that there should be equality *with* the law – with legislators, judges and police.

As Locke put it: “*For in that state of perfect equality, where naturally there is no superiority or jurisdiction of one over another, what any may do in prosecution of that law, every one must needs have a right to do.*”

The emphasis on equality by these founding fathers of classical liberalism, Locke and Jefferson, may come as a surprise. We tend nowadays to regard equality as a socialist or social-democratic ideal. But socialism and social democracy stand for *equality of results*, socio-economic equality, or in its milder version: equality of opportunity, *not* equality of power.

On the contrary, socialists and social-democrats *accept* inequality of power as a means to achieve equality of results. They believe the exercise of power is justified as a means to achieve the end of socio-economic equality.

Here is where I believe progressive-minded people are making a fatal error. I am sure most of them are sincere in their wish to achieve socio-economic equality. But using the power of the state to do so inevitably leads to abuses that undermine this ideal.

To give a simple example: everywhere where social-democrats (“liberals” in the modern American sense of the word) are in power, they will subsidize progressive causes that usually have nothing to do with “helping the poor”, but everything with helping themselves. They will also grab hold of the bureaucratic jobs that are needed to carry out their policies, again helping themselves rather than helping the poor.

In addition, they will rarely be able to resist the temptation to try to change people’s way of living, instead of only trying to help them achieve equality. Trying to get people to change their behavior is not in itself a sin, but it becomes a sin if it is done by force or the threat of force.

As the “anarchist” thinker David Graeber writes: “While people can be reasonable and considerate when they are dealing with equals, human nature is such that they cannot be trusted to do so when given power over others. Give someone such power, they will almost invariably abuse it in some way or another.”⁸⁰

⁸⁰ David Graeber, quoted in Kevin Carson, “David Graeber’s Anarchist Thought: A Survey”, in: *The Anatomy of Escape – A Defense of the Commons*, 2019

If the social-democratic ideal is as beneficial and inspiring as social-democrats say it is, they should be able to make it come true on a voluntary basis. If they can't do this, then what is the ideal really worth?

Socialists are right if they say we have to get rid of “the effects of privilege that permeate our culture, our infrastructure, our economic relationships, and our thinking”⁸¹. But they should realize the biggest privilege is power.

2. Strategies for the friendly society

What can be done to build a world without power? How can we ensure that people get control over their own lives? I will talk in terms of “we” in this last part in the hope that my readers may have become enthusiastic about the idea of a world of voluntary societies.

One course of action I *don't* think we should follow is to start a political party and take part in elections. Politics, including democratic politics, is the exercise of power. Politicians use the power of the state to achieve their ends. That is not what a movement fighting against power should be doing.

As libertarian author Jeff Deist points out: “In a winner takes all political world, elections are weapons. Unless and until we learn to reject politics as the overarching method for organizing society, hatred and fear of ‘the other’ will remain pervasive. Americans understand viscerally that government has far too much power over who wins and loses in our society, but haven't fully grasped the degree to which the political class benefits from division. We still want to believe in grade-school notions of democracy and voting. People of goodwill don't impose themselves on others politically any more than they do militarily... . The political world isn't working, so why do we insist on more politics to fix it?”⁸²

David Friedman points out, in his book *The Machinery of Freedom*, that “the political game is played for control over the collection and expenditure of hundreds of billions of dollars a year” and that “even a relatively weak player in that game—a party, let us say, that gets five or ten percent of the votes in a national election and holds a few seats in Congress—has favors to dispense worth quite a lot of money.” That is why, says Friedman, any political party will attract people who are eager to make use of the power it has.

In other words, any party, whatever its intentions, will become corrupted and start playing along with the political game. This is not just theory: I have seen it happen time and again during my life.

What we need is less politics, not more. We need to limit the power the state has over our lives – to reduce the scope of its actions. We don't need another “reform party” that will inevitably become like all the others. We don't need any more parties. The party is over.

⁸¹ Jeremy Weiland, “Let the free market eat the rich”, in: *Markets, Not Capitalism*

⁸² Jeff Deist, *The Wrong Narrative in Charlottesville*, 13 August 2017, *Mises.org*

That does not mean we have to shun political action altogether. I am in favor of organizing action around specific political goals. I will give a number of examples below. I also believe in targeted political action at the local level, where power is more limited and accountability greater.

It should go without saying that I also don't advocate violent action, unless in self-defense. You cannot build a peaceful voluntary society on the basis of physical force. Naturally if a state employs open aggression against people, they have a right to defend themselves and fight back. And ultimately citizens will have to organize some form of physical force to defend themselves against aggression from without and within. But the primary aim should *be to decrease support for power among the population*, so that the state will really wither away this time.

Another strategic consideration: I believe we should focus not so much on what is wrong in the world, but on making things right. This means: not just pointing out what is wrong in our present political systems, but actively developing voluntary "friendly" societies, in word and deed.

If we can show attractive alternatives, we can overcome resistance and entrenched interests. The best way to fight power is to make it superfluous, to show it isn't needed and that we are better off without it. That way power does not have to be killed. It will fade away.

3. Actions for the friendly society

How can this translate into concrete actions? I have put down a number of practical suggestions how to bring the friendly society closer to reality. These are certainly not meant to be exhaustive (I am sure there are a lot of ideas out there that I have never thought of), much less intended as a political program or some kind of "blueprint" for actions. I am not even sure they will all work.

But I do believe they can move us in the right direction. That is what matters. *We don't need to abolish the state before we can take action to reduce the power of the state.* We can take steps now: organize around specific issues, or work for reforms. I am convinced that as people become more empowered, they will come up with countless ideas and initiatives to expand the scope of voluntary action and shrink that of state action.

Here are some of my ideas. I have arranged them in three categories: political reforms, creating free spaces and supporting social justice movements.

Political reforms

a) Draw up contracts with the state

Defenders of the national-democratic state often claim that government is based on a “contract” with the citizens, who consent to being ruled in return for being defended by the state. This “social contract” theory of government, although it has been defended by many thinkers, is obviously not true, in the sense that in reality no such contract exists and no citizen has ever signed one.

But why not make it true? Why not remedy this omission and propose contracts with the state?

If those in power claim their rule is based on consent, then they should have no objection to signing off on real contracts with citizens that specify what they are required to deliver as representatives of the people. Rather than election promises we will have enforceable contracts. Wouldn't that be an improvement?

b) Make state officials personally accountable for their actions

Politicians often say they “take responsibility” for government failures, which means at best that they may resign from their post. They will also claim they are “accountable” to the voters – by which they mean they can be voted out at the next elections.

But this is not genuine accountability. It's not the way citizens are held accountable if they, for example, waste money, or go broke, or don't pay their taxes.

If citizens can be prosecuted if they don't pay taxes, why can't government functionaries be prosecuted if they *waste* tax money?

One of the reasons why the state often functions so badly is precisely because its functionaries don't have skin in the game, as Nicholas Taleb puts it. Taleb observes that “Bureaucracy is a construction by which a person is conveniently separated from the consequences of his or her actions.”

“If you have the rewards”, he notes, “you must also get some of the risks, not let others pay the price of your mistakes. If you inflict risk on others, and they are harmed, you need to pay some price for it.”⁸³

According to legal scholar Tom W. Bell, historically, the U.S. Constitution “did not assume that sovereigns or their officials could escape ordinary civil liability.” But in 1821 the Supreme Court ruled, rather remarkably, “that the government could not be sued if it did not consent to be sued. ‘A sovereign independent State is not suable, except by its own consent’, wrote Chief Justice Marshall.”

According to Bell, this led to “a system of official accountability even less protective of individual rights vis-à-vis government than the English system the colonists had thrown off because it denied them those rights.”

⁸³ Nassim Nicholas Taleb, *Skin in the Game*, 2018

Subsequently, he notes, the privilege of immunity was expanded so that “today, tens of thousands of federal and state officials enjoy complete or partial immunity from ordinary civil processes. Judges ... extended their own immunity to a wide range of their fellow governmental employees, such as prosecutors and administrative functionaries engaging in quasi-judicial acts.... Courts have extended sovereign immunity to public bodies as small and diverse as school districts, airport corporations and wastewater management operations. ... Legislators, judges, and high-level executive officers enjoy absolute immunity from civil suit, exempting them even from allegations of unreasonable or malicious action.”⁸⁴

In other countries different legal situations apply, but I don't think there are many countries where politicians and state functionaries can be held personally liable for wasting money or other harmful actions.

I say let's remedy this historical mistake and make government functionaries liable for their actions just as ordinary citizens are.

c) Replace voting by rotation of politicians

The Belgian author David van Reybrouck has suggested that politicians should be appointed by lot, just like trial juries, a practice that he notes was common in ancient Greece.

This seems to me an excellent idea. It would rid us of the inevitable corruption involved in democratic politics.

I remember once watching a television debate prior to national elections in the Netherlands in which politicians had been replaced by ordinary citizens. It was great! The participants were actually looking for solutions, rather than votes. Such a relief.

d) Limit democratic politics to public matters and use direct voting

We should limit the scope of democratic politics to genuine public matters and preferably have these decided at the most decentralized level (the great Catholic principle of subsidiarity).

Examples of public matters are the use of land and public spaces, environmental protection, and, at this moment, organized crime, national defense and international treaties and relations. This list does not get much longer, as far as I'm concerned, although it should get shorter as the state withers away.

What is more, I suggest that in all these cases *we should substitute indirect voting as much as possible by direct voting*. Many issues that are now decided by parliament lend themselves

⁸⁴ Tom W. Bell, *Your Next Government?*, Cambridge University Press, 2018

very well to referenda. What could be more democratic? It would lead to much more involvement of citizens with the political process and resemble government by consent much more than the current processes.

e) Set term limits for civil servants

Why should some people have the right to live off taxpayers' money their whole lives, at very pleasant conditions, with stringent job protection and an inflation-guaranteed pension, when people in the private sector, who have to pay for all this, have no such luxuries?

Don't get me wrong. I am well aware that there are many nice, able and well-meaning civil servants who do the best they can in their job. But that's not the point. The point is that the work they do inevitably involves force. Their customers, the citizens, are not really customers, but subjects. That's simply the nature of government. This leads to all sorts of bad incentives and temptations for abuse. Civil servants are only human after all.

To reduce the temptations for abuse and ensure that the perks of civil service are distributed more fairly among taxpayers, why not restrict the time someone can work as civil servant and have a job rotating scheme that will give everybody the chance to do this kind of tax-supported work?

I think that would only be fair. It seems to me that anyone who claims to favor more equality or less inequality should be enthusiastic about this idea!

f) Abolish privileges of the well-to-do

If we genuinely want to create a good world for everyone by abolishing power, our actions should *first of all be aimed at eliminating the privileges of the powerful and well-to-do*, not at abolishing the handouts the poor are getting from the state.

Although I believe, as I have argued, that the state is making lower-income groups worse off, there is no denying that states currently do maintain a safety net for the poor. There are today elaborate structures of social and financial support for the poor, which are mostly organized by the state.

In voluntary societies this safety net will be supplied in various ways according to the customs and preferences of those societies, which I am convinced will work out better in the end than our current state-run structures. Nevertheless, *until new structures are in place*, and *until the economic benefits of a stateless society kick in*, it would be undesirable to abolish the current safety net.

We must cut bankers' bonuses first, abolish welfare last. *Justice must start at the top.*

Kevin Carson makes a useful distinction between two types of state intervention. One involves "the privileges, subsidies, and other structural bases of economic exploitation through the political system", which are "the organized political means to wealth, exercised

by and for a particular class of people". The second are "secondary interventions" which are intended to ameliorate the effects of the first.

He argues that the "strategic priorities of principled libertarians should be ... first to dismantle the fundamental, structural forms of state intervention, whose primary effect is to enable exploitation, and only then to dismantle the secondary, ameliorative forms of intervention that serve to make life bearable for the average person living under a system of state enabled exploitation. As blogger Jim Henley put it, remove the shackles before the crutches."⁸⁵

An example of my own of such secondary interventions can be seen in the housing market. City councils often take measures to protect low-income households from the effects of rising house prices, e.g. reserving part of the housing stock for social housing projects or forbidding "speculation" in real estate.

Such measures may be in violation of free-market principles, but the point is that the housing market is not a free market. One important reason house prices are skyrocketing in cities all over the world are the inflationary monetary policies by central banks. These lead to large amounts of cheap money getting into the hands of privileged groups such as bankers, financial speculators, big corporate borrowers, senior state functionaries and other people subsidized by the state.⁸⁶ Since interest rates are held very low by central banks, these people invest a lot of this money into real estate, driving up prices for everybody.

Other reasons for high housing prices and housing shortages, such as zoning restrictions which keep supply low and the continual rise in regulatory costs, are also caused by government interventions.⁸⁷

To fight the distortions in the housing market, we should *start* by putting an end to the criminal monetary policies of our financial authorities, and getting rid of other government interventions, not by eliminating social housing.

As this example shows, the privileges of the well-to-do are not always obvious. What many people regard as the outcome of market processes (huge amounts of money getting into the hands of people in high places), is more often than not the result of state interventions.

As the libertarian author Butler Shaffer writes: "In this era of big government, concentration [i.e. Big Business] is often the result of unwise, manmade, discriminatory, privilege-creating governmental action. Defense contracts, R&D support, patent policy, tax privileges, stockpiling arrangements, tariffs and quotas, subsidies, etc., have far from a

⁸⁵ Kevin Carson, *In: Markets, Not Capitalism*

⁸⁶ See for example, Josh Ryan-Collins, Toby Lloyd and Laurie Macfarlane, "Rethinking the Economics of Land and Housing", 2017; in particular chapter 6.

⁸⁷ See Dan Mitchell, "How Government Intervention Makes Housing More Expensive", 7 January 2020, *Townhall Finance*

neutral effect on our industrial structure. In all these institutional arrangements, government plays a crucial, if not decisive, role.”⁸⁸

One intriguing example of corporate privilege may be the legal construction of the corporation itself. Legal scholar Frank van Dun regards the corporation as a dubious construct: “Corporations benefit from an arsenal of privileges, such as fiat entity status, personhood and limited liability, which serve to set the rules of the market on terms favorable to corporate investors and managers.”

These legal privileges, notes Van Dun, allow investors “to hire managers who have a legal mandate to pursue profits while maintaining a distance from the way the profits are pursued. Highly capitalized firms, who by their sheer size wield far more potential for harm than any single individual, essentially obfuscate the way decisions are made so that if third parties to the stockholder-manager relationship are harmed, stockholders cannot lose more than their investment. The imbalance of responsibility this enables cannot be underestimated, for it goes to the very heart of corporate economic behavior.”⁸⁹

And there are many more examples of “rich privilege” which should be fought, such as our maddeningly complex tax systems, which can only be fully understood by specialists, or subsidies for art and the media which go to people who are perfectly able to take care of themselves.

It would be interesting to compile a detailed list of privileges enjoyed by the “upper classes” in our society. We could then start actions to abolish these one by one, perhaps as part of a coordinated campaign.

g) Get rid of economic barriers for the underprivileged

The converse of getting rid of privileges of “the rich” is abolishing rules that hinder “the poor”, such as various entry barriers and licensing requirements. As Charles W. Johnson writes, “Beyond the government-created black market, there are also countless jobs that could be done above ground, but from which the poor are systematically shut out by arbitrary regulation and licensure requirements.” He mentions activities like braiding hair or selling food on the sidewalk, which require permits that the poor cannot afford.⁹⁰

According to Kevin Carson, “The *minimum* list of demands of left-libertarianism should include abolition of all artificial property rights, artificial scarcities, monopolies, entry barriers, regulatory cartels and subsidies, by which virtually the entire Fortune 500 gets the bulk of its profits. It should include an end to all absentee title to vacant and unimproved land, all ‘intellectual property’ monopolies, and all restrictions on free competition in the

⁸⁸ Butler Shaffer, *A Libertarian Critique of Intellectual Property*, 2014

⁸⁹ Frank van Dun, *Is the Corporation a Free-Market Institution?*, *Ideas on Liberty*, March 2003

⁹⁰ Charles W. Johnson, “Scratching By: How the Government Creates Poverty as we Know it”, in: *Markets, not Capitalism*

issue of money and credit or on the free adoption of any and all media of exchange chosen by the parties to a transaction.”

He also calls for “an end to all artificial barriers to self-employment, home-based enterprise, and vernacular or self-built housing and other means of low-cost subsistence — that includes licensing and zoning laws or safety codes. And it should include an end to all legal restrictions on the right of labor to organize and to withhold its services under any and all circumstances or to engage in boycotts, and an end to all legal privileges that give certified union establishments the right to restrict wildcatting and other direct action by their rank-and-file.”⁹¹

h) Abolish victimless crimes

Criminalizing undesirable behavior is an important way in which our rulers justify their ever-growing powers. The war on drugs is an obvious example. It gives state agencies the legal means to imprison people that they regard as a nuisance, and it ensures them of huge resources and powers to control the population.

The prohibition on drugs also sets a dangerous precedent. If the state can forbid activities because they are “bad” for people, this gives it a justification for all sorts of prohibitions and interventions in people’s lifestyles.

It has already become almost a crime for people to smoke, even in places where smokers get together voluntarily. The state puts huge taxes on cigarettes in most countries. You could argue smoking isn’t good for anything, and personally I agree, but for some people the benefits apparently outweigh the damage. Stupid perhaps but if they can’t make that decision for themselves – and are even regarded as helpless addicts – then this opens the way for those in power to treat all people as potentially incompetent to make their own choices.

If the state and sundry do-gooders are able to order us not to smoke or use drugs, there is no reason why they can’t also prescribe what people should eat and drink, what clothes they can wear, what kind of sexual activities they are allowed to engage in, how they should spend their spare time, what books they can read, what sort of people they are allowed to associate with, what they should learn in school.

This is already happening. For example, many democratic states prohibit activities like prostitution, “hate speech”, consumption of alcoholic beverages by people under 21, the wearing of headscarves, and so on, all activities do not involve any force against other people.

The fact that these prohibitions exist in so-called free democratic countries is great news for dictatorial rulers in other states, e.g. Russia, China and Islamic countries, who can use them as a justification for the rules they impose on their own subjects.

⁹¹ Kevin A. Carson, *What is Left-Libertarianism*, Center for a Stateless Society, 15 June 2014

i) Limit intellectual property rights

Intellectual property (IP) rights are far from a “technical” legal issue. They have a large impact on economic relations between people across the globe and are an important barrier to innovation, competition, economic growth and personal freedom.

Many people probably regard IP rights as no more than a fair reward for a creator’s or inventor’s hard work. They could be that, but it’s not what they were originally intended for and it’s not what they primarily do today.

As Roderick T. Long points out, both patents and copyrights were originally “grants of monopoly privilege pure and simple. ... Intellectual property rights had their origin in governmental privilege and governmental protectionism, not in any zeal to protect the rights of creators to the fruits of their efforts. And the abolition of patents was one of the rallying cries of the 17th-century Levellers (arguably the first libertarians).”⁹²

It is largely forgotten today, but the legitimacy of IP rights was hotly debated over several centuries by some of the greatest minds in western history, including the likes of Immanuel Kant, John Stuart Mill, Benjamin Franklin, Thomas Jefferson and Adam Smith.⁹³

Jefferson was one of the thinkers who came out against IP rights. He wrote: “If nature has made any one thing less susceptible than all others of exclusive property, it is ... an idea, which an individual may exclusively possess as long as he keeps it to himself; but the moment it is divulged, it forces itself into the possession of every one, and the receiver cannot dispossess himself of it.”⁹⁴

The main philosophical problem with IP rights, as Jefferson suggests, is that they allow some people to limit other people’s free use of their body and mind. They prohibit people from imitating others, which is a violation of their self-ownership rights.

We all learn by imitation. Inventors too base their inventions on what they have learned from others. If the state can forbid or limit imitation, it gives rulers a powerful instrument to regulate people’s behavior.

Imagine you are a farmer in Europe in the Middle Ages. You see your neighbor use a horse-drawn plow. You decide to follow his example and make a horse-drawn plow yourself. Should you then be forced to pay your neighbor for his idea? That’s ludicrous. You didn’t take anything from him and he surely used some ideas he got from others to make his plow. Yet today your neighbor would be able to patent his design and prevent you from copying it.

⁹² Roderick T. Long, “The Libertarian Case against Intellectual Property Rights”, In: *Markets, not Capitalism*, p. 188

⁹³ See for example Fritz Machlup, Edith Penrose, “The Patent Controversy in the 19th Century”, *The Journal of Economic History*, vol. 10, no. 1, May 1950, pp. 1-29, Johns Hopkins University.

⁹⁴ Quoted in Wendy McElroy, “Contra Copyright, Again”, *Libertarian Papers*, vol. 3, art 12, 2011

Don't we need IP rights to "stimulate innovation"? Many studies have been done to find out whether IP rights stimulate innovation, but there does not appear to be much evidence that they do.⁹⁵

On the contrary, there are reasons to believe that IP rights hinder rather than help innovation, certainly IP rights as they have evolved today. The U.S. and European governments originally awarded patents and copyrights for only very limited periods and purposes, but they kept expanding those in the course of time, under the influence of powerful lobbies, who used them to try to gain economic advantages.

Kevin Carson gives a number of examples of how property rights were used by industries to create monopolies and cartels. This happened in the electrical industry, the steel sector, aviation, and the telephone industry in the U.S. The concentration in those industries (e.g. the dominant position of big corporations like AT&T, GE and Westinghouse) was a direct result of their victories in patent lawsuits. Interestingly, automobile manufacturers also tried to block Henry Ford with patent law suits, but failed in the end.⁹⁶

Another example of how intellectual property (in this case copyright) benefits Big Business concerns the Sonny Bono Copyright Term Extension Act of 1998 (CTEA), which increased copyright terms retroactively to cover the life of an author plus 70 years. Originally, under the U.S. Constitution, authors were granted just 7 years of copyright – during their lifetime, that is.

As Jacob H. Huebert writes, "Did this extension (the CTEA) create additional incentives for writers, musicians, and filmmakers to produce more? Of course not. What difference does it make to an artist if you extend his or her copyright protection for some number of years long after they're dead? ... Copyright extension doesn't benefit artists; instead, it benefits big media companies that own really old properties and don't want to lose them to the public domain."

One of the big beneficiaries of CTEA, notes Huebert, is the Disney company, one of the biggest campaign donors in the U.S., which lobbied hard for this law. The reason: if the copyright term had not been extended, the company's rights to the 1928 movie *Steamboat Willie* would have run out. In this movie the character of Mickey Mouse makes his first appearance. You can see what a difference that makes to Disney – a company which has never hesitated to use the characters in fairytales invented by authors in the past.⁹⁷

Huebert points out that the costs to society of this extension of copyrights are larger than we may think: "There is no 'cultural commons' for creative people anymore to draw from, as Shakespeare did — and as Disney did when it made movies out of stories in the public

⁹⁵ See e.g. Julio H. Cole, "Patents and Copyrights: Do the Benefits Exceed the Costs?", *Journal of Libertarian Studies*, vol. 15, no. 4, fall 2001; and: Michele Boldrin and David K. Levine, *Against Intellectual Monopoly*. New York: Cambridge University Press, 2008

⁹⁶ Kevin A. Carson, *How Intellectual Property Impedes Competition*, In: *Markets, not Capitalism*

⁹⁷ Jacob H. Huebert, "The Fight Against Intellectual Property", in: *Libertarianism Today*, 2010

domain such as Snow White and the Seven Dwarfs, Pinocchio, and Sleeping Beauty. Countless thousands of books, recordings, and software titles go out of print and remain out of print because the rights holders can't be found, refuse to take advantage of their rights, or refuse to release their rights. We are all poorer as a result.”

In industry patent protection has also become a hindrance to progress. Brink Lindsey and Steven Teles note that since 1982, when “the newly established Court of Appeals for the Federal Circuit (CAFC) was vested with exclusive appellate jurisdiction over patent cases ... the number of patents issued annually... increased fivefold ...” The authors note that “most patent infringement suits are now brought by firms that make no products at all and whose chief activity is to prevent other companies from making products. A 2012 study found that the direct costs of defending patent troll suits (in effect, fake suits) ... came to \$29 billion in 2011.”⁹⁸

This does not mean that there are no ways in which creators or inventors could enjoy benefits from their work. As Butler Shaffer notes, in the past the common law offered various ways of doing this, mostly by means of contracts.⁹⁹ Current IP legislation, however, has become a tool of governments and corporate interests to extract rents and control the free flow of information.

j) Abolish central banking

There is probably no more important task than to dismantle the monetary system our states have created. In addition to their military power, it is through their financial power that they are able to rule the world.

I don't have a legal background, but I wonder if there aren't ways to prosecute the current crop of central bankers for the way in which they are eroding the value of our currencies. Our money is our most important form of property, yet it is being taken away from us, not in one fell swoop, but bit by bit, in a steady trickle, by the central bankers who keep creating more and more money, even if they compel us to accept their monopoly money as “legal tender” and to pay taxes with it. If this isn't organized crime, then what is?

k) Anything else that reduces the power of the state

Obviously any other measure that reduces the power of the state is good too. Let's start campaigns to liberate education and health care. Let's abolish that political-bureaucratic monstrosity, the EU. Eliminate all subsidies – and all taxes. And so on.

Creating free spaces

⁹⁸ Brink Lindsey and Steven M. Teles, “The Captured Economy – How the Powerful Enrich Themselves, Slow Down Growth and Increase Inequality”, 2017

⁹⁹ Butler Shaffer, *A Libertarian Critique of Intellectual Property*, 2014

In addition to reforming current political structures, what could be done to fight power is to create “free spaces” where people are free to act without interference from the state. Such places would exist inside states, and thus still be indirectly controlled by the state, but they could nevertheless serve as inspiration and model for true voluntary societies.

Here are some examples.

a) Voluntary cooperation

If we are serious about getting rid of power, and of the state, then we should start taking life in our own hands. That is to say, we should try to do, together, what the state is now doing for us. That way we will be able to show that we don't need the state to take care of us, or to meddle in our lives, and that indeed things will be much better if it doesn't.

There are plenty of voluntary initiatives that could be taken, many of which already exist in some form, but could be expanded. Think of:

- homeowners associations
- building societies
- mutual protection agencies
- mutual insurance groups
- workers collectives
- artist collectives
- healthcare cooperatives
- educational associations
- alternative money schemes
- consumer and producer cooperatives
- mutual social security schemes

Through such cooperative schemes, people could take care of things that the state is now (partly) taking care of: building houses, policing, quality control, unemployment benefits, sickness benefits, stipends, pensions, money, healthcare services, legal services, education.

To make such initiatives work it will be necessary in most cases to demand an opt-out from the forced state-controlled system. If people have to pay taxes for state-provided education, for example, then most won't be able to afford to take part in voluntary educational programs. These would then only be open to the wealthy, which is exactly the problem today with many private schemes.

This would require political action, but with a clearly circumscribed aim: to get the state to make room for voluntary initiatives. One intermediate solution in some cases could be a system of credits, where taxpayers would get for example educational credits, or other types of credits, which they could spend on private schemes.

To see how such voluntary initiatives could work, take the example of policing services. These could be delivered by citizen groups, or citizens could contract them out, for example to insurance companies or other specialized companies. As Hans-Hermann Hoppe notes, right now, if your property gets stolen and you report it to the police, chances that they will retrieve it are next to nothing. One reason is that the police don't have an incentive to get back your property. If instead the police work was done by an insurance company, the result would likely be very different. Such a company would have a direct incentive to get back the property, since that would reduce the damages they otherwise have to pay.¹⁰⁰

b) Free economic zones

The huge growth of the Chinese economy in the last few decades owes a lot to the hundreds of free enterprise zones the Chinese government established. If China can boost its economy that way, why couldn't western countries set up zones where people can experiment with systems free from state intervention? God knows they need it too, especially for example South European and East European countries.

Why not ask the government in your country for permission to set up a "free education zone" or a "free healthcare zone" in a region that can use an economic boost or in a place where there is popular support for such an experiment? Or indeed a low-tax zone. That way it would become clear for all to see which works better – a state-controlled system or a voluntary system.

If the free system turns out to be a mess, then the state interventionists have won the debate. If, as in China, the free system gives a tremendous boost to education or health care, there is no good reason not to carry it out nationwide. We all win.

If the government is afraid to go along with such a scheme, wouldn't that be proof that their systems are not there for the people but only to benefit vested interests?

c) Free cities

Another initiative could be to set up "free cities".

This was already proposed by the Belgian thinker Gustave de Molinari in the 19th Century. Molinari wrote that "entire villages, suburbs or quartiers could be built and owned by private bodies, thus permitting competition in the provision of 'public goods', such as lighting, roads, public works, sanitation, etc. Molinari envisaged far-sighted entrepreneurs who would purchase property in an area in which they thought people would want to live... This proprietary company would also provide well-paved and lit roads, drainage, water, public transport, gas and electricity ... and security of property and person ..." ¹⁰¹

¹⁰⁰ Hans-Hermann Hoppe, "The Economics of World Government", 11 March 2013 (orig. publ. 2011), Mises.org

¹⁰¹ David M. Hart, "Gustave de Molinari and the anti-Statist Liberal Tradition", part 2, *Journal of Libertarian Studies*, Vol. 5, no. 4, 1981

Such initiatives are now actually being pursued, for instance by the German entrepreneur Titus Gebel with his initiative Free Private Cities. Gebel is trying to build a Free Private City in Central America.

Gebel is also promoting the idea of Free Private Cities for migrants and refugees to be run by private institutions. What a great idea to tackle the immigration and refugee problems in the world and give desperate refugees a chance to create a new life for themselves.

Private cities do not have to be owned by companies of course. They could also be owned by foundations or charitable institutions. Another model would be a cooperative or “public” company in which all the city’s residents are shareholders. Tom W. Bell argues that cities should be owned by the citizens as shared communities.

According to Bell, “cooperative residential corporations (co-ops) probably offer the best starting point for designing an entity customized for the needs of a private city. In co-ops, residents own shares of the corporation that owns the residences they lease.”¹⁰²

d) Smaller states

As another intermediate step towards voluntary societies, large states could be broken up into smaller ones.

What we should aim for, as Murray Rothbard put it, is that “every group, every nationality, should be allowed to secede from any nation-state and to join any other nation-state that agrees to have it. That simple reform would go a long way toward establishing nations by consent.”¹⁰³

Small states are still states of course, but they are better than big ones, and many states are better than few. This is because the smaller the political unit, the better citizens are able to hold their rulers accountable. And the more units there are, the more competition there is between them, which gives rulers an incentive for good governance. For example, they could not raise taxes too high, or their citizens would move to another state.

Rothbard observed that when you have a large number of small units, the more likely it is that this will lead to free trade, peaceful relations and sound money: “... the greater the number of new nations, and the smaller the size of each, the better. For it would be far more difficult to sow the illusion of self-sufficiency if the slogan were “Buy North Dakotan” or even “Buy 56th Street” than it now is to convince the public to “Buy American.” Similarly, “Down with South Dakota” ... would be a more difficult sell than spreading fear or hatred of the Japanese. Similarly, the absurdities and the unfortunate consequences of fiat paper money would be far more evident if each province or each neighborhood or street block

¹⁰² Tom W. Bell, *Your Next Government – From the Nation State to Stateless Nations*, Cambridge University Press, 2018

¹⁰³ Murray Rothbard, “Nations by Consent”, *Journal of Libertarian Studies*, vol. 11, number 1 (1994)

were to print its own currency. A more decentralized world would be far more likely to turn to sound market commodities, such as gold or silver, for its money.”

Supporting social justice movements

a) Be part of the peace movement

As I am writing this, there is a short news item on page 16 of my newspaper which says that an American drone attack killed “at least” 30 civilians in Afghanistan – “farmers who just finished harvesting pine nuts and were about to rest from their work”.

This is the state in action. If a terrorist killed 30 people in the U.S., we would never hear the end of it and the American government would no doubt kill a couple of thousand people in revenge. But when the state kills, especially a democratic state that belongs to the “free world”, no one seems to care. (What helps in this case is that the victims are Afghans, i.e. second-rate people, not real individuals like us.)

If we want to create a better world for everyone, without power, it is vital that we fight relentlessly against war, militarism and the military-industrial complex. And not just in the U.S., but everywhere.

There is no more important instrument by which rulers justify their rule and are able to increase their powers than through war and militarism. War allows our rulers to confiscate our resources, control the economy, inflate the money supply, limit our freedom of speech and suspend other freedoms.

As the “leftist” author Randolph Bourne put it back in 1918: “War is the health of the State.”

Bourne observed that war “automatically sets in motion throughout society those irresistible forces for uniformity, for passionate cooperation with the Government in coercing into obedience the minority groups and individuals which lack the larger herd sense.... War — or at least modern war waged by a democratic republic against a powerful enemy — seems to achieve for a nation almost all that the most inflamed political idealist could desire.... In a nation at war, every citizen identifies himself with the whole, and feels immensely strengthened in that identification.... At war, the individual becomes almost identical with his society. He achieves a superb self-assurance, an intuition of the rightness of all his ideas and emotions, so that in the suppression of opponents or heretics he is invincibly strong; he feels behind him all the power of the collective community....”

As Bourne suggests, the kind of “unity” and “solidarity” that the state engenders needs an external enemy to flourish. It ultimately leads to the trampling of all compassion and human rights.

In the United States, the military-industrial-intelligence complex has become a mortal threat to freedom and justice. The U.S. has been more or less functioning on a permanent war footing since the end of World War Two. It has troops and bases in over 100 countries.

Its economic growth is tied up with military spending and exports. Congress is controlled by military-industrial corporations which have cleverly spread their factories across the 50 states. Universities and R&D departments are financed by military interests. They are developing ever more sophisticated and destructive weapons. The U.S. has at least 17 separate intelligence agencies spying on its population and on the rest of the world.

The U.S. war economy not only leads to a concentration of power domestically, it also sows death and destruction across the world, literally killing hundreds of thousands of innocent people, and supporting tyrants and dictators, who, in return for their own ill-gotten gains extorted from their populations, receive the weapons they need to continue to repress and extort their own people.

There can be no higher priority than to stop this killing machine. A world without power is a world in which force is only employed in self-defense, when there are no other options left. Any other course of action will perpetuate power and inequality.

b) Land reform

Land reforms can also be a way of getting closer to voluntary societies.

What such reforms should look like exactly depends on local conditions and history. In most countries the abolition of serfdom or slavery was not accompanied by compensation of the serfs and slaves, who should have become the owners of the land they worked on. When the British empire put an end to slavery, it was the landowners, not the slaves, who were compensated by the British state!

Today land often still belongs to the descendants of slave owners or others who did not acquire their land in a legitimate manner, such as the descendants of the nobility. These situations should be investigated and wherever possible repaired in a reasonable manner. (See also chapter 5 for some practical suggestions about this.)

This is not only true in “developing countries”. As Kevin Carson writes: “Where robbery or injustice have been done, we take an unflinching stand for full rectification. Wherever ownership of land by neo-feudal elites persists, it should be treated as the rightful property of those whose ancestors have worked and used it. Peasants evicted from land to raise cash crops for Cargill and ADM should be restored to them. Haciendas in Latin America should be opened up for immediate homesteading by landless peasants. The title to vacant and unimproved land in the United States and other settler societies that has been enclosed and held out of use by absentee landlords should be voided. In cases where land originally claimed under such an illegitimate title is currently worked or inhabited by tenants or mortgage-payers, full title should be immediately transferred to them. Corporate title to mines, forests and oilfields obtained through colonial robbery should be voided out.”¹⁰⁴

¹⁰⁴ Kevin A. Carson, *What is Left-Libertarianism*, Center for a Stateless Society, 15 June 2014

I am not sure whether all the examples Carson mentions are instances of injustice, but he is surely right that all current landownership arrangements (both in “developing” and in “developed” countries) should be subject to legal scrutiny, if we want to have a world where justice reigns.

Clearly any kind of scrutiny should be scrupulously fair. It should not be a way to extort money from the wealthy just because they are wealthy. We should also acknowledge that not all situations lend themselves to black or white verdicts. In many cases it is far from clear whether or not gains are ill-gotten. To retroactively annul all government contracts and subsidies is a bridge too far. But that does not have to keep us from repairing particularly egregious injustices. It is surely vital to achieve a just distribution of land and property if we want to create a good world for all peaceful people.

c) Reform the United Nations

Whatever ideals the United Nations may have as an organization, ultimately it is an organization for and by states, committed to the defense of the present world order.

No organization in history has hosted so many ruthless dictators and corrupt autocrats as the UN. The UN must be abolished and replaced by an organization of and for voluntary societies – a United Societies.

4. Famous last words

These are some concrete actions I can think of to make the world a better place for everyone. I am sure there are others and I would love to hear your suggestions.

But to achieve permanent success, I believe we must above all spread the idea that everyone has a right to freedom of government. That no person is born to be a servant of the state they happen to live in, that there do not need to be servants and rulers, that all people should have equal rights.

Notice that states, in spite of their mutual enmity, display a basic solidarity with each other. They all accept that they are in principle not supposed to interfere in each other’s “internal affairs”. They may criticize and fight each other, they will hardly ever challenge each other’s “sovereign status”. They know that if the “sovereignty” of one state can be challenged, they can all be challenged.

But this is precisely what we should be doing: challenging the notion that there is such a thing as a “sovereign state” – in other words, that the state is above the law. It is the single most important idea we should fight.

What a global movement for voluntary societies should be based on, I believe, is a long-term vision, one that can be transmitted from one generation to the next. This vision should be one above all of peace and toleration.

I know this is not saying anything new. Peace has been the message of all great men and women who have lived. What I think is not always recognized is that peace is not just the absence of military conflict. It is the absence of power.

I am sure some people will argue that the fact that states have ruled much of the world for many centuries now is proof that we can't do without them.

But states in their present form have not always existed everywhere. More importantly, human history is not that long.

For most of history, resources have been scarce, productivity low, poverty endemic. In this context states arose not to protect people, but as means by which small ruling elites managed to live off the labor of most of the rest of the people. All states in the past were founded on slavery, forced labor, conquest and war.

Today, however, thanks to the industrial revolution and technological progress, we have solved the problem of poverty, in the sense that people now have the know-how and the means at their disposal to create enough wealth to sustain their lives without reducing some people to slaves. We have discovered that through the division of labor and the exchange of goods and ideas, we can benefit from our relations with other productive people in the world, even if they live in faraway places. We know now that we don't need to fight others for our survival. On the contrary, we need for others to prosper so we can prosper too!

This means we do not need Statesmen or Warriors or Great Leaders anymore to "protect" us or to conquer lands to enrich us. They were probably never very useful, except to their own followers, but now they have definitely become obsolete. They only stand in our way.

Not everyone realizes this as yet. Political leaders keep telling us we can't do without them. They pretend to protect our wealth against "rivalling" nations, they claim they need to "manage" our money supply to "stimulate" the economy, they claim they are needed to help the poor and the disadvantaged. They erect barriers – legal or physical – so that they can pose as our protectors. They put people up against each other, so there will be an enemy that will make them appear as saviors. They launch wars, because wars give them more power.

And many people are still duped by this propaganda. They see other peoples as enemies and their states as protectors. They believe life is a struggle for survival against others. They believe the state is there to help them and they blame freedom for their problems. They don't see how states destroy wealth, strangle growth and poison relations between people.

Yet there are also many people who are beginning to see through the lies. They are beginning to realize that their governments are only there for themselves, not for us. They are beginning to see that wealth is not a zero-sum game, that we can all grow wealthier together, not through war and conquest, but through specialization and peaceful trade.

They are beginning to see that people with different skin color, who speak different languages or have different gods, are not inferior, evil or threatening people.

They are beginning to see the ways in which states are leeching off them and to demand that the state confine itself to protecting everyone's rights or else be gone.

They are beginning to see that they don't exist for the sake of the state, that their lives are not small change for the glory of some ruler, that they are not destined to be cogs in a machine run by autocrats and bureaucrats that are somehow superior to them.

I believe there is a sense in almost every human being that they are not inferior to other people. That they *own* themselves. Who accepts that he is meant to be a slave?

For many centuries, the powerless were unable to translate that conviction into reality, although they regularly tried. They lacked the knowledge and the means to throw off the yoke of their rulers.

But conditions have changed. The invention of the printing press helped to spread knowledge among ever larger numbers of people. Modern communication technologies have speeded up this process. Any community can find on the internet what used to be the preserve of the mighty: rules of law, medical knowledge, scientific knowledge. Technological progress means that every person or community can produce its own energy and create its own industries.

Our rulers were not ordained to rule us. We don't need them and their decrees and their regulations and their taxes and their wars.

We have a choice. We can follow down the path our rulers – of the United States, China, Russia and all those other great and small powers – are leading us on: more weapons, walls, rules, debts, taxes, bribes, refugees – bigger government bureaucracies, more military parades, mightier state-supported corporations, more ruthless extraction of natural resources.

If we do this, I think we will continue to see economic stagnation, a chaos of clashes between states, and our tremendous technological potential used mainly for the purposes of repression and destruction. Maybe even a nuclear war.

Or we can take our lives into our own hands, break down our state machines and build structures that are more attuned to how, I believe, most ordinary human beings prefer to live. Not in Great Empires or Utopias, but in smaller societies with like-minded people following freely accepted rules, in friendly competition with other societies perhaps, as in sports games, but above all in harmony with other friendly societies.

If we do this, our societies will be transformed in ways no one yet can foresee. People may create "market societies", where there are businesses, employers and employees. Or economic relations could "rapidly morph into something libertarians would find completely

unrecognizable and would soon not resemble anything we are used to thinking of as a ‘market’ at all”, as David Graeber imagines.¹⁰⁵ Or both could happen.

But I don’t think ordinary life would radically change for most people. On the contrary, they would do mostly what they are doing today. Millions, billions of people around the world, including many who work for governments, are trying every day to create better lives for themselves, their loved ones and their communities. They would continue to do so in the friendly societies of the future – trying to do what they believe is right, but without being harassed and extorted by state functionaries.

We are not so far removed from a world without power. It already exists wherever people come together to interact peacefully. It would only take one or two generations, and one or two right turns, to make it universal and permanent.

Karel Beckman, Amsterdam, 21 January 2020

¹⁰⁵ Kevin Carson, “David Graeber’s Anarchist Thought: A Survey”, in: *The Anatomy of Escape – A Defense of the Commons*, Center for a Stateless Society, 2019