

**Stefán Snævarr:**

## **LIBERTARIANISM AND CAPITALISM**

*A Note on William Irwin's Book **The Free Market Existentialist***

The young philosopher William Irwin is best known as the instigator of the book series Philosophy and Popular Culture. He has also made some interesting contributions to the philosophy of art, and quite recently, political philosophy. The fruits of the last named endeavor can be found in his latest book, *The Free Market Existentialism. Capitalism Without Consumerism* (hereafter referred to as Irwin (2015)). He tries to show that free market libertarianism and Jean-Paul Sartre's early existentialism are compatible (Irwin (2015): 62-86 and elsewhere). Sartre and the libertarians have in common fierce individualism, both stress the freedom and the responsibility of the individual. The existentialists tell us that we are in a sense free; we certainly cannot fly, but nothing prohibits us from deciding to try to fly. If imprisoned, we can choose to ignore the walls of the prison and simply accept our imprisonment. Then the walls do not curtail our freedom anymore. More importantly, we can choose to live in an authentic manner, accept that we are condemned to be free, not excusing our behaviour on the ground we are just playthings of genes and environment. Living in an inauthentic manner means doing the opposite, excusing our behaviour by saying that our will is not free. Then we live in bad faith (fr. *mauvaise foi*) (Sartre (1956), (Irwin (2015): 10-32).

Sartre also maintained that values are the subjective creation of the individual and Irwin concurs; there is no such thing as moral facts, he says (Sartre (1996), Irwin (2015): 89-131). The individual chooses freely between values and is responsible for his choices, just like an actor in a free market must choose between options and must shoulder the responsibility of his choice; the state cannot and should not unburden him. So existentialism and free market libertarianism can fit each other, Irwin states.

Irwin forcefully argues in favour of the contention that Sartre's marriage of existentialism to Marxism was bound to become a *mésalliance* (Irwin (2015): 33-61). He adds that existentialism can help capitalism get rid of its tendency towards consumerism; the existentialist strives for authenticity and is therefore aware of the lures of marketing, peer pressure to consume and so on. He or she can try to rid him- or herself of external influences like the pressure of public opinion or the power of advertisement (Irwin (2015): 71-78).

Irwin takes on quite a number of issues in this short book of only 180 pages. He discusses evolutionary theory briefly, mentions some ontological issues and devotes large chunks of the book to the defense of free market libertarianism and moral subjectivism.

In this article, I will discuss Irwin's defense of free market capitalism and try show that it is fundamentally mistaken. I will start by critically evaluating Irwin's state-of-nature-argument in favour of the free market and the minimal state. I will introduce my theory of the paradoxes of self-ownership. Then I will turn to the question of whether there can be such a thing as a free market and introduce my theory about the contradictions, inherent in privatization and the free market. After that, I will discuss the question whether free markets create more prosperity than mixed economies. At last, I will turn my gaze to the question whether libertarians are biased in favour of the rich.

### **State of Nature, Justice and Property**

Irwin uses a state of nature thought experiment to vindicate his libertarianism. He assumes without argument that such thought experiments can throw light upon such issues as those of private property. He also assumes without argument that individuals can exist in the state of nature and that they will be guided by enlightened self-interest. As a moral anti-realist, he does not think there are any natural rights. Prudential decisions and arguments are the only games in town. He tries to show that it would be prudential for individual actors in the state of nature, who are guided by enlightened self-interest, to accept a free market system with only a minimal state. Because of his moral anti-realism, he argues that in the state of nature, we have only property claims, no property rights (rights are created by contracts). While admitting that historically many groups of people did not make any claim to self-ownership, he says as follows: "Claiming self-ownership is an important first step on the road to contracting for self-ownership and for other property rights" (Irwin (2015): 135). It is prudential for people to accept this because nobody wants to be enslaved and most people find slavery abhorrent. In order to diminish the danger of war and enslavement, people in the state of nature would be inclined to contract for self-ownership. The role of the state would solely be to defend these rights.

The argument for self-ownership has some of its most important roots in Robert Nozick's arguments in favour of a minimal state and in his entitlement theory of justice. Irwin so to speak "translates" most of Nozick's Kantian arguments into the idiom of moral anti-realism. According to Nozick, a person is entitled to holdings (income/resources/possessions), which

she or he has acquired without the use of force. If a person in the state of nature takes possession of a piece of land nobody has claimed to possess, he or she is entitled to this piece of land. It has become his or her rightful property according to the rule of the original acquisition of holdings, provided that his or her acquisition does not lead to the worsening of the conditions of those who did not acquire the holding in question <sup>1</sup>(Nozick (1974): 178-182). According to the rule of the transfer of holdings, transfer of holding H from person A to person B is justifiable if A has acquired H in accordance to the rule of the original acquisition and if B has not used force to acquire H. The third rule is the rule of the rectification of injustice in holdings. Its role is to rectify the injustice of the past. Let us assume that A inherits land from her mother M, not knowing that M was a gangster, who used the money she stole to buy the land. Then A sells land to B without any apparent force being used by either A or B. Nevertheless, B is not entitled to the land because its acquisition was based upon the use of force. This must be rectified in such a manner that A and B must somehow pay back the sum M stole.

In light of this, Nozick rejects distributive justice and Irwin concurs. Nozick makes the following thought experiment to vindicate his rejection: Let us assume that thousands of people pay to see Wilt Chamberlain, the famous basketball player, in action. They do it in such a way that they put part of the admission money into a box, which is labeled “Wilt Chamberlain”. They know that Chamberlain will pocket the money. Nobody is forced to pay; people attend the basketball game and put money in the box out of their own, free will. Due to this, we have a new distribution of income where Chamberlain has become extremely rich, much richer than most people. This new, uneven distribution of income is in accordance with the three principles and is therefore just. Government attempts to redistribute Chamberlain’s new wealth is therefore bound to be unjust (Nozick (1974): 160-164) (Irwin (2015): 144)

These are complex arguments; I choose to respond to them in sections a) to f):

- a) How fruitful is the thought experiment of the state of nature? Living in the state of nature means that people have no social bonds to anybody and then they go on to establish a society together. However, they could hardly form a society without promising one another not to violate certain rules. Promises cannot be meaningful unless there already is a consensus that promises should be kept and the consensus implies some kind of a society, a commonality of those who agree that promises should be kept.<sup>2</sup>

b) The individual. Irwin neither does argue in favour of the existence of the individual nor does he define the concept of an individual. He just seems to assume that the individual exists and is the core element of the human world, even that society solely is an association of individuals. But historically, most people have been collectivists; they have regarded themselves, not primarily as individuals, rather as parts of some society (see for instance Siedentop (2014): 7-47). Are the intuitions of these collectivists less reliable than those of the individualist Irwin? The onus is on him.

Let us put forth a tentative, rather superficial, definition of the concept of an individual: “An individual consists of a bounded human body, that typically exists for several years, and is endowed with a given self, which typically does not change radically for the span of some years” (whether the self ultimately is of material nature I would not say). However, American philosopher Dennett maintains that there is no real self, only lots of small agents in the brain competing for attention (See for instance Dennett (1992): 275-288). If this is true, then the individual is in some sense an illusion or even just a society of brain agents, making society just as real or unreal as the individual.

There are interesting arguments in favour of the individual and the society being two sides of the same coin. The American pragmatist George Herbert Mead thought that self-consciousness exists through a division between “the I” and “the Me”. “The Me” is in a sense the social side of us, a sort of crystallization of the way others view us. “The I” on the other hand is our individual response to “the Me”. So the social side of us is primordial, “the I” something secondary. Being self-conscious means that the I is aware of the Me, which is tantamount to the I seeing itself with the eyes of others. Acquiring a language enables us to see ourselves with the eyes of others and this ability is the precondition of self-consciousness. Acquiring a language requires socialization and without language and social interaction, no self-consciousness. Without self-consciousness, we cannot have any individuality. Hence, individualization is socialization (Mead (1962: 173-178 and elsewhere).

Jerome Bruner points out that even small children can understand the use of such deictic shifters like “I” and “you” without any great difficulties. This points in the direction of humans being essentially social, Bruner says (Bruner (1986): 60).

Such arguments (of both Mead and Bruner) can be enhanced by empirical evidence: There are at least ten well-documented cases of so-called feral children, children who

spent their formative years in the wilderness without human contact, arguably “brought up” by wild animals.<sup>3</sup> These children were for all intents and purposes like animals; they do not seem to have any Self, and therefore no individuality, even though their brains were perfectly all right. So pre-social human beings, living in a state of nature, are not individuals. They are hardly full-fledged human beings and are not capable of forming a society.

It is hard to see how there can be individuals unless there is a society. Of course, both individuals and societies might be illusions, perhaps particles and physical energy-fields is all that really exists. However, that does not help the libertarian individualist much.

Notice that both a) and b) point in the direction of the state of nature argument not being very fruitful.

- c) Slavery and ownership. Irwin should have said “most modern Western people do not want to be enslaved and find slavery abhorrent”. The followers of the so-called Islamic state think that slavery is in accordance with God-given law and have instituted slavery in their “state” (see for instance Al-Tamini (2015)). Until recently, most people, even in the Western world, regarded slavery as perfectly justifiable (see for instance Siedentop (2014): 8). It is also well-known that freed slaves often complain about the uncertainties of freedom and want to go back to being enslaved, thinking that slavery provided them with security.<sup>4</sup> Who says that people in the state of nature would not find slavery justifiable and even yearn for enslavement? Furthermore, can we exclude the possibility of it being prudential for people to institute a common ownership of individuals, such that people own each other? Would it perhaps be prudential for them to institute a system where everybody belongs to God or to the tribe or to a dictator and so on? Maybe people in the state of nature would decide that the main natural resources should become the common property of all human beings.
- d) Self-ownership. Now, assume that people in the state of nature decide that self-ownership should be the basic principle of the society create, further that people should be regarded as the rightful owners of everything they create, either alone or in cooperation with others, as long as it is done without coercion. From this it follows that children can be regarded as the properties of their parents, given that the parents “created” the children by mutual consent.<sup>5</sup> If most people are the fruits of such consensual unions, then they both belong to themselves and their parents at the same

time and in the same respect. This is paradoxical, call it “the paradox of self-ownership”. Now, a paradoxical principle is not a workable principle, therefore self-ownership cannot be the main principle of any society, whether or not it arises from a purported state of nature.

- e) Irwin and Nozick’s rules. Nozick’s rules, even in Irwin’s anti-realist version, are largely based upon the unworkable principle of self-ownership. But even if they were not, they are unworkable for other reasons. So to speak every holding people have is somehow rooted in the injustices of the past. The honest owner of the local shop has unwittingly profited from petty crooks, who have bought his merchandise for stolen money. This means that a large part of the shop-keeper’s income is based upon violations of the principle of transfer. It follows from Nozick’s rules that the income of teachers and doctors, who are paid with tax-payers money, is unjustly acquired, because taxation beyond that which is required to defend property, is like theft. This means that anybody, who has benefitted from economic dealings with these persons, is not entitled to the profit. However, to rectify this situation would in practice be impossible; there is hardly a person on this earth who has not benefitted, directly or indirectly, from economic dealings with this kind of people.

If the USA is built upon land, stolen from Indians and Mexicans, then Americans are hardly entitled to the bulk of their holdings. The same holds for a substantial part of the holdings of the large part of mankind that has benefitted from American technology. The wealth of the US was almost certainly originally partly based on slavery, therefore the principle of rectification should be applied. But how? Irwin thinks he has an answer, a statute of limitation on injustice of transfer, for instance 75 years for most cases (Irwin (2015: 145). Would that help Native Americans whose forefathers lost their land 200 years ago? Or the descendants of slaves who got their freedom 151 years ago?

As I said earlier, so to speak every holding that most human beings possess can be said to be unjustly acquired because of some past violations of Nozick’s rules. But it is impossible to trace all these violations and therefore impossible to apply these rules. There is nothing prudential about rules that cannot be implemented.

- f) Let us look again at the Chamberlain-example. In the first place, given e), a large chunk of the money people pay in the Chamberlain-box is “ill gotten gain”, i.e., money not earned in accordance with the Nozick rules. Chamberlain’s wealth is by implication partly “ill gotten gain”. Secondly, Canadian philosopher G.A. Cohen points

out that those, who put money in the Chamberlain-box, might not have done so if they had known that doing so would lead to an extremely uneven distribution of income. We could even imagine that none of them would have put money in the box, had they known about the possibility of a new, uneven distribution of income, coming into being as a result of them putting money in the box. They might vote unanimously against the new distribution of income in an election. Does not their voice as citizens (voters etc) count or does only their voice as bourgeois (actors on market) count?<sup>6</sup>Besides, people who had nothing to do with the Chamberlain thing could be hurt because of the new distribution of income. Chamberlain could have used his new wealth to obtain power over people who did not attend his basketball game. He could for instance buy political favours to make it possible for him to stash toxic waste from his factories in the vicinity of a kindergarten. This resulting in the children becoming seriously ill.<sup>7</sup>His inheritors might have done the same and thus used force against people who were not even born when the basketball game took place. Therefore, the new distribution of income can lead to violence against people who took no part in creating this distribution (Cohen 1995:19-37).

The conclusion of a)-f) is that Irwin's state-of-nature-arguments fail, such arguments are not fruitful. Even if they were fruitful, we have no reason to believe that actors in the state of nature would opt for a free market and a minimal state. Further, the individual is hardly the hub of the human world. The self-ownership-thesis leads to paradoxes and Nozick's rules cannot be applied in the real world. Besides, a market-driven distribution of income, i.e., distribution of the Chamberlain kind, is not necessarily just. Extremely uneven distribution of income, market-driven or not, can lead to oppression. But certainly, libertarians like Nozick and Irwin have a point when they warn us against the dangers of state oppression.

### **Can there be a free market?**

In order to create a free market society, Irwin wants to do away with ordinary taxation and let everybody pay the same, small amount of money in tax to a minimal state with so to speak no social services, no government run schools, not even state run fire brigades etc. In his utopia, everybody pays the same amount of taxes regardless of income. Taxation would be like paying a fee for club membership or buying a gallon of gas (Irwin (2015): 170). Taxes would be extremely low because there would very little government service. Not only would public education and the welfare state disappear, military spending would be drastically reduced.

However, there are forceful arguments in favour of the free market being an illusion, an impracticable, even dangerous, dream. Joseph Stiglitz says it is not by chance that the invisible hand is invisible, it does not and cannot exist. A free market has at least one important precondition: the one that all agents must know every possible option that the market offers and have perfect knowledge of them. But this is not possible, nobody can be omniscient. Further, a free market has as its precondition that the agents have the same amount of information about the options. But in the real world, knowledge is asymmetric; usually the rich and powerful have much better access to information than the poor and powerless (Stiglitz 2002: 73-74, 254). Now, Stiglitz's analysis sounds a bit like saying that since there cannot be any perfect mathematical triangles in the empirical world, there cannot be any objects that are largely triangular in shape. So perhaps, there is a possibility of creating a largely a free market even though it cannot be a perfectly free market. However, Stiglitz is quite correct about the asymmetry of information, which give the rich and powerful a huge advantage. Any attempt to create a free market might lead to increased disparity of wealth, due to the asymmetry and other factors. New Zealand, the USA and Singapore have a freer market than such arch-welfare states as Sweden and Finland. And the disparity of income is also greater in the first three countries than in the two last-named ones (according to Wilkinson and Pickett (2009): 17). Furthermore, we cannot exclude the possibility that Thomas Piketty is right about there being in market societies a tendency for capital to grow more than salaries and suchlike, making the rich ever more powerful (Piketty (2014)).<sup>8</sup> So we have good reasons to maintain that attempts to increase the freedom of the market could increase economical disparity and in the process increase the power of the rich. That could make it easier for them to curtail the free market and create crony capitalism.

The attempt to create a free market society does not become any easier if British philosopher John Gray is right about the problems of privatization. Attempts at radical privatizations are like boomerangs, they lead to increased state power and even higher taxes. In order to create private ownership and thereby market for land, in the Scottish commons, required the use of the British army to drive the poor peasants out of the land they regarded as free open space. It might be added that the American army and armed settlers drove Native Americans out of their commons in order to create privately owned farms. They were owned by white people, the ones who possessed much more knowledge of the market options than the poor, ignorant Indians. The whites knew the option of creating privately owned land, a notion foreign to the Native Americans.<sup>9</sup> In order to finance such pro-market military

interventions, the taxpayers must pay. Gray adds that they must also pay for market failures that arise out of misconceived privatization, for instance of social housing in Britain during Thatcher's reign. Gray was one of her advisors and maintains that her privatizations led to increased taxation. Workers unions and strikes can be threats to the freedom of the market, Thatcher used the police to stop strikes and unions; the tax payer had to foot the bill. In addition, Gray says that the market threatens the very institutions, which are the preconditions for its functioning. The family is one of them, in Western societies children have been brought up with work ethics, which make them reliable workers and good entrepreneurs. However, the market's demand for a flexible work force where the father works in Scotland, the mother in France, undermines the family and thereby the well-functioning market(Gray (2002)).

Further, there are examples of market-driven monopolies or oligopolies. Microsoft has had such a market-driven monopoly of software for quite some time (for instance Eisenach and Lenard (2000)<sup>10</sup>. In the gilded age in last decades of the nineteenth century, the USA had a much freer market than it has nowadays. Only 2-3% of the national wealth was in government hands, no welfare state, no laws against cartels. Despite, or because of this, John D. Rockefeller's Standard oil controlled 90% of the oil market (see for instance Reed (1980)).<sup>11</sup> Andrew Carnegies steel company had a similar monopolistic position. The three richest Americans, Rockefeller, Carnegie, og J.P. Morgan, were much richer than contemporary American billionaires. Most politicians were in their pockets (for instance Zinn (2003): 253-295 og Krugman (2007): 15-36).

Now, the libertarian economist Friedrich A. Hayek flatly denies that the monopolies of the gilded age were market-driven. The USA had very high tariffs, which shielded US companies from foreign competition. Germany also had protectionistic policies, which resulted in the creation of monopolies. The United Kingdom on the other hand stuck to free trade principles with the result that its economy did not develop in a monopolist direction. Therefore, we have no reason to believe that the free market can lead to monopolies; monopolies are the result of state intervention (Hayek (1976):34). But in actual fact, Germany had the second lowest tariffs in the world in 1875, much lower thanthe USA (Crafts (2000): 28). Nevertheless, the German economy was dominated by monopolies and oligopolies. In addition, the USA was so big and so rich in natural resources that it was largely, economically self-sufficient. Even though tariffs would have been lowered on oil and steel, it does not mean that the monopolies of Rockefeller and Carnegie would have disappeared. At

that time, moving oil and steel between continents was very expensive. Besides, Standard Oil was a global player, which might just have taken over the foreign companies that would have exported oil to a tariff-free USA.

Now, if there are market-driven monopolies or oligopolies, it can be tempting for them to use their leverage to get governments to abolish whatever vestiges of free market there is. We see here yet another example of free market policies being self-defeating.

The upshot of this is that it is hardly possible to create a free market society. And even if such a society were possible, it could become a rather nasty, plutocratic place. Moreover, an attempt to realise Irwin's radical free market utopia might be bound to fail of other reasons. His utopia is but a step from anarchism, which is just a step from a failed state. An attempt to put his libertarian ideas into practice might even lead to dystopia, similar to the failed state of Somalia, where warlords and gangsters would become all-powerful and would seriously hamper the working of the free market. In a failed state, there can be no rule of law, only rule by force. Without the rule of law, the market cannot function.

Again, attempts to create a free market society could fail miserably because of something akin to internal contradictions, witness Marxist theory about the way economic systems crumble because of internal contradictions. However, the contradictions I am talking about have little to do with Marxism; call them „*the contradictions, inherent in privatization and the free market*“.

The question is whether there can be such a thing as a completely free market. That I seriously doubt.

### **Markets and prosperity**

To make matters worse, Irwin states without arguments that a free market would (and has) lead to great prosperity (Irwin (2015): 72 and elsewhere). He apparently thinks that the freer the market, the greater the prosperity for all or at least almost all. How does he know? Irwin maintains (without arguments) that the free market is more technologically and scientifically creative than any other economical system. How can he explain the fact that in first third of the last century, Germans got 33 Nobel Prizes, the Americans only 6, despite the fact that most American Universities were privately run, while the German ones were run by the state?<sup>12</sup>

The USA only became predominant in the field of science after World War II, partly because of the influx European refugees, partly because the state started to fund science in a big way. Nowadays, „pure“ science is the precondition of most technical progress while funding pure science is not profitable because of free rider problems (everybody can utilize scientific ideas). The state needs to fund pure science in order that technology can be developed and thereby that economic wealth can increase. Several scholars maintain that state funding is absolutely vital for American technological enterprises, not least those in Silicon Valley (see for instance Mazzucato (2013). American success in science and technology (and the German one earlier) is the fruit of a mixed economy, not the free market.

Irwin uses the Internet as an example of the way the free market improves our living standards. In olden times, people had to scrape and save in order to buy themselves encyclopedias (Irwin (2015): 146). Now, the Internet provides them for free. But as Joseph Stiglitz and Gerald Houseman have pointed out, the Internet was to a large extent the invention of the American military (Stiglitz (2002): 217-222) (Houseman (2006): 52-62).

Irwin says that thanks to the free market, the average American earns 8 times more than a 100 years ago (Irwin (2015): 145). But he forgets the fact that the American GDP increased by almost 50% during World War II when the U.S. government took over the bulk of the economy because of the war effort. Unemployment disappeared. After the war, the congress passed the G.I. bill, which made it possible for countless poor, former G.I.s, to go to college, get higher education, and make more money as a result. Thanks to state “intervention”, they bettered their lot (Krugman (2007): 61-63) (Tassava (2010)).<sup>13</sup>

However, there is no denying that private enterprise sometimes uses the Internet in ways that increases our economic well-being. Nowadays, we can find good hotels at reasonable prices through such commercial websites as hotels.com, making travelling easier and cheaper than before. Of course, private enterprise and the market have any number of advantages but they often perform best when assisted by the state.

### **Libertarian bias in favour of the rich**

Many libertarians tend to be biased in favour of the rich and the businessmen, especially creative entrepreneurs. The libertarian and social Darwinist William Graham Sumner maintained that millionaires were the products of natural selection (according to Reich (2012): 72). While admitting that there are those who have become rich by foul means or routine business work, the famous economist Alfred Marshall glorified entrepreneurs. At

least one-half of the best ability in the Western world is engaged in business, he wrote. Businessmen have caused more progress than any other group; many of them have brilliant brains like those of great chessplayers (Marshall (1907). Marshall was definitely not a radical libertarian, Ayn Rand certainly was. To her mind, a substantial part of human kind consists of «looters», who live as parasites on successful, creative entrepreneurs and artists. In her novel *Atlas Shrugged*, the last-named groups opt out of society, which crumbles economically as a result (Rand (1996). The implication is that hardly anybody but entrepreneurs and creative artists are economically productive.<sup>14</sup>

Irwin has a certain tendency to be biased in favour of the rich: „The bottom earners owe a debt of gratitude to the top for the spillover, which they did not earn and without which they would worse off“ (Irwin (2015): 158). He thinks that the rich are overburdened with taxes and claims that the richest 10% of Americans pay 70% of all income taxes in the US. This is nothing short of theft, Irwin states (Irwin (2015): 167). However, people like billionaires Warren Buffet and Nick Hanauer, and economists such as Robert Reich, paint a different picture. Buffet says that the mega-rich pay around 15% of their income in income taxes but practically no payroll taxes. The middle class pays 15% to 25% of their income in income taxes and are hit heavy by payroll taxes (Buffett (2011)).<sup>15</sup> Robert Reich also points out that the middle class and the poor pay more than the rich in non-income tax. Just like Buffet, he says that they pay more in payroll taxes than the rich. A substantial part of the income of riches are classified as capital gains of which they pay very low taxes. In 2011, the 400 richest American paid an average of 17% of their income, lower than many persons with middle income. In 2010, the bottom fifth of Americans paid 16.3% of their meagre incomes in taxes, the billionaire Mitt Romney paid only 15% of his 21 million dollar income (Reich (2012): 25-26, 103, 119-120). Irwin neither mentions payroll taxes nor the possibility that large portions of the income of the rich is disguised as capital gains. Neither does he mention the ever widening gap between the rich and the poor in the US and elsewhere. Not a word about how real wages in the US have stagnated for most Americans the last 35-40 years, while the rich have gotten richer and richer. One of the many pundits who have pointed this out is the economist Dean Baker. He says that from 1980 to 1995 the real wages of American workers diminished by 0.9%. In 1965, the average income of managers were 24 times the average income of workers, in the year 2000 they were 300 times greater (Baker (2008): 5-16). The situation has not gotten any better in this century (for instance Krugman (2007): 126-128, Reich (2012): 40). Nowadays, social mobility is greater in the welfare states of Northern Europe than in the USA (for instance Blanden, Gregg and Machin (2005)).<sup>16</sup> Do these facts point in

the direction of the American rich being over-taxed, taxed more than ordinary folks? Rather the opposite, I reckon.

Furthermore, the fact that the arch-welfare states do better than the more free market US when it comes to social mobility is yet another sign that the mixed economy has its advantages, at least in the eyes of those who are against class societies<sup>17</sup> (libertarians certainly are against class societies).

### **Last words**

Irwin's book certainly is well-written, challenging and in many ways original. As far as I know, he is the first libertarian to criticize consumerism and defend existentialism. His attempt to rejuvenate existentialism is definitely interesting. Nevertheless, the book is far too short; he takes on a host of issues without discussing them in the depth required. A rather dogmatic belief in the virtues of the free market and a certain pro-rich bias are clear shortcomings of the book. The rich in America are hardly overtaxed, rather the opposite. Irwin nowhere discusses the possibility of a link between money and power; he talks like the world of a free market must be a nice and harmonious world. Moreover, Irwin's state-of-nature-arguments in favour of the free market and the minimal state do not hold water. We have no reasons to believe that Nozick's principles are workable, neither in its original version nor in Irwin's version. Its core idea, that of self-ownership, leads to paradoxes. Besides, a market-driven distribution of income is not necessarily just. In addition, a completely free market society is hardly viable; attempts to establish it would very possibly lead either to plutocracy or failed states, witness the contradictions, inherent in privatization and the free market. Certainly, the market system and private enterprise have created prosperity but often in tandem with the state. The mixed economy has its redeeming qualities.

Quite a lot of redeeming qualities.

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<sup>1</sup> This called “the Lockean proviso”. Irwin does not accept it of reasons that do not matter for my discussion (Irwin (2015): 140-141).

<sup>2</sup> The roots of this argument can be found in David Hume’s criticism of the social contract view (Hume (1993): 274-292).

<sup>3</sup> Admittedly, there is some controversy about the empirical evidence concerning these children. [https://en.wikipedia.org/wiki/Feral\\_child](https://en.wikipedia.org/wiki/Feral_child). Retrieved 12<sup>th</sup> of January 2016.

For some disturbing images see <http://www.bbc.com/culture/story/20151012-feral-the-children-raised-by-wolves>. Retrieved 12<sup>th</sup> of January 2016.

<sup>4</sup> See for instance „Still far from freedom: The Struggle of Mauritania’s Haraatine Women“, *Minority Group International*, [http://minorityrights.org/wp-content/uploads/2015/07/MRG\\_Rep\\_Maur\\_ENG.pdf](http://minorityrights.org/wp-content/uploads/2015/07/MRG_Rep_Maur_ENG.pdf)., on page 14.

<sup>5</sup> This argument is inspired by the philosopher Susan Okin Moller (see Mansbridge (1991): 14-19).

<sup>6</sup> The argument about the voting against the new distribution of income is of my own making.

<sup>7</sup> This example is of my own making.

<sup>8</sup> The problem with Piketty is that he does not seem to differentiate clearly between modern, rather reliable statistics and those of the nineteenth century, when there was no such thing as public institutions, which systematically collected data about the economy. I think one should be very careful in comparing modern statistics about wealth distribution with those of 100 to 200 years ago.

<sup>9</sup> This example is of my own making.

<sup>10</sup> Eisenach and Lenard are staunch defenders of the free market. Nevertheless, they admit that the Microsoft monopoly is market-driven.

<sup>11</sup> Reed defends the robber barons and lauds the free market. Despite of this, he admits that the Standard oil monopoly was market-driven.

<sup>12</sup> [http://en.wikipedia.org/wiki/List\\_of\\_Nobel\\_laureates\\_by\\_country](http://en.wikipedia.org/wiki/List_of_Nobel_laureates_by_country).

<sup>13</sup> A libertarian might say that American prosperity would have grown even more had the market been free and the government had not «meddled» with the economy. But the onus is on him or her.

<sup>14</sup> What if ordinary folks had refused to have anything to do with these creative groups? Would not they have starved to death? Does not this show that any well-functioning economic system needs both, the ordinary hard working people and the creative classes? Just like it needs both markets and reasonably active governments.

<sup>15</sup> Hanauer makes a similar point (Hanauer (2011)).

<sup>16</sup> This study by Blanden and associates is just one of extremely many studies, which confirms that social mobility is diminishing in the US while real wages are stagnating and the rich get richer and richer. See also Wilkinson and Pickett (2009): 160.

<sup>17</sup> According to a recent OECD report (from 2010), the Nordic welfare states have a much higher tax burden than the United States. This shows that they are farther from the free market ideal than the States (*OECD Better Policies for Better Lives*. <http://www.oecd.org/newsroom/taxrevenuesfallinoecdcountries.htm>). Yet they seem at present to have greater social mobility than the USA.