

# RADICAL CAPITALISM

THE anarchists and the anarcho-capitalists have a seductive position. Who would not wish to be free of government? You pay your income tax, and the next day you read in the papers that the Department of Health, Education and Welfare has kicked away \$7 billion in fraud and waste. The fines levied by your town dog warden for your straying animal are on a progressively incremental basis—and in vain you plead that if your dog can't run free the woodchucks eat up both your own and your neighbors' gardens. When it comes to taxes and often niggling coercion you get it from both ends of the scale, whether federal or local.

Since the State is so incompetent and so oppressive in many ways, there should be a built-in audience for David Friedman's *The Machinery of Freedom: Guide to a Radical Capitalism* (Arlington House, 165 Huguenot St., New Rochelle, N.Y. 10801, 240 pages, \$10.00). This is an

enlarged version of an earlier work by Mr. Friedman, and not all of its statistics have been brought up to date. Its information about the expansion of the libertarian movement, however, is current, and the arguments presented by Mr. Friedman for his case mesh with the lively material that is now being presented month by month by a dozen or so new libertarian publications. We have reached a point where Mr. Friedman can call *The Freeman* "an old-line conservative-libertarian magazine," which can be taken, not as a put-down, but as a tribute to a pioneer who is suddenly surrounded by a host of new settlers.

Mr. Friedman, who happens to be the son of Milton Friedman, would presumably call himself a radical libertarian rather than a conservative. His "radical capitalism" would bring practically everything—schools, roads, the police, firemen—into the scope of free market opera-

tions. A conservative libertarian (such as myself) would go along with him on the subject of schools. The conservative libertarian can follow Mr. Friedman absolutely on the desirability of ending the government first-class mail monopoly. Mr. Friedman's plans for higher education—"Adam Smith University"—include a provision to let students pay the professors directly. The success of the Berlitz schools in teaching languages would argue that the direct payment for a marketable pedagogic commodity is feasible.

As for free immigration I can only say that I follow Mr. Friedman in my failure to worry about Mexican wetbacks who come to California and Texas to take jobs which nobody else wants to do. My only objection to opening the old Ellis Island gates indiscriminately relates to the idea, now enshrined in New York law, that the welfare rolls must be open to every indigent on an immediate basis. Mr. Friedman would take care of this by denying automatic welfare to any immigrant for fifteen years. He would also exempt immigrants from minimum wage requirement—or, even better, repeal the minimum wage outright.

### Courts and Police

It is when Mr. Friedman suggests that our police, our courts and the law itself can be turned over to the

marketplace that he begins to get on marshy ground. It is possible, as he says, for two contracting parties to provide for arbitration when they draw up contracts. The justice coming from private arbitration can be swift by comparison with the lag-gard proceedings of government systems. As for the police, the tremendous growth of private security organizations is evidence that protection can be bought and sold. The Wackenhut Corporation, for example, provides central station alarms, screens passengers in airports, and patrols the Trans-Alaska Pipeline.

Mr. Friedman is entirely plausible in making a case for the extension of private arbitration and private protection. But he is not at all clear on what might happen if a contracting party were to go on strike against the decision of a private arbiter. He suggests that anyone who might welsh on an arbitration agreement could be blacklisted by the business community. But who would have the power to enforce the blacklist? When, in the days of the so-called McCarthy terror, certain screen writers were blacklisted they simply changed their names and went on providing moving picture scripts for studios that were willing to pay for a good product no matter who originated it. The "market" cares nothing for blacklists.

Mr. Friedman envisages a society

in which there might be many courts and even many legal systems. Everybody would be entitled to his own protection agency. The pairs of protection agencies involved in a case would agree in picking a court. Ah, yes. But what if a murderer didn't like the court that had been chosen for him? Could he fire his protection agency at will? And what about appeals from a verdict? The whole concept of free market legal systems, competing in the same territory, is too nebulous for my grasp.

### **National Defense**

When it comes to national defense, even Mr. Friedman boggles a bit. How, when nuclear submarines and intercontinental ballistic missiles cost billions, could they be financed by what would amount to charitable contributions? What if the contributions were insufficient to protect the whole country? Would New York, having contributed more per capita than Philadelphia or Atlanta, be entitled to better protection? The idea of letting private insurance companies finance national defense with money from their customers also runs into difficulties: some people might consider themselves to be insufficiently menaced to take out insurance. Mr. Friedman also rejects Ayn Rand's idea of financing national defense by having the government charge for the use of its courts. As long as a

monopoly court system exists, it would be coercive taxation for the government to collect rent from anybody who is compelled to use the courts. Mildred Adams has suggested that voluntary taxation might pay for national defense. The citizen would pay his defense tax in return for getting the right to vote. But this would make the citizen part of a government, and how could any good anarchist accept that?

In the end, Mr. Friedman admits he has a baffling problem on his hands. If the free market cannot provide enough anti-aircraft defenses and cruise missiles, Mr. Friedman is prepared to make one exception to his anarcho-capitalist credo. "In such a situation," he says, "I would not try to abolish that last vestige of government. I do not like paying taxes, but I would rather pay them to Washington than to Moscow—the rates are lower."

Anyway, he says, "I said, near the beginning of this book, that I thought all government functions should be divided into two classes—those we could do away with today and those we hope to be able to do away with tomorrow." This makes David Friedman the realistic son of his father—and brings him closer than he thinks to the "old line conservative libertarians" who accept the limited government theory of Adam Smith and James Madison. ☸

# A LITERATURE OF FREEDOM

Besides *The Freeman* and its articles, The Foundation for Economic Education publishes or otherwise stocks for resale a number of books of other publishers concerning the free market, private property, limited government concepts and the moral and spiritual principles underlying freedom. These titles and prices are listed in an annual catalogue-order form distributed with the November issue of *Notes from FEE*. Additional copies of that catalogue are available on request.

Several readers have asked for more descriptive reviews of these books than the catalogue affords; hence, the following abstracts.

This list by no means includes all the authors or books worth studying in the field, but it will suggest the various areas and ideas on liberty to be further explored.

## **BALLVE, FAUSTINO** **Essentials of Economics**

This is a primer of economics for the intelligent layman by a great Spanish authority. It deals lucidly with the basic concepts of economics and puts economic thought into historical perspective. It is a positive presentation of the principles of economics.

## **BASTIAT, FREDERIC** **Economic Harmonies**

It has been the great work of economics to discover the natural harmony that

results when men are free to pursue their interests in their own way and prevented from using force and fraud. By contrast, socialists find discord, disharmony, and exploitation when men are free. Bastiat reaffirms and reasserts harmony in this his most extensive exposition of economics.

## **Economic Sophisms**

This is Bastiat's most delightful book. It is devoted almost entirely to exposing the fallacies of protectionism and associated policies. His method is the logi-