Notes

Chapter One. Introduction


8. George Stigler has no difficulty in calling emphasis on competition and the cooperative-regulatory role of the market "conservative." He also believes that the training

9. These authors accept formal principles similar to those of the conservatives—freedom, equality, individualism, self-interest as an important motivation, and limited government. Differences center on the content, meaning, and interrelation of these principles as well as policies to implement them, creating distinct approaches to politics and public policy even when both sides claim to be protecting and maximizing the same value.


11. Gray's reference to Burke applies here. He represents a form of "conservatism in which liberal values are preserved but liberal hopes chastened." Gray, Liberalism, p. 19.


19. Hayek, Road to Serfdom, p. v n. 3.


22. Keynes is the only exception, as he was the occasion for much of the conservatives' writings and remains a target of their critiques.

23. I owe this phrase to Warren J. Samuels.

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27. Buchanan comes closest to recognizing this when he notes that “it is in the realms of political philosophy that the struggle must be waged.” Liberty, Market and State: Political Economy in the 1980s (New York: New York University Press, 1986), p. 67.


30. Hayek seemed more aware of this in the 1940s than today. “This is a political book. . . . all I shall have to say is derived from certain ultimate values.” Road to Serfdom, p. xvii.


Chapter Two. Starting Assumptions: The Philosophical-Economic Foundations for a Political Argument


7. Ibid., pp. 4–7.


18. It may appear old-fashioned to speak about human nature because many people erroneously interpret it as a fixed essence, unaffected by culture. I employ the older term because it is a link with traditional political discourse, and the conservative economists often talk as if behavior is fixed and determined, their theory is of universal applicability, and social-cultural influences are of little consequence. Readers who prefer motivation, psychology, drives, genetic predispositions, or cultural determination may freely substitute these terms for human nature. We are discussing essentially the same thing: assumptions and images about why and how people behave.


22. The conservative economists generally employ masculine pronouns or use “man” as a generic term. In Gilder, women clearly hold an inferior position.


24. George Gilder’s self-interest is somewhat different. His entrepreneur is the supreme individualist, breaking away from the masses and in the process creating civilization. As with William Graham Sumner, the entrepreneur drags the rest of us along with him, motivated not by greed but by the creative altruistic act of giving to others. Entrepreneurs work for spiritual reasons, not just material rewards, “impelled by their curiosity, imagination, and faith”; they deserve to keep the wealth they earn. Gilder, The Spirit of Enterprise (New York: Simon and Schuster, 1984), pp. 16–17, 254–55. See also George Gilder, Wealth and Poverty (New York: Basic Books, 1981).


27. Friedman and Friedman, Free to Choose, pp. 108, 17, 19; see also pp. ix–x and 110. See Amacher, Tollison, and Willett, “The Economic Approach to Social Policy Questions: Some Methodological Perspectives,” in their Economic Approach, pp. 24–25. Buchanan refers to a person choosing the highest alternative “on his preference order-


41. Sowell notes that the arguments of theorists such as Condorcet, Smith, Friedman, and Burke did not simply advance their self-interest; *Conflict of Visions*, p. 222.

42. Hayek, *Road to Serfdom*, p. xvii.

44. See Friedman and Friedman, *Free to Choose*, p. x. Behavior is “determined by the interaction among persons pursuing their own self-interests (broadly interpreted) rather than the social goals the participants find it advantageous to enunciate.”

45. Mancur Olson’s “selective incentives” address this problem. These are non-economic incentives that might mobilize a latent group. By not examining this possibility, the conservatives undermine their discussion of the free-rider principle and their analysis of interest-group membership. They tend to view the interests of group members as fairly monolithic and do not analyze appeals other than to narrow self-interest, whereas Olson does include them in his analysis. See Mancur Olson, Jr., *The Logic of Collective Action: Public Goods and the Theory of Groups* (New York: Schocken Books, 1971), pp. 60–65, 132–34.

46. Albert O. Hirschman, *Rival Views of Market Society and Other Recent Essays* (New York: Viking, 1986), pp. 156–57, notes that we must rely upon appeals to both self-interest and civic welfare. This was the position of the founders of the American Republic.


54. None of these authors accepts equilibrium as a return to optimum levels—an idea that characterized some pre-Keynesian political economy—but their ideas contain an equilibrium argument. Hirschman, *Rival Views*, p. 77, equates order with equilibrium as involving the same thought process. Hayek, *Law, Legislation and Liberty*, 2: 128, uses a clock analogy to describe the market and on p. 129 refers to “inherent principles.” See also James M. Buchanan and Richard E. Wagner, *Democracy in Deficit: The Political Legacy of Lord Keynes* (New York: Academic Press, 1977), p. 25; James M. Buchanan

55. This is a continuing theme. See Hayek, *Road to Serfdom*, pp. 5, 21, 201, and passim; idem, *Law, Legislation and Liberty*, 1: 42, 54, 2:106, and passim. Acceptance of necessity is another common theme. The questions remain as to whose necessity and what does the word mean?

56. Cf. Buchanan: People "require a vision of the social order," and economists can provide one "that is not chaotic, uncontrolled, and unplanned." *What Should Economists Do?* p. 76. Hayek, *Law, Legislation and Liberty*, 1:36–37, 68, 114–15, 2:4, 107, claims that economists have demonstrated the existence of this order and that only they fully integrate it into their analysis.


64. Saccaro-Battisti, "Changing Metaphors," p. 34.

65. In connoting what is desirable, "efficiency" requires a criterion and is itself a normative concept—i.e., efficiency in terms of a goal or purpose.


pp. 16–20; Buchanan, “Toward Analysis,” in Amacher, Tollison, and Willett, Economic Approach, p. 344. See also Hutt, Individual Freedom, p. 15. The purpose of Hayek's three-volume Law, Legislation and Liberty is to combine the study of economics, law, politics, and ethics into one analysis dominated by the market model; see 1:4.


74. This term envisages humanity as passive. This passive and negative emphasis dominates the economists' discussions of freedom, equality, democracy, justice, and community.

75. Ryan C. Amacher, “A Menu of Distributional Considerations,” in Amacher, Tollison, and Willett, Economic Approach, p. 262; Wagner and Tollison, Balanced Budgets, pp. 6–7; Friedman and Friedman, Tyranny, pp. 94, 45; Friedman, There's No Such Thing, pp. 59–60. See also Hutt, Individual Freedom, pp. 25–26; Buchanan and Wagner, Democracy in Deficit, pp. 50–51; Hayek, Law, Legislation and Liberty, 3:32.


77. Friedman, There's No Such Thing, pp. 289–90; Friedman and Friedman, Free to Choose, pp. 290–91.

78. This is a false generalization. These authors ignore the history and wide range of democratic theories. Writing in the context of liberal democracies, they see pure majoritarianism.


80. Arthur Seldon, preface to Buchanan, Wagner, and Burton, Consequences, p. 9. That government is always the cause of problems and always interferes in natural economic processes are also continuing themes in Gilder, Wealth and Poverty, pp. 128–52 and passim.


Chapter Three. Freedom

1. In the United States, belief in private ownership created the myth that the nuclear energy industry is private. President Reagan proposed launching satellites by private companies, though at the time there were no private launch facilities or any proposals for such facilities that would not depend upon publicly funded designs. All societies prohibit murder but often define it differently. The construction placed on the Anti-Ballistic Missile Treaty, the definition of income for programs such as food stamps, or a determination about taxable income have profound implications for millions of people. On the importance of definitions for the last two examples, see Dale Russakoff, “Government Alchemy: Turning Words into Dollars,” Washington Post National Weekly Edition, Jan. 3, 1988, p. 33.


4. “Definition” includes the understanding and meaning people put into a concept in viewing, evaluating, and attempting to change the world. Words and definitions are not the issue. They are means through which people express how they want themselves and others to live.


11. Buchanan does not wish to focus solely on utilitarian goals but believes that people want freedom in order to become whomever they want to become. *What Should Economists Do?* (Indianapolis: Liberty Press, 1979), p. 112. This occurs primarily within the market.


20. See Karl de Schweinitz, Jr., “The Question of Freedom in Economics and Economic Organization,” *Ethics* 89 (July 1979):336–53. It is not possible to be outside the market. One must earn an income and the market is the model for analyzing all behavior and motivation.


22. Friedman and Friedman, *Free to Choose*, pp. xvi, 58; Friedman, *Capitalism and
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Freedom, pp. 39, 15, 16. See Friedman and Friedman, Free to Choose, p. 139; Friedman, "The Goldwater View of Economics"; Hayek, Road to Serfdom, p. 145.

23. Friedman, Capitalism and Freedom, p. 15.


29. Friedman, Capitalism and Freedom, p. 15.

30. Hayek, Road to Serfdom, pp. 15, 13; Milton Friedman and Rose Friedman, Tyranny of the Status Quo (San Diego: Harcourt Brace Jovanovich, 1984), p. 131. See also Friedman and Friedman, Free to Choose, p. 57.

31. See Buchanan, What Should Economists Do? p. 168: The pure, albeit rare, form of political relation is "abject slavery," while the economic relation emphasizes "cooperative endeavor."

32. See Hayek, Road to Serfdom, p. 120.

33. See Buchanan, Liberty, Market and State, p. 170.

34. Milton Friedman, There's No Such Thing as a Free Lunch (LaSalle, Ill.: Open Court, 1975), pp. 187–96, 229–32; Friedman and Friedman, Tyranny, pp. 137–41.

35. Political values as independent variables are discounted. The conservatives employ a Stalinist model. Liberal intervention, democratic and market socialism, and all varieties of the welfare state are unstable and always risk deteriorating into authoritarianism. Safety lies in preventing any of these from developing. But the historical record is not that simple. Even in so-called communist countries, dissent may be possible, as long as there are opposing institutions; consider Poland, its Solidarity movement, and the role of the Catholic church there. In the absence of alternative institutions, there would be no dissent, even in the free market.

36. See Dan Usher, The Economic Prerequisite to Democracy (New York: Columbia University Press, 1981). Usher accepts the argument that a free market relieves the political system of a great deal of pressure and conflict and that economic freedom is necessary to political freedom. Yet he argues (p. 89) that there "is a crucial distinction between 'all' and 'some'."


52. Friedman, *Capitalism and Freedom*, p. 14; Hayek, *Law, Legislation and Liberty*, 3:80. See also Friedman and Friedman, *Free to Choose*, pp. xvii–xviii: Nineteenth-century immigrants were free to work for themselves or for others “at terms mutually agreed.”


65. Friedman and Friedman, *Tyranny*, p. 58, see also p. 59. Hayek’s *Road to Serfdom* is the progenitor of contemporary arguments that government, welfare, and regulation are the primary dangers to freedom.


69. See Hayek, *Road to Serfdom*, pp. 93–94.


72. Hayek, *Road to Serfdom*, pp. 96–97. Discussing free speech, Friedman states that “[i]t is entirely appropriate that people should bear a cost . . . for speaking freely. However, the cost should be reasonable and not disproportionate.” *Free to Choose*, p. 60. This insight is missing from the discussion of market costs in, for example, the loss of a job.


78. Though Buchanan is more cautious than the others (cf. *Liberty, Market and State*, p. 34), he has little room or hope for behavior that does not conform to these expectations.


80. See Hayek on the errors of constructivism, throughout *Law, Legislation and Liberty*, especially vol. 3.


82. Ibid.; see also pp. 130–33.


84. Berlin agrees that planning, the welfare state, etc., can be defended from a negative perspective. See *Four Essays*, p. xlvii. On p. lii he states that “[i]f it is maintained that the identification of the value of liberty with the value of free choice amounts to a doctrine of self-realization . . . and that this is closer to positive than negative liberty, I shall offer no great objection.” See also Sen’s reference to “a positive concept of negative freedom.” *On Ethics and Economics*, p. 56 n. 25.


87. When a person learns economics, he will “understand the principle of spontaneous order” and “understands” that there are no arbitrary decisions in the market. Buchanan, *Liberty, Market and State*, p. 5.


Chapter Four. Equality


3. Attenuation is a common fate for universal statements. The first amendment to the United States Constitution begins “Congress shall make no law,” but this has not been interpreted to mean that Congress shall make no laws on the subject, only that Congress shall not make very many laws.


15. Substantial inequality would remain under socialism. Under pure communism, results would be according to each person’s needs, and needs would differ.
18. Rae analyzes this as relative equalities; *Equalities*, pp. 104–29. See also p. 57.
20. Friedman and Friedman, *Free to Choose*, p. 139.
28. Gilder emphasizes this the most, Hayek the least, though it is never absent from anyone’s underlying assumptions.


41. Friedman and Friedman, *Free to Choose*, pp. 133–36.

42. Hayek especially makes this argument, ignoring its implications. If deserving good (or ill) fortune—property, wealth, etc.—is not a reason for having it, there can be no moral justification of inequality. Its justification becomes purely utilitarian: inequality produces more good than harm. This encourages examination of the assumptions the conservatives take as axiomatic.


46. What Rae refers to as subject, domain, and value of equality and equalities of opportunity. *Equalities*, chaps. 2–5.


55. Friedman, Capitalism and Freedom, p. 34, summarizes this common position.


57. “Nor is inequality in political influence regarded as an incentive to good citizenship in the way that income inequality is defended as an incentive to hard work.” Verba and Orren, Equality in America, p. 222.


60. Thomson, Equality, p. 100; Verba and Orren, Equality in America, p. 90; Rae, Equalities, passim.

61. Referring to road taxes, Smith noted that purposes determine what is equal. Wealth of Nations, p. 686.

62. That equality “need not lead to uniformity” is illustrated by “the growth of religious equality.” Thomson, Equality, p. 43. Compare this with medicine, which focuses on results. Equal treatment means treating people differently, according to their needs.


65. This is a major theme in E. D. Hirsch, Cultural Literacy: What Every American Needs to Know (Boston: Houghton Mifflin Co., 1987).

Chapter Five. Democracy


6. The source of this constitutional rule and its possible inconsistency with the rule of law is never adequately discussed.


9. Keynes defended intervention on political and economic grounds. Economic instability undermined democracy and created an environment for extremism. Correcting economic instability supported capitalism and democracy. Buchanan and Wagner criticize Keynes for abandoning belief in “an equilibrating mechanism” that is “self-correcting,” leaving no choice but intervention. See Buchanan and Wagner, Fiscal Responsibility, p. 86; idem, Democracy in Deficit, p. 25.


11. The short quotes are selected almost at random from Buchanan and Wagner, Democracy in Deficit, but similar statements are found in each author. The quote about Keynes turning the politicians loose is from p. 4.


15. The quote is from Buchanan and Wagner, Democracy in Deficit, p. 88. See also Samuel Brittan, The Economic Consequences of Democracy (London: Temple Smith, 1977), p. xii. Each author shares these sentiments. See Milton Friedman, There’s No Such Thing as a Free Lunch (LaSalle, Ill.: Open Court, 1975), p. 233: “[T]here is something innate in the political process that produces this result.”


18. This is a common argument and justification for the market. See Brittan, *Economic Consequences*, pp. 247–59.


28. These theorists often raise the issue of class interest. It is not necessarily the poor who demand programs but middle class professionals who administer and benefit from them.


35. Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago
36. This goes far beyond identifying voting in elections with the market as a social choice mechanism. Arrow, *Social Choice*, pp. 1, 2, 5, and passim.


42. See Buchanan, *Liberty, Market and State*, p. 250.


47. Hayek “Miscarriage,” p. 14; idem, *Law, Legislation and Liberty*, 3:138. See also Buchanan, *Liberty, Market and State*, pp. 210, 219; fiscal restraints on democracies must be more limiting than for authoritarian government: “[O]ne of my purposes here is to indicate the need for such [borrowing] constraints on democratic process.”

48. See Buchanan and Wagner, *Democracy in Deficit*, pp. 8, 121.


51. Buchanan and Wagner, *Democracy in Deficit*, pp. 175, 11; cf. p. 159.


55. Friedman and Friedman, *Free to Choose*, pp. 287–97, 301–2, support at least six amendments to reduce the federal government's role.


63. Buchanan, *Liberty, Market and State*, chap. 6, esp. 56–57. This chapter subtly accuses those who disagree with Buchanan (p. 63) of calling Buchanan a fascist and of themselves being anticonstitutional.


67. Joseph A. Schumpeter, *Capitalism, Socialism and Democracy* (New York: Harper and Row, 1976), believed that the requirements for democracy could be satisfied even if all adults were not allowed to vote. See pp. 243–45.

68. See James M. Buchanan, *What Should Economists Do?* (Indianapolis: Liberty Press, 1979), p. 236. If everyone were identical, the constitutional order and form of government would not matter.


70. Given conservative human nature and the political market, not very much good and a great deal of harm can be expected from the people.


73. Ibid., 3:120.
74. Participatory democrats doubt that this would produce more seriousness in voters unaccustomed to making such decisions.
78. Hayek, *Law, Legislation and Liberty*, 3:18. On p. 134 he claims that a majority in a legislative body where bargaining is the norm “can never represent the opinion of the majority of the people.” See p. 6 for “alleged majority” as well as pp. 7–11, 99. Hayek, *Constitution of Liberty*, p. 120, says that “the employed majority” tends to impose its views on others, threatening freedom. Friedman argues that the present form of majority rule leads to decisions of which the majority disapproves. *Tyranny*, p. 52.
79. Usher does not agree with the attack on majorities. See *Prerequisite to Democracy*, pp. 10, 116–19.
80. See chap. 6.
81. See Buchanan, *Liberty, Market and State*, p. 21. Hayek occasionally refers to consent in *Law, Legislation and Liberty*, vol. 3 (for example, pp. 3–4, 17, 35), but it is significant and symptomatic that he does not discuss consent in his chapters on democracy (16), a model constitution (17), or containing power (18). Since these authors define politics as the realm of coercion, consent may be impossible in politics except for Buchanan at a mythical constitution-making stage.
82. Votes are spent, people choose from what is presented, self-interest predominates, common interest is shared interests, policies are responses to the largest number of votes/dollars—all in a political market. People have little voice in protesting undesirable situations.
83. Even evolved procedures may involve deliberate planning. The United States Constitution may evolve, but it was created and is a prime example of constructivism in politics.

Chapter Six. The Good Society: Justice, Morality, and Community

5. Ibid., pp. 28–44.
6. Ibid., pp. 130, 35-37, 155, 167, 12, and passim.


8. Regan, Moral Dimensions, p. 121.


11. The bishops are accused of overemphasizing values and underestimating difficulties of modifying economic arrangements. A convenient compendium of criticisms is in Paul Heyne, The U.S. Catholic Bishops and the Pursuit of Justice, Cato Institute Policy Analysis no. 50 (Washington, D.C.: Cato Institute, 1985). He asserts that values and facts cannot easily be separated; economics is a positive science; social systems do not have goals; markets are autonomous; the poor partially cause and are responsible for their poverty; the impersonal market relieves people of personal responsibility for undesirable outcomes; the bishops ignore information exchange and coordination in markets; justice is procedural without substantive content; specific proposals have already failed; implementing proposals will create oppressive government; mankind is too ignorant to implement these proposals; the bishops ignore voluntary action; and the bishops do not understand the Bible.


17. See Schotter, Free Market Economics, p. 94.


27. Given the conservatives' condemnation of transindividual conceptions of justice, this chapter employs social, distributive, and economic justice interchangeably.


32. Buchanan, *Economics*, pp. 78, 68. The quote is at page 68. Sen, *On Ethics and Economics*, appeals to economists to expand understanding of the role of ethics in eco-
nomics and decision making and to broaden economics to include moral decisions and bring more economic reasoning into moral and ethical analysis.

33. Buchanan, *Economics*, pp. 6, 17. This is very different from claiming that either his work or his recommendations are ethically neutral, though this distinction is lost in the argument.


51. See Friedman and Friedman, *Free to Choose*, pp. 16–18.
55. Friedman, *Capitalism and Freedom*, pp. 25–26. His proposal to eliminate licensing requirements for many services and professions illustrates the belief that there are no “objective standards by which practitioners . . . can and should be judged.” J. Harvey Lomax, “Economics or Political Philosophy: Which Should Prevail in Public Policy?” *Interpretation* 10 (1982):270.
65. How this capacity is related to primitive morality remains unexplored.
69. This section treats public interest as synonymous with common good.
71. Friedman, *Capitalism and Freedom*, pp. 1–2; Buchanan, *Liberty, Market and State*, p. 117. See also Friedman and Friedman, *Free to Choose*, p. 104.
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Chapter Seven. Conservative Economists’ Theory of Government


8. Friedman and Friedman, Tynmmy, pp. 14, 52, 105–23, 146; Friedman and Fried-


26. Malthus's reasons for the failure of the poor laws— they violate human nature and the natural system of social-economic relations; successful intervention in natural processes is impossible; the poor laws perpetuate poverty and cannot alleviate it; poverty is ultimately an individual concern, not caused by the existing political and social economy; the laws violate the freedom of taxpayers and the poor—are almost prototypical of contemporary claims that government cannot be effective, that it cannot successfully intervene in economic relations, and that it can only be destructive.


35. Consider Federal Bureau of Investigation requests, revealed in early 1988, that librarians provide lists of people with foreign-sounding names who use declassified technical data, on the grounds that they may be spies.


46. Friedman, *Capitalism and Freedom*, pp. 15–16, 23; Friedman and Friedman, *Free to Choose*, pp. 6, xvii.
51. The assumption may be Hobbesian, but the conclusions are not. Hobbes relied on government power to produce order, not markets. Economic self-interest and desire for esteem were too frail to ensure order, given the savage passions of self-interest.
57. This is valid if self-interested people assume they will be winners. A different assumption—that they desire to minimize losses or that they may be among the losers—can lead to a welfare or redistributive system.
60. Buchanan uses the term more than Friedman or Hayek, but it is consistent with Friedman's proposed constitutional amendments and Hayek's rule of law.
63. Buchanan and Wagner, *Democracy in Deficit*, pp. 147–59, 175–82; Buchanan,

64. See Friedman, *Capitalism and Freedom*, pp. 52–53; Friedman and Friedman, *Tyranny*, pp. 135–36.


71. Friedman and Friedman, *Tyranny*, p. 42.


84. See Friedman and Friedman, *Tyranny*, p. 119, where they voice a common criticism of the U.S. government for financing anti-smoking campaigns and subsidizing tobacco farming. Instead of seeing this as evidence that government is not monolithic, Friedman uses it to condemn government for not being unified.
Chapter Eight. Conclusions


6. Amartya Sen, "The Moral Standing of the Market," *Social Philosophy and Policy* 2 (1985): 1–19. Results are important in general, systemic terms of promising that things will be better for more people in the long run. A conservative such as Robert Nozick can, although he relies on suing in court rather than regulation. See *Anarchy, State, and Utopia* (New York: Basic Books, 1974), pp. 79–81. The conservatives also ignore the possibly centralizing tendencies of such technologies as nuclear power.


11. The United States and Germany faced similar economic circumstances in 1932, but Germany underwent a revolution. Strong belief by Americans in the legitimacy of their constitutional system and methods of problem solving allowed a system-strengthening shift in policies to implement reinterpretation of widely shared fundamental values. The Weimar Republic lacked such acceptance. Large numbers, perhaps a majority, considered it illegitimate, and it could not weather the economic crisis.


21. These comments were sparked by Larry M. Preston’s essay, “Efficiency and Political Theory” (paper presented at meeting of American Political Science Association, September 1987).


29. Quirk, “Defense,” p. 39. For the conservatives, this is not a mitigating reason because, by definition, anything outside the market serves narrow, selfish special interests.


35. Buchanan seems more aware of these problems than do the others, though he too engages in this enterprise. See Buchanan, *What Should Economists Do?* p. 57.

36. They share remarkable similarities: deep roots in classical economics; a nineteenth-century picture of science as discovering preexisting laws of nature; mistrust of politics; a view of government as controlled by dominant interests; economics as the real basis of politics; downplaying of citizenship and participation; the belief that rules and institutions evolve rather than result from rational analysis and conscious decisions and that values do not have independent standing; and the assertion that people often fail to see their real interests.

