



**Libertarians Are Scary!**  
**Guest: Jacob Hornberger**  
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**WOODS:** It seems like there's an article [like this](#) every couple of months somewhere. First of all, tell me, do you think it's just because of my selective reading of websites that I seem to come across a lot of anti-libertarian articles? Or is it the case, is it your experience too, that it seems that there are more anti-libertarian articles, articles attempting to debunk the whole philosophy, than there are, say, anti-conservative articles? I mean, yeah, there are articles saying this Republican politician's a bum. But how many articles are there that try to dissect conservatism the way we see libertarianism being dissected? Do you think I'm onto something here?

**HORNBERGER:** I haven't seen this many articles attacking libertarianism in the 25 years that I've been doing this here at the Future of Freedom Foundation. And I think it's because they sense that we are making enormous strides and attracting people to our philosophy, especially people that are young, the college students and the high school students, that are all self identifying as libertarians. I think the Left really finds this threatening.

**WOODS:** I'm glad you said that, because that was how I was interpreting it and I thought, maybe I'm just looking at the world through rose-colored glasses. But I think a lot of the progressives, especially, take for granted that young people are supposed to be progressives. And they're disappointed that there is this substantial minority of them that aren't buying into it. Hence you get these articles about, if the libertarians won, everyone would be starving and if they had food, it would all be poisoned by the capitalists or whatever. So I want to go through this piece with you. And I have to say, I'll give this article credit. It doesn't go the poisoned sandwiches route. That pollution would be choking us to death and the kids would be working in coal mines. It's not that. It's a little bit different.

So let's go through and see what the criticisms are. The author brings up cutting unemployment benefits. Now that seems like an odd thing to attack, of all possible issues to bring up. But apparently Senator Rand Paul and other conservatives have been talking about unemployment benefits increasing unemployment, and the author of this article cannot believe that anyone could be such a blockhead as to think there could be a relationship between unemployment benefits and unemployment. What say you?

**HORNBERGER:** Well, obviously, incentives matter. I mean it's entirely rational for people to take free money. It's what we have long argued. But I think it's important to put things in a much bigger context, because it's easy to look at the system we exist in today, the regulated society, the welfare state, and find these distortions and criticize libertarian positions on one aspect of this but usually it's conservatives that are doing this. I think it's better to look at this in an overall perspective. That this is not an economic system that libertarians favor. We're not here defending the status quo as the Left sometimes portrays us as doing. We oppose the status quo. Say you've got all these barriers to employment, for example, licensure laws, economic regulations, exorbitant taxes that inhibit starting new businesses, minimum wage laws that prevent people from starting new businesses and hiring people at low wages. So when you get all these barriers involved, it's not surprising that some people might find it hard to work. When I see a person on the side of the street saying, hey, unemployed and need some help, I don't automatically jump to the conclusion that, oh, get a job, you bum. Because I know that there's tremendous barriers that the state has imposed to employment. So I think it's important that, as we're talking about libertarianism, that we present the big picture on this thing and that is a totally radical free market, a market that is entirely free of government control, regulation and taxation.

**WOODS:** I would add to that the issue of the economic crisis and business cycle that we've been through, that these things don't just occur spontaneously. There's a government or Federal Reserve angle to be observed there as well.

Let me share with you one passage, though, just on the subject of unemployment benefits, just because it's interesting. This is a passage from a mainstream economics textbook. "People respond to incentives. If unemployment becomes more attractive because of the unemployment benefit, some unemployed workers may no longer try to find a job or may not try to find one as quickly as they would without the benefit. Ways to get around this problem are to provide unemployment benefits only for a limited time or to

require recipients to prove they are actively looking for a new job.” You know whose textbook that is? That’s Paul Krugman’s textbook.

**HORNBERGER:** You’re kidding. Wow. That’s a shocker.

**WOODS:** Bob Murphy, the Krugman slayer, dug that baby up the other day.

**HORNBERGER:** That’s hilarious.

**WOODS:** Yeah. So there it is, in black and white. So even Paul Krugman’s a terrible, wicked capitalist pig, it turns out. But I love your point about this big picture thing because you know what, I’m as guilty of this as anyone else sometimes, of acting as if the current system is something we have to rush to defend, when the current system is as far opposed as what we would want as it probably is from a progressive would want.

**HORNBERGER:** That’s right. That’s right. I think this is one of the things that distinguishes us from conservatives. The conservatives look at the status quo and they get into these big debates about whether there should be Obamacare or not Obamacare. And it’s all quite irrelevant because it’s this system of statism that we live under, a regulated society, a welfare state, a managed economy, the central bank, as you point out. Libertarians are opposed to this entire system. So when we see bad things happening like chronic unemployment in the inner cities among black teenagers, we know what the cause of that is. These are the statist minimum wage laws that have been in effect. And so what we do, we talk in terms of a radical free market, a libertarian paradigm where you separate economy and the state the way our ancestors separated church and state.

**WOODS:** The author is claiming that our argument is that a lot of these welfare state programs create dependency. By that logic, he says, we ought to close down the homeless shelters, shut down the Salvation Army, make it illegal to throw a starving person a coin or toss a blanket over them as they lay on the street. And this logic only ends one way, in a hellish dystopia where the underclass is starving, homeless and dying in droves. How you answer that?

**HORNBERGER:** It’s entirely different when you’re talking about a private sector charity. Because the charities, the ones that I’ve been familiar with, are very, very cautious in how they distribute their money. They make sure that people really do need the assistance, but they are also encouraging them to get off the assistance so that they can allocate their resources to the more urgent needs. It’s entirely different from government. Government’s incentive is to keep people on the dole. That way they are able to control them. They are able to implicitly threaten them. That hey, if the Republicans come in office, you’re going to lose your dole. Let’s stick with the Democrats, type thing. Or scare seniors. Oh my gosh, you’re going to lose your Social Security. So it’s always in the government’s interest to make this dependency as long as it can. Sometimes through an entire lifetime of a person. And I remember a guy many years ago telling me that he was living in a public housing project and he told me that if he made too much money, they would throw him out. So his incentive was to stay in this public housing project because he could never accumulate enough money to get the large enough house for his family. So there he sits the rest of his life. Compare that to a private sector person providing low-cost housing for people. He didn’t care how long the person stays there. He just charges them for the rent and they can leave whenever they want and they can make as much money as they want. They can save as much money. The private sector and the government sector have two completely different incentive structures here.

**WOODS:** And of course, if you are a potential donor to a private sector organization, you’re not going to want to know how many people are sitting there on the dole, so to speak, right now. It’s how many lives have you actually transformed? What has been the endgame of somebody coming through here? Whereas with government it’s always, this is how many people we’re serving—in other words, this is how many people we’re keeping in the same situation year after year. Now the next point in this piece is—

**HORNBERGER:** Let me interrupt you just for a second.

**WOODS:** Oh, please do.

**HORNBERGER:** You know, that’s an interesting point you make because it’s also how they’re measuring the success of their so-called war on poverty—you know, the fiftieth anniversary we’re celebrating now—is that they’re saying, look at all the people we have put on the dole over the last 50 years. Well I look at that and that’s my measure of failure. What is the best way to help the poor? The best we could ever help the poor is to have a system where the poor are able to become wealthy. Where they make it out on their own and they break the bonds of poverty. They become middle class. They become wealthy. That’s my measure of success. They’re more independent. They’re not dependent on the government. They’ve done it on their own. They’re working in a business or they own their own business and so forth. And I think that’s another distinguishing characteristic here between the libertarian paradigm and the leftist paradigm.

**WOODS:** And of course, the vast majority of progress that has been made against poverty in the United States around the world

occurred long before the major welfare state programs were even in place. It was just because the market economy was increasing wealth for everybody, and people's living standards increased by 10, 15 times in the course of a single century. Nothing like this had ever been seen before. So it's hard for me to seriously believe that they think that they are accurately describing our views. In fact, most of the libertarians I know are basically young kids, or they're just regular Americans who make a fairly average income. Most of them are not the super wealthy. The super wealthy tend to be people who want stability. They don't want radical change. The system has served them well. They don't want to upset the apple cart. That's my experience. How about yours?

**HORNBERGER:** I totally agree with you. And I think one of the things that characterizes progressive leftists is that, and notice in this article, they don't really have a sound understanding of economics in terms of what creates wealth in the society. That they just assume that there's this giant pool of wealth and they see it and they think it's unfair that there's some that have more. So all they want to do is confiscate it from those who have it and give it to those who need it. So they don't sit there and say, how did that wealth come into existence? Or if they do, they ascribe it to natural resources or some nonsense like that. Well, we understand—I mean, this is the real key to libertarianism—we understand what is necessary to create a wealthy, prospering society. One that benefits the poor because they have the opportunity to become wealthy or middle class. And I think that's one of the things that we always have to focus on. What is it that creates wealth and prosperity in a society? And if the poor people were to ever discover this aspect of libertarianism, I think the whole gig would be up on the whole welfare-state, regulated economy.

**WOODS:** Well you have to ask yourself, where in the world would you rather be poor? Look at Japan. What resources does Japan have? It has no oil. It's mostly mountainous. You would think this is going to be a complete disaster, whereas you would think, according to the resource explanation, Africa should be a paradise. Right? It's got diamonds. It's got mineral deposits. This should be great. But it turns out that the regimes that are in charge in the different places have an effect on the standard of living. And you can even see that *among* African countries. I'd rather live in Botswana than I would in, well, Kenya, or practically any other African country I can think of. Now I want to share this one with you, though, because—

**HORNBERGER:** Can I say one more thing?

**WOODS:** Yes, please.

**HORNBERGER:** On that, that's really a great point. I mean, I grew up in Laredo, Texas, right on the border and right across the river was Nuevo Laredo, Mexico. And Mexico, of course, has oil. And yet there was tremendously much more poverty in Nuevo Laredo, Mexico than Laredo. And as I was growing up, I couldn't understand it. How does a river, the Rio Grande, cause this disparity of wealth? Well, as you put it, societies where government is taxing less, regulating less, interfering with economic activity less, are the ones where there's going to be the higher standard of living. Especially for the poor people. Cause there's a huge spillover effect living as a poor person in a wealthy society. I saw at Laredo with a nun, that she had taken a vow of poverty, and yet she lived a very nice life, a much nicer life than her counterparts in Guatemala. She had a nice car that she drove. She didn't own it but she had nice living facilities. Nice library. And so there's a tremendous spillover effect in a free-market society. Now I'm not suggesting that that's what the United States is, but clearly there's less government intrusion in our economic activities here than there is in Africa or Mexico. Another example is East and West Berlin. What better example could you have than that?

**WOODS:** East and West Berlin. People fled East Berlin in the most desperate circumstances. There used to be apartment buildings alongside, right along with the division between the city. And eventually they bricked up the windows because people were jumping out the window. They'd be jumping from the third or fourth, fifth-story window. They would send light signals out to the fire brigade on the other side saying, I'm going to be jumping Tuesday morning at 10 o'clock, so make sure the net is out for me. Just incredible what people would do.

Now I want to go on to the second one because the other claim is, the title of this section is "Nothing but Competition." And it says, this idea lies at the heart of libertarian and conservative thinking, that human beings excel under the pressure of competition. And the counterargument that's raised here is a reference to a Sears CEO who did severe damage to Sears with the idea that internal competition among his company's departments would cause them to function more efficiently and they didn't. And this is an argument, he says, against the idea of competition. What was your response to that?

**HORNBERGER:** Well, you know, the libertarian paradigm doesn't make any judgment calls as to how a particular company in an unhampered market should be managed. If a company is mismanaged or if consumers don't like what that company's producing, it's going to go out of business or it's going to lose market share. So a comparable example is education. We want to free the educational market but we don't necessarily say, this is your best method of education. We let consumers make that decision. So by him pointing to Sears and saying, look at what this guy did, he established internal competition and therefore competition itself is bad, is ridiculous. For one thing, what we're fighting for is not necessarily competition; we want freedom, which involves competition and cooperation. It's a system where people work together to satisfy their mutual wants. So that was my reaction. Who cares what the guy at Sears was doing? That has nothing to do with freeing the economy and letting every company operate the way it wants and try to gain market share by satisfying consumers by producing what they want.

**WOODS:** And of course, he himself goes on to say that, what the Sears CEO did caused Sears stock to lose more than half its value. Well, there you go! That's what a free economy does. It punishes them for this. It's because you have a stock market where you're allowed to freely trade titles to capital, titles to ownership of a company, that he was immediately punished for this. If we didn't have competition, if we didn't have other firms that hadn't gone down his road, we wouldn't really have a way of gauging whether this had been a good or a bad thing. We wouldn't be able to take our money and bring it to some other company. So he's, in effect, proving the value of competition. Not all companies decided to adopt that model and so the ones that didn't prospered, and they won out in the competitive battle.

But also, you're right, if you look at the whole division of labor and the structure of production, that's cooperation on a large scale. I'm cooperating with my suppliers. I'm cooperating with my retailers. I don't want to see either one of them go out of business because then the whole chain is disrupted and we all lose. So it's extremely shortsighted to look at this and see nothing but dog-eat-dog.

But now I turn to the hard one. I'm going to skip the free enterprise zones one because that's kind of a Jack Kemp thing, and I was never that big on it. But the last one is that, horror of horrors, we believe in the absolute rights of private ownership. And so, of course, the first argument that comes up here is, this means that you're against antidiscrimination laws. And this would mean that you believe that a private owner can decide which person, which groups of people, are allowed to come onto his property and which are not, and we all know that this is a terrible thing. Now this is probably one of the toughest arguments. I'll grant him, he's raised a good one here. How do you handle this argument?

**HORNBERGER:** Well, I handle it that a free society entails the right to discriminate, on any basis. I mean, that's what freedom of association is. I mean, if a bigot doesn't want to hang around with Catholics or Protestants or Jews or blacks or Hispanics or whatever, I think that's his right. I mean, that's one of the fundamental aspects of liberty. But as you point out, the free market has the tendency to put a penalty on that type of conduct. That's why I often argue that they should have just repealed the segregation laws, that is, the laws that required people to separate in races. The reason they had those is that they knew blacks were out-competing whites to a large extent, and that's why they needed the Jim Crow laws to force people to segregate. If they had just repealed those laws or nullified them and let the market operate, the bigot would be able to sell only to whites but he would have lost market share. There would've been social ostracism. People would have avoided the business. They could have demonstrated, boycotted the business. That, to me, is a much better way to treat social misconduct, if you will, than to use the force of government, because all the government does is just force it underground. It suppresses, like a steam cooker. It doesn't eliminate the bigotry. It just prevents the bigot from demonstrating his bigotry. I say, let freedom reign, let the bigot do his thing and see what happens in the marketplace. In my opinion, the marketplace is going to put him out of business, or at least severely penalize him.

**WOODS:** I would say, especially in the age of the Internet, where nobody can get away with anything for three seconds without it being a YouTube that the whole world is watching, it would be almost impossible, you would be boycotted out of existence in five seconds by the whole world. It would be extremely difficult, especially in this day and age, to carry that out.

But then he carries on to say that in Rand Paul's style of libertarianism—and by the way, I think if he's that scared of Rand Paul, he'd be terrified of you and me—there's no limit to the deeds a business owner can commit inside the confines of his own business. Even if laws against theft and murder are upheld, that would almost certainly mean an end to all workplace safety laws, much less minimum-wage laws. Now we hit on minimum-wage laws a bit already, but what about this? What about this claim that, if we didn't have government workplace safety laws, everybody would be on the verge of falling into a meat grinder, their body ground up into sausage meat that you and I would be buying in the supermarket.

**HORNBERGER:** It's a variation of the child labor argument that in the nineteenth century American parents hated their children and that's why they sent them into the factories to work all day long and so forth. Well, you know, when you've got a certain level of prosperity in the society, you can afford to do a lot of things. Or you might not be able to afford to do a lot of things. But the reason children were sent into the factories—it's just basic survival. But as you reach a higher level of prosperity, more capital in that society, then all people have a higher standard of living, then all of a sudden you can start taking children out of the marketplace, out of the workplace. Wives can stay home and take care of their children. It's the same thing with safety regulations, that as your degree of wealth increases in the society, businesses become safer. It's in their interest to become safer. They want to attract the workers, the better workers. And so here, again, you have the incentive, where it's in everybody's interest to have as many businesses entering the marketplace as possible. This is what I was talking about earlier, all these barriers to new businesses, including minimum-wage laws. Where if you have more businesses in there competing for workers, there's that tendency to raise wages through that competitive effort, but there's also the incentive to say, hey look, we've got a safer business here. We've got better working conditions over here. Come and work over here. And that's why it's in everyone's interest, especially the workers, to have as many businesses in there competing for their labor as possible.

**WOODS:** And then, of course, once some particular improvement in the workplace environment, something like air-conditioning, becomes more common, then those firms that aren't offering air-conditioning now have to pay higher wages to draw people toward

the sweatshop conditions that they have and as time goes on, they don't want to keep paying that wage premium so they just go ahead and install the air conditioning. So that's exactly right. And plus, I sometimes ask people: let's say the government didn't require anything of anybody. In 2014, would you still want to buy a car that has the same amenities and safety features as a car from 1935? Would you want to buy a car with no windshield wipers? Would you really want that? Probably on your own you would say, well, now that I'm wealthier and I can afford a car with windshield wipers, doggone it, I think I'm going to buy it.

Now before I let you go, I want you to take a minute and tell us about The Future of Freedom Foundation. Give me your best plug for what it is you guys do over there.

**HORNBERGER:** Well, we're obviously a libertarian foundation that advances an uncompromising case for the free society. So half the time, we're talking about the welfare state and how this is a tremendous infringement on economic liberty and we're building the case, positive case, for a radical free-market society. We strongly oppose the drug war, which we believe is a classic example of infringements on human liberty. And then we spend half our time on civil liberties, the critical importance of civil liberties to a free society. We oppose all this foreign interventionism, the empire, CIA, NSA and its massive super-secret surveillance schemes. We would dismantle the whole national-security state. And so we're showing people why a free society necessarily depends on a constitutional republic, not this empire, militarist empire, that we've been living under for so many years.

**WOODS:** Well, everybody, I strongly urge you to check out the website [fff.org](http://fff.org). How's that for easy to remember? I want you to check that out because, I would say, after 9/11 in particular, you could count on one hand, the number of major libertarian outfits that didn't in one way or another get caught up in the jingoism and the hyper-patriotism of that time. And among the handful that kept a clear head, even if it meant they were going to be abused and attacked, was the Future of Freedom Foundation. So you can't go wrong by checking them out. And Jacob Hornberger, I really appreciate your time today. Thanks again.

**HORNBERGER:** Thank you, Tom. It's an honor being on your show. And thanks for those nice comments.