



Episode 1,734: Labor Needs a Free Market, and Other Libertarian Lessons

Guest: Sheldon Richman

WOODS: All right, let's dig back in. I have a mere 72 chapters to choose from here, so I'm going to see what I can do. Let's talk about libertarian class theory, because you have a couple of chapters on class and class struggle and how we ought to think about it. Obviously, we know how Marx thinks about class struggle, but it's not right to say, well, Marx thought this and Marx said this word, so therefore we can't ever say that word. Maybe he was right but for the wrong reasons and with the wrong players.

gg: Yes, it seems to carry a Marxist brand, doesn't it?

WOODS: And yet there's no reason that – it shouldn't have to, because there is such a thing as – although I'm not sure Marx did such a great job defining the term *class*. I think we could do a better job at that.

gg: Right, and of course, Marx was a historicist, so he believed all this was just the inevitable working out of history. But Marx, in fact, gave credit for the idea to the earlier radical liberal – by that I mean libertarian – historians and economists, mainly in France, Augustin Thierry and a few others, who were students and the disciples of Jean-Baptiste Say, the very famous free market economist of that time.

And their position was there are classes in a society, but that the origin of classes and class conflict is the state, because as soon as the state begins to expropriate resources from people who work and produce things – in other words the industrious class, if you use that word *class*, the industrious group – and give the benefits that are expropriated to others who didn't do the work, then you have the emergence of two classes, taxation being, of course, the prime example of such expropriation, although it's not the only example. But throughout history, states have taken things, land and crops and other things, from just regular working people and giving it to favored families and favored nobles and the armies, because they wanted to go to war so they needed to pay the soldiers, and so you have this shift in resources from honest working people to favored groups.

And by the way, those groups were not downtrodden groups. They weren't the poor. This wasn't the old Robin Hood story, robbing the rich and taking from the poor. It was robbing subsistence people and people who were able to make a living in life through their labor and through exchange, and giving it to people, noble men and others, who would rather not work, would rather get their stuff for free. So there's your division, and the division was sometimes described as the taxpayers versus the tax eaters, the tax consumers, those who got and those who got taken from.

Marx pays tribute to those guys and says they originated this theory. Now, where Marx screwed it up is in placing the entrepreneur, the enterpriser, the person who organizes a firm, organizes some productive outfit, in the wrong class, the so-called industrialists. This was a sort of the school of thought of these early economists I talked about, who were glad to see industry coming along, because they knew that that was the source of prosperity and economic growth. They had put the enterpriser in the industrious class. They said mental work is work, organizing is work, risk taking is involved. But Marx messes it up and puts the owners of, say, tools, who then maybe hires people to use those tools, in the wrong category.

Now, I will say in defense of Marx that a lot of the people in that capital-owning class, let's call it, were not free market figures, and that's another subject we can talk about, but they were leeches off industrious people. But in the abstract, simple ownership of land or of tools and then later machines in itself is not a sign of crime, let us say. You'd have to look closely and see how did they get this stuff.

WOODS: Right, and that's the kind of thing that when Ralph Raico did some work on this too, that he highlighted, that is the way that we should look at it. And so it's interesting how many areas of Marxist thought can actually be rehabilitated if understood in a libertarian framework. There is such a thing as exploitation, for example.

gg: Right.

WOODS: Like we can think of these — and that reminds me, I want to talk to you a little bit about labor, and I wonder, do you feel like you have a different take on the issue of labor and labor workers' rights than maybe some other libertarians do? Because I'm not quite sure about that, but I'd like you to help me out.

gg: Yeah. Well, I do talk about that in a couple of chapters.

WOODS: Yeah.

gg: Post-World War II, you see this view arising among some libertarians that there's something inherently wrong with labor unions or workers organizing to try to get a better deal out of the people they've worked for. And I think in some cases, there was a failure to distinguish labor organizations per se and state-promoted labor organizations. So, again, it's very important to look at the history and origins of an organization or person. Just like I said with the owners of capital, it depends on how they got it. Well, if a labor organization has certain clout, then we have to look closely at what that clout is and where it derives from.

So when I was doing some work on right-to-work, because the right-to-work laws still exist in many states, which say that an employer cannot require his employees to join a union before working or after a certain period of time working for the company, there was a lot of opposition to that, has been, by libertarians, as well as many of conservatives oppose that. I remember opposing that as a young, I thought, conservative many years ago in the early '60s. But what I did some research on this, I think at the Freeman and maybe later, I found some very interesting things.

And the Festschrift I've written for Ludwig von Mises celebrating I think the 50th anniversary of his doctorate actually, called *Freedom and Free Enterprise*, that the Foundation for Economic Education put out, Percy Greaves, who was one of the greatest promoters of Mises' work – married to the great Bettina Greaves who was at FEE for so very long – wrote a defense of right-to-work, because he believed that was a violation of the freedom of contract. Libertarians like to say the owner of a company can set the rules. Why can't he set a rule – and we may not like the rule. Why can't he set the rule that if you're going to join, if you're going to work here, after 30 days or even the day you join the company, you have to join this labor organization? So I draw on earlier thinkers – of course, there are other libertarian thinkers today who write similar things. But Herbert Spencer was quite pro-labor organization. In fact, he was even suspicious of firms. He looked to the day when workers owned their own companies, workers co-ops, etc.

And we have to keep in mind, libertarians love to talk about all the barriers that's put on the individual as far as business formation goes, like occupational licensing and all kinds of permitting that municipalities and states have. I would add intellectual property and throw that into it. But here's the thing. If you reduce the opportunities for self-employment or for worker organizations, worker enterprises, you're reducing the clout of workers with respect to their employers. Because if I have no alternative or very few alternatives because of state barriers, it's very hard to go to my boss and say I want to raise or I want better conditions or I want a promotion or something like that, because I can't just send that old song to him: take this job and shove it. On the other hand, if these opportunities have not been blocked off by the state and so I have more options, it's much easier for me to say to a boss I don't like who's not treating me well or not treating me as I think I deserve: take this drop job and shove it. And so all those barriers to self-employment and the other things I mentioned are favors to the employer class. And I think libertarians should never hesitate to point that out.

WOODS: Maybe I'm not getting it, but how does the principle of exclusive representation fit into this? Do you defend that? Are you against that? That if people decide to unionize, then according to the Wagner Act, there's therefore one union, and everybody has to join it whether or not they want to. You don't defend that.

gg: I don't defend the LRB and the enabling legislation that came in with the New Deal, the Wagner Act. No, no, no. Remember, I said you have to look to see where the clout, is the "power." You need to see is it market power or is it political power. If a group of workers decide they want to form an organization and they go to the employer and say we want this organization to be our bargaining agent, and the employer agrees, and the state's not involved – I mean, imagine it's an anarchist society. There can't be a state involvement – and the employer agrees, then a libertarian, maybe he doesn't personally like it, but that's not relevant, right? He could say I don't like it, but that's what they agreed to. I guess if I want a job, I won't go there if I don't want that arrangement.

So that's all I'm saying, that as long as it's private agreement and there's no threat of violence, I might add – not only is the state not involved, but there's not private threats of violence, which of course would be over the libertarian line. We're not against just state violence; we're against violence, aggressive violence, at least, not defensive violence – then as a libertarian, I can't object to it, even if I have personal objections to it if for some reason I think that's not a good idea, exclusive bargaining arrangements. But it doesn't matter. I have nothing to do with the company, so who cares whether I think it's a good idea or not?

WOODS: Right, right. Right, yeah, I have no objection to there being all kinds of different arrangements according to what people want. That's no problem at all. It's just I think a lot of American, let's say, left-liberals kind of take the Wagner Act status quo for granted as if it's simply obvious, and most Western countries don't actually have that arrangement where there's just the one union and everybody has to join. They're much more diverse in what they allow.

gg: When the Wagner Act was being discussed during the New Deal, when these kinds of laws were being talked about and proposals – and some business people had been advocating things like this for a long time during the '20s, so they might not have gotten exactly what they wanted when the final bill passed, but they had a lot of input and they got a lot of what they wanted. The radical unions – and I have particularly in mind the International Workers of the World, the Wobblies – opposed that tooth and nail, because they said no, this is an attempt by the state, by the ruling class, to domesticate labor to anoint certain favored labor leaders who are not from the radical ranks, and therefore we're against it. Because look what it did. It put deadlines on things, like before you go on strike, there had to be a cooling off period. In other words, they put restrictions. There couldn't be wildcat strikes. There couldn't be downstream or I guess upstream secondary boycotts. If workers think this employer is being mean to us, under these laws, we can't organize a boycott of their suppliers or their customers. And the radicals were much closer to laissez faire. They're saying why is the state imposing these limits on what we can do?

Now, if any of them also favored violence, aggressive violence as a tool for getting justice for workers, then a libertarian would oppose them. Of course, I would oppose them. So that's not the issue. But as far as these other measures I mentioned – boycotts, second secondary boycotts, wildcat strikes – these are not violent. We can talk about things, about stopping nonunion workers from taking jobs. There I part company with them if they're going to like attack nonunion workers or blow up trucks or stuff like that. So we have to be libertarians in making distinctions.

WOODS: I want to read a little passage, just a part of a sentence actually from a late chapter. This is a quotation you share from Alexis de Tocqueville, and oh boy, referring to state power after a lengthy discussion, it concludes:

"It compresses, enervates, extinguishes, and stupefies a people till each nation is reduced to nothing better than a flock of timid and industrious animals, of which the government is the shepherd."

Well, if we ain't living through that now, I don't know how else to describe it.

gg: Yeah, that's a wonderful section in de Tocqueville's *Democracy in America*, where he's talking about the soft tyranny that we might expect from democracy. He's coming to study democracy here, or he actually came to study prisons originally, but then he stayed and broadened his project. He's talking about the danger of democracy, and he acknowledges that it's different from the dangers of a traditional tyranny. And he does that, talks about the softness, it's kind of a soft tyranny that turns us into children. Yeah, it's a beautiful passage. You could read more – I can't do it justice without reading it myself. I'm not going to attempt to paraphrase it, because all I'll wreck it. It's just beautiful, and it just seems so true.

WOODS: This isn't directly from your book, but just thinking about that kind of theme and looking around today, I know that there are people who can find silver linings in just about anything, but doggone it, I'm really discouraged right now, in how readily people just accept whatever crazy demand is made of them. Although, at some point, I mean, I don't think anybody in Canada is really wearing a mask while they're having sex. I really don't think that's happening. And I thought it was interesting that when Dr. Fauci said if you want to really cover all your bases, you should wear goggles in public. As far as I know, I've not seen a single human being wear goggles, even though Fauci said it and he's infallible. So at some level, people still do have some sense of this is ridiculous and I'm not doing that. But boy, that threshold is a lot higher than I thought it was.

gg: Yeah, that's right. But I want to make a caution here, and I think it's consistent with things I say in the book. People could easily disagree with me on this, but there are some things we ought to do with respect other people. I mean, after all, the book is called *What Social Animals Owe to Each Other*. So there are some things we have I believe unchosen obligations to do in respect and out of respect for other people. So if the government happens to, like a stopped clock getting it right twice a day, if the government happens to mandate something that we ought to be doing anyway, I don't believe it's libertarian or moral proper to not do it because the government mandated it. So again, we have to make libertarian distinctions. If it's something we ought to do anyway even if there was not a mandate, the fact that there's a mandate is not a reason not to do it.

WOODS: Right. Right. Right. I completely agree with that.

gg: There are some people, if you watch Facebook, I get the sense that there are some libertarians out there who think the libertarian thing to do is to say not wear a mask out on the street, when you're at a store, where you can be close to people. And the only reason I see them give is because I need to show that I'm defying the government's mandate. I think that kind of thinking is wrong.

WOODS: Right. Now, I've heard some actual arguments against masks, but my opinion on it is I'm agnostic about it and so on and so forth. I mean, I'm not dogmatically against them. And again, if it's a property owner that says you've got to wear a mask, well then that's — I was seeing in a kind of Trumpy Facebook group people saying that it was destructive of their liberties for a private owner to demand that they do such-and-such. And that just ain't so. I mean, whatever else you may say about masks or whatever, that's what consensual relationships are like, that you both have to agree. If you don't agree with that, then you just simply don't interact with that person. And that's the way to think about it.

gg: Yes.

WOODS: So all right, let's talk about a phony-baloney distinction that we see made all over American society, and it's one that you talk about briefly, the idea that there are different kinds of freedom. And I remember, gosh, in the '80s, just how dumb and superficial politics was even then, that we would be told that, well, these people believe in your economic freedoms and these people believe in personal freedoms. What? I mean, what does that mean? What is an economic freedom? So you cite this famous Supreme Court case from 1938 that kind of introduced this distinction into the lexicon. Now, what's wrong with it? It does seem like my right to privacy does seem different from some guy's right to open a business

and hire people. I mean, it seems somewhat different, so why don't we think of them differently?

gg: I think this point is made throughout the important libertarian literature, but it hit me particularly hard when I heard Thomas Sowell make a remark I think in the 1980s. I don't know if I was watching something, maybe it was from *Free to Choose*, when he was in one of those closing interviews with Milton Friedman. But he made what should have been a very obvious point. We pursue ends. I mean, you can find this in the Austrian work and also in the person who's regarded as the British Austrian, Philip Wicksteed – or if he's a British Austrian, maybe we should call him Philip [Vicksteed]. But he made the point that economics is not about a narrow aspect of life; it's about all of human action, which of course was Mises' point in his book *Human Action*.

Sowell was saying we don't have economic ends versus other kinds of ends in other areas of our life. In other words, he was objecting to this carving up of life into our economic sphere, a personal sphere, whatever other spheres you want to come up with. We only have ends. Now, sometimes in the pursuit of ends, it requires the acquisition of money and the trading of money. So if I'm going to the store, there's an example. But it's not an economic end. The means may be economic, but I want to food, I want food because I want nutrition, I want to keep living, I want to not feel hungry. That's just another of my ends, some of which I regard as more important than others, and therefore I make choices every moment of my waking day about what end I want to pursue next. So the distinction is not over the kind of end. So his point was there's no such thing as economic freedom. There's just freedom.

And for the sake of analysis, I have no objection in just conversation to dividing that up for the sake of discussion. But it's very dangerous, dangerous if you forget that that's what you're doing. Because the Supreme Court did that in the famous *Carolene Products* case, which had infamous footnote number four, which we still live with. If you then begin to think, well, no, there's different kinds of freedoms – not only are there different kinds of means, and if you want to distinguish for the sake of analysis different kinds of ends, they moved on from there's different kinds of freedoms, and some freedoms we know are much more important than other kinds of freedoms. So freedom of speech is important. Freedom of religion is important. Privacy is important. We have the so-called "civil liberties." But I don't know, freedom to run your business the way you want? That's not as important. That's the kind of thing the Supreme Court was saying.

And that's extremely dangerous. There's not economic freedom versus personal freedom. There's just freedom. Now, you can have it in degrees. I'm not saying either you have it or you don't. It's not an on-off switch. But I object to this dividing it up into different spheres, because that encourages ranking one above the other, and so-called economic freedom then always gets place second in the world of non-liberalism, in the illiberal world.

WOODS: And by the way, I was very glad to see in here that you have a chapter, "The Inherently Humble Libertarian," it's actually right after the one on economic freedom, and I thought I knew what this chapter was going to say, and I'm glad that it didn't say what I thought – I thought it was going to say – and look, I love Penn Jillette. I think he's great. He's a fantastic showman, and he's a good libertarian, and I like him a lot. But a lot of times his case for libertarianism is, well, I just don't know what the best way for people to live is. All right, but what if you did? Are you saying that if you've discovered the best way for people to live, then you'd be justified in forcing everybody to live that way? I don't like that formulation

of the way we approach things. And there's a kind of false humility to it. Well, because I don't know what the best thing for you is, therefore I'm a libertarian – I don't know, there's something disturbing about that. But yet there is a kind of humility behind it, and so in what sense can we nevertheless say, though – because I do think there is a humility at the heart of libertarianism; it's just not precisely that.

gg: Right, and unfortunately Milton Friedman, also –

WOODS: Yeah, yeah, I had not seen that passage before until I read your book, and I thought, ugh.

gg: Yeah, he made it sound like, *If I knew, then I could dictate to people, but I just don't know what's good for you, and how can I possibly know?* And it's true that you may not know in particular. I mean, again, as an Aristotelian, I have a broad idea of what's good for people, because I believe there's human nature and I think we know something about human nature, so I can in very broad terms state what's good and bad for people, but within that, within what's the good, there's so many details that are dependent on your own situation, aptitudes, intelligence, etc., that there's no way you could specify to a particular person what he ought to do. So, yeah, I accept it to that point. But even if I could, it wouldn't justify coercion.

What I mean by the humble libertarian, I was thinking really a Hayek, Hayekian humility, because Hayek was very good at pointing out, and he did this in countless books and articles, that we can't – and he was building on Ludwig von Mises. I need to mention that, because I don't really believe the two of these guys are in opposition, as some people believe. I think Hayek was elaborating on Mises – we can't centrally plan society or "an economy." I put those together because society and economy are really kind of one phenomenon. We can't plan it because we don't know. The knowledge that would be required of a planner or even a small group of planners is not available.

And it's not available for a couple of reasons. For one thing, a lot of it is just never articulated. Various rules and things that we live by are never written out or never stated.. It's like the rules of grammar. We all we all speak relatively good grammar, but I ask someone to write down all the rules of grammar he uses in a day, and even if he gets a couple, he's going to leave out most of them because a lot of rules are not articulated. That's part of what a society is. It's custom. It's etiquette. It's all that stuff. And so the planner just cannot know.

That's one of the arguments on, let's say, the pragmatic side for why markets are indispensable to human flourishing, because the knowledge is generated only by the market process. That's another reason it's not available, because it takes the market process to generate it, through prices, through buying and selling and abstaining from buying and selling. All that stuff generates information in the form of prices, and other ways, but prices substantially. And that's vital information we use every day of our lives, even though we may not even be thinking of it that way. We don't think of prices so much as information except how much money I have to hand over. But that's the extent, but prices play a much larger role. That's what I meant by humility.

So some people accuse libertarians of being know-it-alls, and as I say in the piece, some libertarians do adopt the tone of *I know it all*. But the substance of the libertarian philosophy is, no, there's a whole lot I don't know and cannot know, which is why I want the free society to play itself out, because that's how we'll learn.

WOODS: Can I wrap up by asking you, looking at this title, which as we noted last time, obviously reflects some at least influence on the title from William Graham Sumner, *What Social Animals Owe to Each Other*, how would you in brief describe precisely what social animals owe to each other?

gg: I would say very briefly that what we owe to each other is what we owe to ourselves: reason, rationality. Because that's how we all flourish. And it's not just ,to pick up a distinction that Roderick Long likes to make, it's not just an instrumental means to the end of flourishing. It's not just a bridge to flourishing. It constitutes flourishing. Rational activity is constitutive of the flourishing life. That's what we owe.

WOODS: That's good. That's a good answer. Because I could see an answer from a libertarian being: we owe each other nonaggression. And yeah, yeah, I guess that, but I like reason better, because nonaggression is a subset of reason. Because reason does not involve violence. Reason involves discussion and thought.

gg: Well, I think nonaggression would be an implication of reason.

WOODS: Yes, right. Right, right, right.

gg: Nonaggression is a negative, but reason of course is putting things in a positive.

WOODS: Right. Right, and in keeping with the Aristotelian flavor of the book, let's emphasize what it is that positively distinguishes human beings, and that is reason. So you pass the test. That's a fantastic answer to that question [laughing].

All right. So the book is *What Social Animals Owe to Each Other*. It's filled with writings by Sheldon Richman from over the years. Very much worth reading, and I've covered it now twice in two weeks, so you can tell I'm fond of this book. So I'll link to it at TomWoods.com/1734, our show notes page for today. Well, Sheldon, thanks again.

gg: Thank you so much, Tom. I really enjoyed talking to you.