

## Joe Republican And A Better World

**Curi** fisks a didactic leftist story by telling a better story.

Tue, 04/17/2007 - 22:10 | [digg](#) | [del.icio.us](#) | [permalink](#)

## Dull Utopia Prospers

Steve and Joe and their poor liberal buddy seem to be cut from the same dull cloth. A better world has given them each their own country and let their ideas compete or maybe that is what Steve is trying to say in his libertarian didactic. Although Steve Lib is cocktail party boring in the same way as Joe Pub and Liberal-boy his ideas are much better, enviably so, say both Joe and Liberal-boy as they stare over their drinks and across the great capitalist divide. If only Steve would run for office he could be elected president of all the Republics. However Steve long ago had a better idea. He is now a multinationalist who trades across borders and with a skilled accountant on his payroll he successfully avoids paying taxes to anyone, even to himself. It is the best of all possible worlds.

by a reader on Wed, 04/18/2007 - 23:42 | [reply](#)

## A Better Story

It is a better story and maybe someday with alot of practical hard work it can become real. It probably has to incubate first in a sparsely populated U.S. state, a minor eastern european country or a remote temperate atoll.

by a reader on Thu, 04/19/2007 - 01:49 | [reply](#)

## Good stuff. I'd forgotten yo

Good stuff.

I'd forgotten you were libertarians!

by a reader on Sat, 04/21/2007 - 14:18 | [reply](#)

## Popper vs Rand

A reader 01:49,

It would be great to see a truly Libertarian state. Please, however, let it be one that is inspired more by the philosophy of Karl Popper than by the philosophy of Ayn Rand. Rand's Objectivism seems to me to have fallen into the traps of inductivism and essentialism (to name but a few ism's), although it contains many good ideas about freedom, minimum state etc.

I would be interested to get the opinion of people here how an Objectivist-Libertarian state would compare to Popperian-Libertarian state. I suspect that because Objectivist philosophy is based on untruths that an Objectivist-Libertarian state would not be the sort of paradise Elliot imagines.

by Brian S on Mon, 04/23/2007 - 14:35 | [reply](#)

## Not Quite True

1. "Competition Lowers Prices" -- Usually it does, unless there is predatory pricing. In these situations, wealthier firms lower prices below the cost of production, believing that they can survive the loss of money longer than their competitors. Once competitors are driven out of the market, prices then rise.

2. "Specialization Lowers Prices" -- Only up to a point. Otherwise any given individual would use his time in such a specialized way that he would do precisely one activity at work, not more than one. But this does not occur. Therefore, too much specialization raises prices, by increasing the number of people who need to interact to produce a product (too much specialization increases transaction cost).

3. "For every use of tax money that helps you (other) government expenditures....don't help you...Overall you lose."

It is humorous (and ironic) that libertarians think they know how to spend other people's money more efficiently than those spending it. The overwhelming majority of rich people will not vote for libertarian types of economic organization. And rich people pay the overwhelming majority of taxes. This means that rich people believe that certain types of charitable giving and economic organization are more efficiently produced by the government (there are many reasons for this).

And the fact that rich people do not usually support libertarian causes, yet libertarians try to convince rich people to do so, also implies that libertarians believe they know how to spend rich people's dollars more efficiently than those who spend it.

But of course it is usually libertarians who denigrate those favoring taxation, by claiming that those favoring taxation believe that they know how to spend other people's money better than those spending it.

So libertarians and those favoring taxation, to be fair, both believe that they know how to more efficiently spend the money of other people. A few goods are more efficiently produced by the

government (certain types of charitable giving, military production, roads), and most by the free market.

4. Companies will be accountable, responsible, and pay regulators if customers will pay for those things.

Knowledge/information will be inefficiently underproduced in free-market economies because knowledge is costly to produce, yet it is very difficult to charge those using the knowledge the full benefit that they realize because of their use.

The inefficient under-creation of knowledge is like the inefficient underproduction of cars in certain societies that do not have an effective police force. If an automobile producer has to pay the full cost of producing an automobile, yet people can just take half of his new cars off of his car lot, automobile producers will produce fewer cars. In other words, cars will be inefficiently underproduced.

Likewise, in a pure free-market economy, knowledge will be inefficiently under-created, because others can simply use whatever knowledge is created, without having to pay for the research needed to create it. People "steal" knowledge in this way by simply telling each other about the knowledge. Since the relatively free distribution of knowledge should not be stopped in society, there is a role for government to subsidize the creation of knowledge, to compensate others for the cost of creating it, and to create the knowledge that helps virtually everyone. So there is a role, at the very least, for government to subsidize those firms that create knowledge about products, if the government does not fill this role itself.

5. "Benefits from employers come straight out of your wages." Not quite true, either. Depends upon the shape of supply and demand curves.

by a reader on Mon, 04/23/2007 - 17:19 | [reply](#)

## Objectivism

For what it's worth I think very highly of Popper, and have mixed feelings about Rand. Rand's attitude (as expressed in her fiction) to selfishness and capitalism and individual responsibility has considerable merit. And her descriptions of what is despicable are perhaps even better. But Objectivism is not fallibilist and not fully coherent.

In the interest of discussing different libertarian attitudes: I think the wrong type of libertarianism is expressed in the Free State project. They want to get thousands of people to move to a state and vote the same way. They expect that because they are all libertarians, they will all agree what to vote. That is never going to work.

-- Elliot Temple  
curi@curi.us

## Dialogs

by [Elliot Temple](#) on Mon, 04/23/2007 - 17:52 | [reply](#)

## If Selfishness is Good....

If you believe selfishness is good, is altruism bad?

by a reader on Mon, 04/23/2007 - 18:32 | [reply](#)

## Altruism

I believe altruism and self-sacrifice are bad.

-- Elliot Temple

[curi@curi.us](mailto:curi@curi.us)

[Dialogs](#)

by [Elliot Temple](#) on Mon, 04/23/2007 - 21:10 | [reply](#)

## Altruism and Self-Sacrifice

Why is altruism bad?

by a reader on Mon, 04/23/2007 - 22:02 | [reply](#)

## Altruism

I know far and away the most about myself and my preferences, and much less about those of other people. So I'm in the best position to help myself.

If someone can justify to me why helping them with something is worthwhile, then there is no need for altruism: trade will suffice.

If I like and value someone, say an excellent philosopher, and I give him money because I want to help him to write more, that is charity but it is not altruism: I'm doing it because I want to support things I value.

When it comes down to it, to be truly altruistic an action cannot benefit me. It means doing things I have no incentive to do; no matter how well I do them, my life will not improve.

-- Elliot Temple

[curi@curi.us](mailto:curi@curi.us)

[Dialogs](#)

by [Elliot Temple](#) on Mon, 04/23/2007 - 23:31 | [reply](#)

## Re: Altruism

Elliot wrote:

When it comes down to it, to be truly altruistic an action cannot benefit me. It means doing things I have no incentive to do

But isn't it worse than that? If you think that an action is morally right, then (unless you are for some reason psychologically conflicted or irrational about it) you will choose to do it. In which case it does benefit you in the sense that counts: according to your own values. Hence an action taken wholeheartedly and in the belief that it is morally right, can never be altruistic. And I suppose that is the reason that altruism is basically immoral. (Though I would not go so far as to say it *always* is.)

by [David Deutsch](#) on Mon, 04/23/2007 - 23:48 | [reply](#)

## A Beautiful Mind

If you read the history of this man carefully, or even if you don't, you'll see some very interesting and intricate mathematical adaptations of game theory that show that certain categories of altruistic practices benefit not only the group, but also the individual, improving chances for both individual and group success. Some forms of "altruism" seem to be built (evolved) into our bones.

Hey, even take the holocaust. Some individuals sheltered persons at great risk and no obvious benefit to themselves. Were they wrong to do this? No.

by a reader on Tue, 04/24/2007 - 00:02 | [reply](#)

## Inefficient Knowledge Creation

What to do about the cheapness of making digital copies of books, music, movies, scientific papers, etc is an open problem. Concluding that therefore we need them to be funded involuntarily is absurd. For one thing, a libertarian society will have courts with standards of conduct similar to present day laws (unless and until they have an even better idea that actually works), so copyright can exist just as well as with government. And for another, pointing guns at people is hardly a solution to funding and is a recipe for funding things that should not be funded. Also a recipe for people being shot or scared.

-- Elliot Temple

curi@curi.us

**Dialogs**

by [Elliot Temple](#) on Tue, 04/24/2007 - 06:35 | [reply](#)

## Re: Objectivism

Elliot,

I agree that Objectivism is not fully coherent. I still don't really understand how Objectivists justify induction from their Law of Identity! Like you, I find much merit in Rand's writings, but I

wonder how the flaws of Objectivism would expose themselves in

an Objectivist society.

Even though many Objectivists seem to misunderstand Popper (for example, [this](#)), they are not shy in criticising him. Now I accept that some of the criticism of Popper is valid - he was fallible after all and his social engineering is highly questionable - but by denying Critical Rationalism, Objectivists deny our best theory of knowledge creation and this can only be bad for libertarianism.

by Brian S on Tue, 04/24/2007 - 11:47 | [reply](#)

## Altruism

David,

I think I must be misunderstanding you.

If an adult sacrifices his life to save the lives of 3 children, do you consider this an altruistic act?

If you do, why is it wrong?

If you don't, then are you saying sacrificing ones life for children is selfish because it is acting in a way that is consistent with the moral values of the individual making the sacrifice?

by a reader on Tue, 04/24/2007 - 13:36 | [reply](#)

## Who is Pointing the Gun?

"And for another, pointing guns at people is hardly a solution to funding and is a recipe for funding things that should not be funded. Also a recipe for people being shot or scared."

I assume that by "pointing guns" you mean using voting to decide the appropriate amount of funding for certain goods like funding for research, expenditures for the military, production of roads, and funding for charitable giving. The overwhelming majority of rich people (and the rest of the country) will not vote for libertarian systems of economic and governmental organization. People (even the rich) favor utilizing democratic rule in many situations. So the people who pay most of the taxes (the rich) must "want" to have a "gun" pointed at their head to have money "involuntarily" taken from them, because they consistently vote for democracy!

More likely, Americans and other free people perceive that libertarian forms of economic organization are so inefficient at providing certain goods and at providing morally acceptable societal outcomes, that those advocating such an awful politico-economic system, are perceived as trying to point guns at the rest of us!

by a reader on Tue, 04/24/2007 - 14:54 | [reply](#)

## Re: Who is Pointing the Gun?

Americans and other free people perceive that libertarian

forms of economic organization are so inefficient

Not long ago, those free peoples voted in election after election for Keynesian economic policies. Does that mean that they 'perceived' that the present non-Keynesian form of economic organisation is inefficient?

Surely it doesn't make sense to counter a minority opinion that more freedom is needed, with the argument that it is a minority opinion and therefore the freedom in question is not needed.

by [David Deutsch](#) on Tue, 04/24/2007 - 16:55 | [reply](#)

## Re: Who is Pointing the Gun?

A reader 14:54,

Try not paying your taxes and you will find out what Elliot means. It seems to have escaped your attention that rich people go to considerable lengths to minimise their tax liability. And that despite this, rich people contribute enormous amounts on a voluntary basis to charity.

by Brian S on Tue, 04/24/2007 - 17:05 | [reply](#)

## Less Freedom?

"Surely it doesn't make sense to counter a minority opinion that more freedom is needed, with the argument that it is a minority opinion and therefore the freedom in question is not needed."

If libertarian economic organization is inefficient at providing certain types of needed goods (the military, roads, certain types of charitable giving), while democratic processes lead to more efficient results, then the libertarian strategy takes money from people, involuntarily. And taking money from people is wrong.

People therefore voluntarily choose democratic processes to settle certain of their differences because they believe it maximizes their economic choices and therefore their freedom.

Therefore, it should not be surprising that the majority of free people support democracy, and not exclusively libertarian policies. Given the effectiveness of democratic political processes, it should not even be surprising that the wealthiest are prepared to finance this productive enterprise, with their taxes.

by a reader on Wed, 04/25/2007 - 00:37 | [reply](#)

## Voluntarism

Suppose that democracies produce more wealth than voluntarist societies by forcing people to do productive things they would otherwise irrationally refuse to do (or refuse due to the logic of public goods or some such).

Does it then follow that voluntarist societies take money away from

people which they would otherwise have, and is thus forces them to be poorer by not allowing them to do what would make them richest?

Let me restate the problem.

Consider a business venture to produce widgets. Jack has the idea of how to do it, and it will make billions of dollars. He just needs a bit of capital to get started, so he asks Sue for a loan. Sue refuses.

In a voluntarist society, trades only take place when all parties wish them to. Jack will have to persuade someone to help with his widgets, or provide his own starting capital. He might fail to do those things and remain poor even if his widget idea is excellent.

Contrariwise, in the sort of society you advocate, Sue could be forced (by majority vote, or by laws of officials already elected by vote) to loan money to Jack. This, you say, saves Jack from being forced to be poor, and forced not to produce widgets.

Sue can be forced to give the loan, which she does not want, or Jack can be forced not to have a loan, which he does not want. There is symmetry.

So, there is no such thing as a way to proceed in which no one is forced. There is no such thing as a voluntary society. There is only such thing as a society which is in denial about its use of force.

But there's more. Sue would end up with more money if she gave the loan, so she really has nothing to lose, and is therefore acting perversely. Her refusal to help both of them is actually the most violent and hateful act being considered, and is therefore the one that should not be allowed.

Is that, roughly, what you believe?

-- Elliot Temple

curi@curi.us

**Dialogs**

by [Elliot Temple](#) on Wed, 04/25/2007 - 01:41 | [reply](#)

## **Are democracies better producers of public goods?**

1) To posit that democracies are better at producing public goods as a mere hypothetical, then observe that popular behavior indicates that the hypothetical is widely-believed to be true, does not establish the truth of the hypothetical. What evidence is there that democracies are better producers of public goods than the free market? None that I'm aware of, even for military defense.

2) If X really is a public good, and this public goods problem is insurmountable by the free market, and the benefit of the public good would exceed the cost of coercive production of that public good, that still doesn't solve the public goods problem, because coercive production of public goods is also a public good. Why should the public good of coercive production of, say, public roads,

be any less insurmountable than free-market production of public roads? The infinite regress problem is what's really insurmountable.

3) My favorite analogy to the public goods rationale for coercion: Suppose Joe wants to have sex with Sue, but Sue doesn't want to. But Joe would benefit more from having sex with Sue than it would cost her, so Sue ought to be forced to have sex with Joe...

Tim Starr

Fight for Liberty!

<http://groups.yahoo.com/group/fightforliberty/>

by Tim Starr on Wed, 04/25/2007 - 20:34 | [reply](#)

## Sue and Joe Sex

Let's say Sue is not forced to have sex with Joe. Joe wants to have sex with Sue but Sue is not convinced by the best of arguments to have sex with Joe. In a society of two, Sue and Joe both libertarians, do not procreate and the society dies out. This is not an argument for coerced sex. It is however the fact of what happens to a public good when pure libertarian ideals are enforced by the libertarians themselves.

by a reader on Thu, 04/26/2007 - 16:17 | [reply](#)

## society of 2

in a society of 2, the overwhelming issue wrt having sex is whether they wish to create children. so if sue doesn't want to, it will be because she wants society to die out, or has a reason that something else is the best way to make society continue on.

it's easy to disregard disagreement as nonsensical when you don't think about \*why\* people hold their opinions.

it is also possible that sue has a very bad or nonsensical reason. but in \*that\* case persuading her of a better idea is easy. the worse sue's present idea, the easier persuasion is.

-- Elliot Temple

[curi@curi.us](mailto:curi@curi.us)

**Dialogs**

by **Elliot Temple** on Thu, 04/26/2007 - 18:13 | [reply](#)

## Who Stops Rape?

"What evidence is there that democracies are better producers of public goods than the free market? None that I'm aware of, even for military defense."

3) My favorite analogy to the public goods rationale for coercion: Suppose Joe wants to have sex with Sue, but Sue doesn't want to. But Joe would benefit more from having sex with Sue than it would cost her, so Sue ought to be forced to have sex with Joe..."

Tim Starr

In a society of millions, it is very expensive for a given individual to convince everyone that a given law is correct, even though virtually everyone wants laws that must apply to everyone. Since the cost of creating a law that everyone publically agrees to is concentrated on the people trying to get everyone's consent, and the benefits are diffuse in society, \*the law itself\* is a public good. And it will be virtually impossible to create unanimous consent (for any law whatsoever) because of the selfish incentive of some to lie about their preferences, in order to make money from those libertarians so enamored of consent, that they must pay off those who disagree to get them to change their mind.

Therefore, if Tim does not believe in government production of public goods (like the laws of America and England), then he must logically not believe in the public production of the law itself, because it is the fundamental public good. And so he must logically believe that laws should only apply to those who voluntarily consent to them.

Therefore a law prohibiting rape will not apply to a rapist, who by definition does not voluntarily submit to the law. So contrary to what Tim says, libertarianism logically permits rape, even though the overwhelming majority of libertarians are opposed to it.

So what does stop rape? Certainly not libertarian principles, which logically permit it.

The overwhelming majority of citizens know that rape is wrong. Our moral compass is so clear on this that we vote to outlaw rape, regardless of what the minority thinks, and then use the coercive power of the state to force any rapist who disagrees with us to do what we want. This is democracy in action.

by a reader on Thu, 04/26/2007 - 22:03 | [reply](#)

## **A brief history of morality (Was: Altruism)**

a reader asked:

If an adult sacrifices his life to save the lives of 3 children, do you consider this an altruistic act?

If you do, why is it wrong?

If you don't, then are you saying sacrificing ones life for children is selfish because it is acting in a way that is consistent with the moral values of the individual making the sacrifice?

It's hard to answer that because the word 'altruism' is, in our culture, used in two different senses, one factual and one moral, and it's customary to equivocate heavily between them. So I'll have to answer by giving a brief history of morality.

I think that the story so far is something like this:

In primitive societies, moral behaviour was conceived of as being obedience to the authority of the ruler, the priest, the parent and the traditional taboo. Moral rightness could therefore be defined as the degree to which one sacrificed one's own welfare for the sake of such duties. In the West, when Christianity came along, this conception of morality was overlaid (but in no way replaced) by the idea of a religious duty of self-sacrifice for the benefit of other people – also known as altruism. Unlike the old duties, this new duty was almost never enacted. But by serving as a universal unattained standard, it helped to create a state of mind dominated by guilt, fear, self-loathing, lack of self-confidence, pathological selfishness, and self-sacrifice, all of which stabilised society. But it was an unimaginably *bad* society, by our standards.

Then came the Enlightenment, with its principled scepticism, hostility to authority both secular and religious, and celebration of the value of individual human beings. Rejecting the arbitrary and overtly irrational elements of previous moral philosophy, Enlightenment thinkers swept away the idea that morality was based on obedience or duty. But even though many of them were atheists or agnostics, they were still Christians at heart, and it did not occur to them to question the identification of morality with altruism. Thus they arrived at utilitarianism:

In the sphere of individual decisions affecting only oneself, altruism is irrelevant to utilitarian considerations, and utilitarianism amounted to 'do what you like'. This does not assert anything positive: It must immediately be followed by, but inherently cannot answer, the question 'thank you, but what *should* I like? What would it be best for me to strive for?'. But it was invaluable in its day simply for contradicting earlier conceptions of what constituted right behaviour in the individual domain, and by extension, in the domain of mutually consenting interactions between people. In those areas there was no longer any way of defending an exhortation to sacrifice oneself for some supposedly transcendent purpose. All that mattered was that the preferences of individual human beings be satisfied.

But in regard to society as a whole, and the relationship between it and the individual, utilitarianism floundered a bit. A doctrine of inviolable human rights was developed to protect that domain of individual and mutually consenting interactions. But beyond that, the best that utilitarianism could come up with was the maxim of 'the greatest good for the greatest number'. This suffered from all the lack of content of the individual version, *plus* the irremediable problem of the inter-subjective comparison of utilities (what is the 'good' of more than one person?). And, given the previous history, it was taken for granted that what this means in practice is: *it is right to sacrifice oneself, and others, for the greatest good of the greatest number*. One's own welfare is technically included in this 'good of the greatest number', but when the numbers in question are in the millions and billions, that makes no practical difference whatsoever.

Again, these values were virtually never enacted by anyone, but the

real effect of their adoption was to continue to cause those same old pathological states of mind which stabilised the remaining moral traditions of obedience and duty. These were now increasingly confined to obedience and duty *to the state*. People were then ready, intellectually and psychologically, for totalitarianism and socialism.

Totalitarianism, and to a lesser extent socialism, acquired poor reputations during the twentieth century. (Totalitarianism because it led so reliably to mass murders, and socialism because of its failure ever to achieve prosperity, and because of the relative success of 'capitalist' economic systems.) But the underlying morality that led to them both is still largely unchanged and unchallenged (Randians are an honourable exception, but their philosophy has its own problems that inhibit its widespread adoption), and so many forms of both are still popular under other names, such as environmentalism, and under disguised forms of the same moral justifications, such as the 'public good problem'.

And that brings us to the present day.

by [David Deutsch](#) on Sat, 04/28/2007 - 11:20 | [reply](#)

## Public Goods

Would you elaborate on how public good problems are implicitly based in utilitarian thinking?

Why is 'capitalist' in quotes?

-- Elliot Temple  
curi@curi.us

### Dialogs

by [Elliot Temple](#) on Sat, 04/28/2007 - 19:57 | [reply](#)

## Public Goods

In what sense is the belief in the existence of public good problems a form of belief in totalitarianism or socialism?

by a reader on Sat, 04/28/2007 - 23:52 | [reply](#)

## Re: Public Goods

*how public good problems are implicitly based in utilitarian thinking*

For instance, a person who conceived of morality in terms of obedience, religious or other duty, or human rights, would not consider it a problem that some economic system does not always achieve the greatest good of the greatest number (or even the greatest good of every individual) in every transaction.

*In what sense is the belief in the existence of public good*

*problems a form of belief in totalitarianism or socialism?*

None.

by **David Deutsch** on Sun, 04/29/2007 - 00:15 | [reply](#)

## **Greatest Amount**

When considering the "greatest amount of good possible" (for greatest number, or not, never mind that), if we take into account that we are looking at the overall effects of a system, then if we do conclude a system doesn't have that property, we know it could be improved upon.

And if we know a specific area where the greatest good is not being achieved, then we should perhaps consider suggestions about how to treat that situation differently. Especially if it is a property of our system that it can never achieve the greatest good in an entire category of situations.

I'm not saying any of the above is true of capitalism. But it is a view someone could take about capitalism that could describe their opinion on public good problems but does not obviously contain utilitarian assumptions.

-- Elliot Temple

curi@curi.us

**Dialogs**

by **Elliot Temple** on Sun, 04/29/2007 - 02:42 | [reply](#)

## **Simply**

So for someone who likes their assumptions in small doses and simply stated, how does altruism in the utilitarian sense (beyond the old saw of god and country) serve the greater good?

Is altruism only a vestigial evolutionary appendage of our cultural past?

My best guess is that no system theory yet fully explains away the greater good of an altruistic act (often committed without deep aforethought to its likely effect of a greater good).

I abhor systems in practice. Obeyed, they decay and stratify into old weathered icons like statues to the gods. In theory, however, some are just fine as working models of almost perfection.

Still, altruism in the individual state continues to live on.

by a reader on Sun, 04/29/2007 - 14:42 | [reply](#)

## **Benefits of Voting for Enforced Contracts**

"But there's more. Sue would end up with more money if she gave

the loan, so she really has nothing to lose, and is therefore acting perversely."

Elliot, this really does not capture the argument.

There are two separate steps that one needs to understand, before one understands the usefulness of democracy.

1. People can unanimously agree in their own minds that they want to do something to get something; and also all agree to have themselves held responsible for doing what they have obligated themselves to do. A person may agree to something in exchange for everyone else being obligated to do what he promises, as well. In some cases 100% of people may vote to do something AND rationally vote for enforcement of the agreement.

2. Once the rationality for unanimous voting in favor of enforcement of contracts is understood, then the rationale for agreeing to participate in other "real-world" voting, where one can end up in the minority, can also be understood. But I'd like to focus on the rationale for \*voting\* to enforce contracts now, when 100% agree on the contract, because it is not clear that you understand this.

Back to your analogy. Let's say that instead of Sue giving a loan to Joe, instead Sue has capital equipment that she WANTS to give to Joe in exchange for money that Joe WANTS to exchange to Sue. So both want to trade money for capital equipment. But assume that each must leave his goods in different parts of the woods at night for the other to pick up, but both are afraid the other will not leave his respective good (money or capital equipment). And assume they will never see each other.

A selfish Joe could think,  
"If I don't leave the money in the woods and Sue leaves the capital goods, I make off with the money and the capital goods. But if I don't leave the money and Sue does not leave the capital goods, then I was smart not to have left the money in the woods, because Sue was not intending to leave her capital goods, anyway. So no matter what Sue does, (a selfish Joe thinks!) I am better off not leaving the money."

But this reasoning applies (in reverse) to Sue, as well. So no matter what the other does, it is in each one's selfish interest not to leave his goods in the woods, and no trade takes place.

So amongst selfish individuals, no trade takes place, **THOUGH IT WOULD HAVE BENEFITED BOTH OF THEM**. This situation is a variant of a non-iterated prisoners dilemma, which is a type of "public good" problem involving 2 people.

If Sue and Joe (by themselves) tried to exchange purely voluntarily using the woods at night, the trade might not take place. So voluntary interaction, without enforcement of contracts, may not lead to optimal results.

But if both could VOTE for the following option and both in fact vote

for enforcement, the trade could take place.

"If either Sue or Joe fails to deliver the goods, a policeman will track either one down and force him or her to give up his/her goods."

(Honesty of policemen is an interesting problem. Whether it is easy to verify and track the honesty of the police is an interesting discussion, but perhaps one that you would be willing to discuss with me later).

The point is, a mutually beneficial trade can take place when each one votes for two things:

1. for the trade to occur (so we know what each one wants) and
2. for the enforcement of the agreement if both agree to the trade (So each is willing to allow him/herself to be violently coerced, in exchange for the other agreeing to being violently coerced, if either breaks his promise).

The key to understanding democracy is to understand that 100% of people may vote for each person to take a particular action (e.g. follow a law, or pool money for a community project). And 100% may vote to have the contract enforced if some individual does not follow his agreed upon behavior.

One can understand the usefulness of democracy only if one first understands that:

1. If the enforcement of a contract is fair (by the police) then
2. It could be rational for 100% of people to vote to be coerced into following a contract, even if an individual party to the contract later decides to not follow the contract he voted for.

What does voting for being "coerced into following a contract" mean? In certain situations a voting individual may vote for the contract plus the enforcement of the contract, but later change his mind, perhaps because others have already contributed and the project is finished, so he no longer sees the need to pay. Being "coerced into following the contract" means that such an individual can be coerced into paying the community, even if he now refuses, because he agreed in advance to the application of force, if he ultimately refuses to pay.

If you can not see how 100% of the people could rationally vote for enforcement of a fair contract voted by 100% of the people, even if someone later reneges on the contract, then you will not be able to understand the benefits of democracy, and further discussion is not useful.

The first vote in establishing a just society, in my view, is for all to agree that contracts, voluntarily agreed to, must be enforced.

But if you can in fact see how enforcement of voluntarily agreed upon contracts benefits trade and can better humanity from a moral perspective, and if you can see that 100% of a particular group of people could vote for that; then we can proceed in seeing how a just society, utilizing democracy, could form. And I will be able to

explain to you how agreeing to voting, even if one sometimes is in the minority can, from a certain perspective, reflect the unanimous will of all.

by a reader on Mon, 04/30/2007 - 19:54 | [reply](#)

## I particularly like the liber

I particularly like the libertarian idea of independent quality-check companies instead of governmental tax-subsidised beurocrats.

Suppose, I am a chocolate producer. I can benefit only from economy of scale, i.e. selling a lot of chocolate to the public with a better price than my competitors. Now, since it becomes very popular idea to hire an "independent" quality-checker, many customers will prefer to buy chocolate from independently checked company. And because I sell chocolate in huge quantities I can afford to pay a million or so to a quality-checker. After getting me as a million dollar customer and considering competition amongst quality-checking companies we will have yet to see how independent their independent checks are going to be. This sort of things hapening even now in non-libertarian countries like UK or USA. There are examples of sponsored academic research on quality of certain food products that are quite obviously biased towards the sponsor's needs.

Many big companies would prefer to invest bigger money into desinformation of population rather than on safety, quality etc..

Hoping that in libertarian society shenanigans will cease to exist for natural reasons is a little bit naive.

by a reader on Thu, 05/10/2007 - 14:33 | [reply](#)

## The first vote in establishin

*The first vote in establishing a just society, in my view, is for all to agree that contracts, voluntarily agreed to, must be enforced.*

*But if you can in fact see how enforcement of voluntarily agreed upon contracts benefits trade and can better humanity from a moral perspective, and if you can see that 100% of a particular group of people could vote for that; then we can proceed in seeing how a just society, utilizing democracy, could form. And I will be able to explain to you how agreeing to voting, even if one sometimes is in the minority can, from a certain perspective, reflect the unanimous will of all.*

I agree about the 100% case. That's easy. So go on :)

-- Elliot Temple

curi@curi.us

**Dialogs**

by [Elliot Temple](#) on Wed, 05/16/2007 - 05:33 | [reply](#)

OK

Let's assume that it is rational for people to prefer a dam to be built to prevent flooding on farmland, and in fact 100% of 100 farmers privately agree that it is worth it to each of them to pay their share of the cost of the dam.

If there is no vote, but unanimous agreement is required before a project proceeds, then individuals who may secretly want the dam and think it is worth their share of the cost, nonetheless have a selfish incentive to claim that they don't want the dam, so that others pay for it instead of them. So there are societal costs associated with people not telling the truth about their preferences. Namely, projects that may benefit everyone, may be underfunded.

These costs can be reduced in certain voting situations. If the majority preference is enforced and each farmer thinks it is rational to split the cost of building the dam amongst everyone (all 100 farmers), all will in fact vote for it. So voting is valuable in this instance, because it causes the voters to be honest about their preferences.

Do you see why a group of 100 people, all of whom correctly suspect (but don't know) that 100% of everyone else wants to fund a project (like a dam to prevent flooding of their farms), could rationally prefer to vote for a project (with majority rule) rather than meet in a room and negotiate?

by a reader on Mon, 05/21/2007 - 23:09 | [reply](#)

## Liars

I agree that liars are an issue and that certain systems create an incentive to lie in this way.

But if you take a majority vote and then force everyone to pay, you are not just making liars pay, you are also making people who honestly don't want the project pay. That is using force to take money from innocents to pay for a project you want.

-- Elliot Temple

curi@curi.us

**Dialogs**

by [Elliot Temple](#) on Mon, 05/21/2007 - 23:35 | [reply](#)

## Unanimity

Because everyone is known to be rational and because everyone therefore expects that 100% of everyone else will also vote for it, do you see how 100 people could rationally agree that they **\*WANT\*** to vote for the dam.

You agreed to the below.

'But if you can in fact see how enforcement of voluntarily agreed upon contracts benefits trade and can better humanity from a moral perspective, and if you can see that 100% of a particular group of

people could vote for that; then we can proceed in seeing how a just society, utilizing democracy, could form.'

It was rational for 100 people to vote to enforce contracts. (Right?) So it could theoretically be possible for 100 people to want to vote for a dam to be built (for rational reasons, as well).

And if all 100 farmers all agree to a vote on the issue, what is the objection? You have already agreed that 100 people could all agree to vote that they want to enforce contracts. What's the conceptual difference?

by a reader on Tue, 05/22/2007 - 17:18 | [reply](#)

## 100%

Suppose you try to get a unanimous vote. If you succeed, that's that. If some people vote against it, now what? Either they are lying, or they really don't want the project at the price.

Even if you suspect that every no-voter really does want it, your policy of forcing everyone will indiscriminately catch innocents.

If they all agree to vote and abide by the majority decision that's fine. But of course that isn't how things work IRL. I can't withdraw from a vote on some new tax and refuse to be bound by it.

-- Elliot Temple  
curi@curi.us  
[Dialogs](#)

by [Elliot Temple](#) on Tue, 05/22/2007 - 20:31 | [reply](#)

## Immigration

How does our Libertarian handle immigration in a better world?

Are borders obsolete?

How does one deal with criminality and free flow of terrorists in a capitalist free market society?

by a reader on Tue, 05/22/2007 - 23:41 | [reply](#)

## Unanimous rule

One hundred people could all agree as follows:

a. When someone thinks there is a public good issue that should be funded, all 100 agree ahead of time to anonymously vote on each issue presented as a putative public good.

b. When the anonymous vote occurs, the project is funded if and only if all unanimously vote to fund the project, and the unanimous vote binds all of them to fund the project according to the amount specified in the language that they voted on.

Is that OK?

by a reader on Wed, 05/23/2007 - 00:33 | [reply](#)

## unanimous

yes, fine.

btw in that system there is no incentive to lie: a single person saying he doesn't want the project prevents it from happening at all. if you lie, other people don't pay for you. so if projects don't happen it suggests at least one person honestly doesn't want them (at that price).

-- Elliot Temple

curi@curi.us

**Dialogs**

by **Elliot Temple** on Wed, 05/23/2007 - 01:05 | [reply](#)

## Borders

Ultimately borders will go. Ultimately no one will want to be a criminal. Ultimately persuasion will solve terrorism.

In the short term, an improved policy I advocate towards borders is to consider especially bad rulers of other countries to have less legitimacy -- to respect their borders less.

As far as our borders, a step in the right direction would be to decrease restrictions on trade of medicine with Canada and Mexico.

We could speculate about the second and third small steps. But what steps 50-1000 are we don't know yet. Fortunately we don't have to. One step at a time is sufficient.

-- Elliot Temple

curi@curi.us

**Dialogs**

by **Elliot Temple** on Wed, 05/23/2007 - 01:11 | [reply](#)

## "btw in that system there is

"btw in that system there is no incentive to lie"

Yes, that's the interesting and good part of voting. Lying has many costs. One of the main ones is that it makes cooperation between like-minded people (pooling money and other pooling of effort) much more expensive. Something that reduces the amount of lying (for example people having the opportunity to express their preferences by voting) saves money for everyone.

So voting has economic \*value\*. How much?

Let's say the unanimous rule voting system helps the 100 people to save a lot of money by pooling money when the group unanimously thinks they are funding a public good.

And then all 100 have an idea for saving even more. Instead of

voting on one issue at a time, they agree to vote on 10 issues ( all specified in advance) at a time. And they agree to pay for each project if 90% (not 100%) consider the good a public good and agree to the amount of money that the 90% majority thinks is correct. And the 10% agree in advance to follow the will of the 90% majority, even if on any particular vote, a particular individual is one of the 10% who does not agree that a project should be financed.

Why might they all rationally agree to this type of voting system?

Because all clearly see that money is saved when people do not have an economic incentive to lie about what they want. And anonymous voting solves the economic problem of people having an incentive to lie about their preferences. If all 100 expect that they will agree with everyone else, say 85% of the time, the amount of money lost when a given individual is in the extreme minority, and so funds a project he does not favor, may be expected to be less (perhaps considerably less) than the amount of money gained because of the economic gains from mass cooperation in producing projects that the overwhelming majority think are public goods.

So a given individual may rationally decide to lose a little bit of money when he (rarely) is in the extreme minority in one situation, in order to gain even more by being in the majority most of the time.

So do you see how participating in this partial form of partial democracy could be a rational economic decision on the part of \*all 100\* of the farmers?

by a reader on Wed, 05/23/2007 - 09:10 | [reply](#)

## Government

What you say is correct, as far as it goes.

Organization of people to facilitate coordination, such as building bridges, is much better than nothing. Our government embodies a significant amount of the organization we've created; it helps us cooperate.

An anarchist might think that no institutions is one step away from non-coercive institutions, and that having a government is two steps away (step 1: destroy government). But this is incorrect, and the mistake is not to realize that people make mistakes. Creating institutions for human cooperation is an error prone process and we should not condemn the ones we have just because they contain error. Starting over would just mean more error; we have been reducing the errors over time and should not throw that out. In fact, the only reason we even have a much idea of what a voluntarist society would look like is because we are a good part of the way there.

But it's also important to recognize that while the sort of voting schemes you propose do indeed have advantages over nothing, and over various worse ideas, and perhaps over various naive schemes

of individual rights, they contain errors. And, today, we know some of the errors they contain.

One major error is the idea that we don't have better ways of dealing with public good problems than government. But we already solve a wide variety of public goods problems using the free market. People seem to try to only count hard problems as public good problems, but that doesn't hold up logically. Mostly public goods problems are easy (by present day standards). We should be aiming to increase the proportion of public good problems which the market solves, and we should be optimistic and know it's only a small change and that serious progress can be made now.

Another issue is that our government could be more respectful of individual rights and liberty, and care more deeply about whether actions are voluntarily undertaken. Sure you can lump votes on 100 issues together and say, "Agree to them all, because on balance it's good for you". But it's *\*even better\** if you don't. It's even better if the choices available to people lets them decide what they want to participate in with a finer degree of granularity.

I understand the reason for lumping things together: it is a way to fight lying. But there do exist other ways to fight lying which have less adverse effects on innocents. Trying to lie to people so that they buy things which benefit you is one way to become wealthy. But it is not at all the most efficient, effective, moral, interesting, fun, or enjoyable way. You and I would not want to live that way. No one else would either, if only they had more knowledge. Better education is just one strategy to end lying; there are others too.

So overall, yes our Government is a good thing, and it is worlds better than the darkness from which we originate, but it certainly can be improved further, and treating people less forcefully is one of the ways that it will improve.

-- Elliot Temple  
curi@curi.us  
**Dialogs**

by **Elliot Temple** on Fri, 05/25/2007 - 22:59 | [reply](#)

## Straw Man

"One major error is the idea that we don't have better ways of dealing with public good problems than government."

I demonstrated that given certain circumstance and given our current state of knowledge, democratic voting can solve certain types of problems relatively efficiently and with respect for individual rights.

But you are attacking a straw man. I know of virtually no one who believes that the government should solve all public good problems. Where have I stated that I believe that government is a panacea, in anything that I have written?

Obviously, companies can produce certain goods profitably, even

when in the process of producing these goods, other goods are produced and it is costly to exclude "free riders" from enjoying these free goods. If the goods that people get by being "free riders" are "public goods", then the market is providing public goods with no government help.

Far and away, though, the most important way that public goods are provided is by ethical behavior of citizens. For example, when people are honest about publically stating their preferences, even if they could benefit financially by lying about what they want, groups of people can coordinate activities and produce public goods. And most importantly, no doubt because of faith in G-d, but also because of humanistic inclinations, public goods are produced because of altruism, self-sacrifice, and charity. Virtually no one who believes in democratic voting is opposed to ethical behavior, as you imply. Indeed, the only argument against altruism that I have heard has come from you!

by a reader on Sun, 05/27/2007 - 16:41 | [reply](#)

## Re: Straw Man

Any use of straw men is inadvertent.

Regarding altruism, I don't think it is ethical. But I think that's a tangent we don't need to get in to.

I'm glad you agree the market provides some public goods easily. As you're aware, that means the distinction of which goods are problematic and should be provided by government is different than the distinction between a public good, and not a public good. So, could you specify precisely what the distinction is? How do you determine which goods the government should provide? Is it being a public good plus some other criteria?

-- Elliot Temple

curi@curi.us

**Dialogs**

by [Elliot Temple](#) on Sun, 05/27/2007 - 18:35 | [reply](#)

## Benefits and Costs

When the expected future economic benefits minus costs of government action is greater than the expected future benefits minus costs of allowing the free market to produce the good, the good should be produced by the government.

Since government is remarkably inefficient at producing things, most public goods should not be produced by the government.

by a reader on Sun, 05/27/2007 - 23:45 | [reply](#)

## re: benefits + costs

What I believe you are saying is: when it's efficient, then govt

should produce a good.

As an aside, for the record, I want to point out that I don't completely agree with that: there are other important criteria besides efficiency. One important criterion is whether it is forceful or fully voluntary. But never mind that for now.

There is a different issue I want to discuss. People make mistakes. Some of the dams and bridges and so on were bad to build, even if the most efficient party was the one to build them. It is hard to know which to build, and which not. So one question this brings up is: when it's determined that a project was a mistake (and how will that determination be made?) who will suffer the harm done, and how?

Do you want to say what you think the answers should be? Alternatively, if this makes sense so far, I can say what I think each of our answers is.

-- Elliot Temple

curi@curi.us

**Dialogs**

by **Elliot Temple** on Wed, 06/06/2007 - 05:59 | [reply](#)

## **Economic Efficiency vs. Cost Effectiveness**

"When the expected future economic benefits minus costs of government action is greater than the expected future benefits minus costs of allowing the free market to produce the good, the good should be produced by the government."

A reader

"Some of the dams and bridges and so on were bad to build, even if the most efficient party was the one to build them."

Elliot Temple

If the expected future benefits minus costs are greater than zero for a project and are greater than the next best alternative, the project should be completed (by the government if it is more efficient, or by private enterprise if it is more efficient.)

You are talking about cost effectiveness, I am talking about economic efficiency.

by a reader on Mon, 06/11/2007 - 02:56 | [reply](#)

## **zero**

I was assuming the benefit might be less than zero. Many proposed real projects -- some with millions of supporters in the US alone -- are billions of dollars below zero.

I think we are agreed that doing projects with negative net value is a bad idea. So back to my question:

*So one question this brings up is: when it's determined that a*

*project was a mistake (and how will that determination be made?)  
who will suffer the harm done, and how?*

-- Elliot Temple

curi@curi.us

**Dialogs**

by **Elliot Temple** on Mon, 06/11/2007 - 03:38 | [reply](#)

## Your Sense of Things

How do you think it should be determined that a mistake was made and who should make the determination?

by a reader on Mon, 06/11/2007 - 15:21 | [reply](#)

## back to basics, perhaps naively

Roughly speaking, it seems that there are two groups of people who would take issue with the original story: those who are repelled on first principles and those who like the world which Mr. Temple envisions but are offended that he seems blind to, or at least does not acknowledge in his story, something crucial.

Of the first group little needs to be said here. Obviously there are people who find beautiful a worldview rooted in things like altruism, duty, cooperation, compassion; who disagree strongly with Prof. Deutsch that this has anything to do with guilt, fear, self-loathing, lack of self-confidence, or other pathology; who find his morality as ugly as he finds theirs. This fundamental argument will endure.

The sticking point with the second group is much weaker and thus, in a way, of greater concern, for perhaps something can be done to eliminate it. One way into it is to look at how the second group would react to the distillate of Mr. Temple's story: "Steve *is* a self-made man who takes care of himself." This is bound to raise hackles because of what it does not recognize.

The minor point:

Do you not agree that the "liberal" policies highlighted in the story served a purpose at one time? That they were part of getting us to where we can now talk about a libertarian world, difficult to imagine arising from barbarism, feudalism, or even the capitalism of a century ago? That the hero of the story, while self-made from the perspective of a world that has already "had libertarian policies for centuries", is not self-made in the sense that centuries or millennia of struggle prepared the way for that world? (This may seem obvious or irrelevant, but surely "X is bad; Y is good" elicits a very different reaction from "X had its time but now we are ready to do better with Y". To be fair, some of the comments above adopt this latter tone.)

In any case, this is not the major point, which is:

It is difficult to deny, regardless of one's politics, that something

else helped our society arrive at its massive wealth and a stage of development where we can talk seriously about a libertarian world: massive violence in the form of colonization, enslavement, theft, and so on. What do Mr. Temple and other libertarians say to those who are attracted to a libertarian future but see the redress of injustice as a prerequisite to getting there, even to starting the conversation? Who think that it is obscene, and obscenely easy, for us to consider Steve "self-made" when he and we are riding on a legacy of advantage stolen from their ancestors?

Of course one can argue that this issue is logically separate from the fun and useful exercise of imagining what a future libertarian world would look like, and that someone engaged merely in this exercise is not obligated to address it; but to a great many people, it is so centrally important that any political conversation that ignores it will be entirely alienating. (And the last line of the story really asks for it.)

If this issue has already been well addressed in libertarian texts, I would be grateful to be pointed in the right direction.

by a reader on Fri, 06/15/2007 - 21:19 | [reply](#)

## Massive Violence

*It is difficult to deny, regardless of one's politics, that something else helped our society arrive at its massive wealth and a stage of development where we can talk seriously about a libertarian world: massive violence in the form of colonization, enslavement, theft, and so on.*

To the extent massive violence in each of those forms happened, that made us poorer. Just like if we do anything like that today, it only hurts us. Horribly immoral actions are not where prosperity comes from. Do you disagree?

-- Elliot Temple

curi@curi.us

**Dialogs**

by [Elliot Temple](#) on Sat, 06/16/2007 - 01:48 | [reply](#)

## Determining Mistakes

*How do you think it should be determined that a mistake was made and who should make the determination?*

In a free market system, where we insist on consent from all those whose resources are used in a project, the people who lose when the project fails are precisely the people who believed that it would succeed and put their money (or effort, trust, etc) where their mouth was. Concomitantly, those are the people who gain when it succeeds. (Others may gain as well. That is not a downside.)

No one has to make a determination about which projects are

successes and which are failures, and then to punish and reward accordingly. People put resources into a project, and get other resources back. They then, as a matter of fact, do or do not have resources to continue with further projects, and this corresponds to how good they are at choosing projects.

A good project is one that either in fact creates something valuable, or one that creates things other people want (whether those things are valuable or not). Making things others want which are in fact bad is a mistake, but people who do it do not become poorer. But their customers do, so such silliness is not self-sustaining. Besides, doing what other people want you to is altruistic ;)

People with good judgment find they have more and more wealth to make determinations about without anyone ever having to determine whether this person has good judgment or not. And people who are mistaken a lot become poor, again without anyone judging them personally. And the only way to be able to participate in large projects again is to either persuade people with wealth (who tend to have good judgment), or to collaborate on some successful projects, such as working at Wal-Mart, or being a plumber.

That is what I think should happen.

-- Elliot Temple

curi@curi.us

**Dialogs**

by **Elliot Temple** on Sat, 06/16/2007 - 02:27 | [reply](#)

## If public goods then externalities

"In a free market system, where we insist on consent from all those whose resources are used in a project"

Nonsense.

For example, you have insisted that the free market can have spillover effects in which people benefit. So public goods can be produced. But if the free market can do that, then it can involuntarily take goods from people, as well. That does not involve consent.

by a reader on Sat, 06/16/2007 - 22:49 | [reply](#)

## Example

Please give an example of the free market taking people's goods without consent. It only counts if this is legal to do without compensation (in principle).

-- Elliot Temple

curi@curi.us

**Dialogs**

by **Elliot Temple** on Sat, 06/16/2007 - 23:25 | [reply](#)

## settling accounts

*To the extent massive violence in each of those forms happened, that made us poorer. Just like if we do anything like that today, it only hurts us. Horribly immoral actions are not where prosperity comes from. Do you disagree?*

Thank you for your response. I do not disagree. I like what you say very much. But I see it as only glancing the crucial issue, and so I am not sure how to bring us round to a conclusion.

A woman descended from slaves recently said: "You white men think that the world is ready, or nearly ready, for your libertarian dream. *You* might be ready, but don't you understand that *we* will never be ready until you pay what you owe us?"

What is to be done about the profoundly felt *you/we* opposition at the core of her world? Many people on this site, reading the original story about "what life would be like in *my* (libertarian) world", can identify: *my* becomes *our*; *we* are imagining a future world together. What about all the people who cannot, not because they do not like the world imagined, but because they see a chasm of injustice separating them from this latter *we*?

by back to basics author on Sun, 06/17/2007 - 07:41 | [reply](#)

## Externalities and Public Goods....Require Government Calculation

As a consequence of free market production of cars, one person claims that pollution has decreased his air quality and the manufacturer of the cars denies that the air quality is damaged by his production.

Whether the production of cars is an economic success or a failure depends precisely on whether the government (for example the courts) makes economic calculations about whether air was stolen or not.

You said with respect to the free market,  
"No one has to make a determination about which projects are successes and which are failures, and then to punish and reward accordingly."

Do you care to reconsider?

by a reader on Sun, 06/17/2007 - 15:14 | [reply](#)

## re: settling accounts

*A woman descended from slaves recently said: "You white men think that the world is ready, or nearly ready, for your libertarian dream. You might be ready, but don't you understand that we will never be ready until you pay what you owe us?"*

Many white men were not slave owners, and many slave owners

were not white. Certainly white, American slave owners played a role in the history of slavery worldwide. But it is a relatively small role in the overall picture. Where are all the complaints about every other culture that held slaves? And the complaints against the African and Muslim slave traders who sold slaves to white men?

The answer is: those complaints are, like slavery in the West (but still not everywhere), long gone.

And so they should be. I held no slaves. My parents held no slaves. I owe nothing. And the woman making the complaint. Was she a slave? Or her parents? No. Were some of her distant ancestors? Presumably, yes. But so what? She has plenty of opportunity to have/make a good life. The slavery of her ancestors is not hurting her today.

It seems like slavery reparations ideas have both a narrow focus on slavery of black people by white Americans (which is wildly unfair), and have a tribal/racist mentality that sees slavery of one race by another, and counts present day people as part of the same races of the past.

You ask what is to be done about this? Argument and persuasion. Many black people today would agree with what I say above. One day when people argue these things more eloquently and more publicly it will become common sense.

Perhaps there are fundamental flaws in present day American black culture inhibiting this process. One further answer of what is to be done about those is the spread of better parenting techniques. With those in place, many irrationalities will fall away in a single generation. Replacing public schools would help too.

-- Elliot Temple  
curi@curi.us

**Dialogs**

by **Elliot Temple** on Tue, 06/19/2007 - 00:14 | [reply](#)

## **Re: Externalities**

Me:

*No one has to make a determination about which projects are successes and which are failures, and then to punish and reward accordingly.*

You:

*Whether the production of cars is an economic success or a failure depends precisely on whether the government (for example the courts) makes economic calculations about whether air was stolen or not.*

A decision about the right policy towards air pollution, is not a decision that Toyotas are a success and Fords a failure. The person making air policy might not know anything about cars. The reason

that's possible is he isn't making a decision about cars, only one that indirectly affects cars.

Indirect effects of this sort are common. If I decide to buy billions of tons of steel, thus increasing the demand and the price, that too might affect which car projects succeed, but it does not give me any power to direct their future. It just isn't my decision. And, again, I might know nothing about them.

A more direct effect is a policy about allowed width of cars set by road owners (private or government). This is an important law (so cars fit in lanes). And it could cause a too-wide car line to go out of business overnight. But it does not at all constitute a person making a determination about which projects are successes and which are failures. If the wide car is redesigned there's nothing the width-decider can do. And if it sells despite being too wide -- perhaps for off-road use, or for monster truck competitions, or even in protest against the width regulation -- again he has no power. And as in all the other cases, he isn't making a decision about that car project as proved by the fact he could just as well have never heard of it, and also by the fact that his decision could accidentally have the opposite effect.

-- Elliot Temple

curi@curi.us

**Dialogs**

by **Elliot Temple** on Tue, 06/19/2007 - 00:51 | [reply](#)

## Slaves

Okay. I hate even going there, but it can't be ignored.

A capitalist argument can be made for slavery. Indentured servant works too. I find it all morally reprehensible, but truth requires that it be looked at. As capitalists we all rise on the backs of those that preceded us, slaves and indentured servants and illegal immigrants too. Economically, at some phase of human societal development it works. Like it or not, the bluejeans you wear, even the ones you paid alot for, we're produced by forms of slavery intricately interlaced with most other entrepreneurial forms along their production and sale life cycle. Why are some of these forms prohibited in Great Britain and America and not even considered in our advantageous free trade with China or Malaysia, where human labor is just worth so much less? Is this because we are enlightened capitalists and libertarians and they are not because they so willingly endure forms of slavery and economic oppression so not to starve?

Or is it easier just to turn our heads away and ignore the economic truths of supply and demand and unfettered production, and instead look happily to the future when all economic boats will rise, in theory anyway. I have never seen a reasonable libertarian answer to the current and past reality, or even the realistic future one, other than to argue that because of the past and current imperfections of our moral foolishness we haven't yet seen the

light.

It is so easy to ignore the externalities when we don't have to look at them.

In the meantime, I try to choose the least slavery possible and reject libertarian and all other easy utopias for one and the same moral reason: human worth, although messy and complex to look at and address, comes first.

by a reader on Tue, 06/19/2007 - 15:50 | [reply](#)

## Sweat Shops

The reason people work for Nike/etc in China/etc is because they want to. It may suck by American standards, but they see better working conditions and higher pay. Nike does not send out armed groups to round up workers, because people do it voluntarily.

Nike and others have no way to keep wages down by their own choice. The only thing that keeps them down is when the supply of willing (and sufficiently skilled) labor is much larger than the demand. In other words, wages will increase when there are *\*more\** such factories.

All this worldwide free trade stuff is good, nothing to be ashamed of.

BTW I don't see how a slavery or indentured slavery could hold up in court. Someone decides not to do it anymore. That's breach of contract. Now what? Well, he owes compensation, but the court is just going to make him pay some money. So he can end the slavery part at a moment's notice. So it was never really slavery.

-- Elliot Temple  
curi@curi.us

**Dialogs**

by **Elliot Temple** on Tue, 06/19/2007 - 20:59 | [reply](#)

## Nike per se is not the problem

Nike has had their feet held to the fire, literally, more than once and as a good western company has seen the light and corrected most of their own abuses. But Nike is only one of hundreds of thousands of corporate mediators of free trade. If you haven't been to China, Eliot, you can hardly imagine. Free will includes the will to starve, I would guess, and for your children to starve as well. This is not even the Chinese government per se, but the completely unfettered free trade across borders. What thing live or dead or manufactured do you want? You can get it in China. Plus China is not alone. If you can't get it there, it can be made clean for you by the murky transactions of many hands until it reaches your pristine shores.

Libertarians look the other way or excuse all this as an aberration of

misguided humans. In theory, free trade works, always. In utopia, everything works.

Another example. Build a superhighway north through Texas, a private road for trucks for all those cheap sweatshop goods from Mexico, right alongside the honestly traded ones. Yet, paradoxically raise a 1600 mile concrete barrier 12 feet high so no Mexicans can cross to where the real opportunity is. This is the reality of "free trade".

Contracts? Bah, humbug. There only as good as the paper they're printed on and the honor of those signing them.

by a reader on Wed, 06/20/2007 - 14:41 | [reply](#)

## Sources

Could you give some sources on some bad things going on in China, and then give a brief explanation of why you think the free market is responsible for that?

-- Elliot Temple  
curi@curi.us

## Dialogs

by [Elliot Temple](#) on Wed, 06/20/2007 - 19:53 | [reply](#)

## Slaves

Slavery is bad for the economy.

<http://hnn.us/blogs/entries/20776.html>

*The old doctrine that the slavery of the black, is essential to the freedom of the white race, can maintain itself only in the presence of slavery, where interest and prejudice are the controlling powers, but it stands condemned equally by reason and experience. The statesmanship of to-day condemns and repudiates it as a shallow pretext for oppression. It belongs with the commercial fallacies long ago exposed by Adam Smith. It stands on a level with the contemptible notion, that every crumb of bread that goes into another man's mouth, is just so much bread taken from mine. Whereas, the rule is in this country of abundant land, the more mouths you have, the more money you can put into your pocket, the more I can put into mine. As with political economy, so with civil and political rights (**Frederick Douglass, November 17, 1864**).*

by a reader on Wed, 06/20/2007 - 22:47 | [reply](#)

## Re: Sources

You may be asking the wrong question and of the wrong person.

Corporations should be asking, and should be asked this question.

Some are, and some are asked; and some are not or even troubled by it.

I am not against the ideal of free trade. However, when we experience trade across different market economies, we cannot rationalize away the deep differences or the exploitation of human worth inequities.

If I as a corporation (remember, the corporation in U.S. law is an individual) decide that "free trade" is the only factor, I will be willing to buy melamine laced dog and cat food, or at least turn my head the other way because I did not produce it. I will be willing to buy and sell Colgate toothpaste that is neither Colgate or toothpaste but a facsimile of brand recognition laced with a poisonous substance, or I will say that is an anomaly, a slip-up, how could I know. I will not be alarmed that behind the doors of a production facility (even to call it that begs the question) very young children work in deplorable conditions to produce goods which may even be dangerous to their health and growth, if I don't care to consider that. In the case of agriculture, the local barnyard may have no western sanitation much less clean slaughter facilities and yet dried and canned and even frozen products made specifically for export may contain the barest evidence of this dangerous contamination or it may not be readily evident if there were no checks on-site. As to manufacture, and manufacturing processes, there is piecework that I have seen myself, done by Chinese children younger than 12 years of age in their own crowded one room family residence on their bare pallet beds for pennies an hour. Someone is buying that for western markets knowing full well the ultimate source and not caring, if final cost of production rules all their decisions. By the way, this will certainly not be mentioned in their annual stock report.

But the examples and sources would be endless, so I won't dwell on them. Let the corporations do this, if they only would. Unfettered by the responsibility of actual production, some will, and some won't. So who checks?

The western world creates some, many of these markets. Therefore, if a U.S. corporation (as legal individual) buys these items wholesale, whereas their home country would never allow such abuses among their own people, and in fact would consider a number of these practices of production to constitute criminal acts if Americans were "hired" or contracted to produce the goods, there is either the veil of ignorance or the murkiness of criminal intent on the part of the corporation which contracts for them.

Ignorance of the law is no excuse, but who checks. Some certainly do not. Criminal intent should be proveable but is not. Hide behind the banner of "free trade" and the excuse that the buyer should be beware? Let the buyer beware is not sufficient caution. A label, made in China or Guatemala or Uganda tells the buyer almost nothing. Where are the penalties under our laws if the offending party is even found?

So the primary question is not one of "free" trade in the utopian

sense but one of the uncontrolled and hardly monitored easy abuse under the pristine umbrella and noble idea of international free trade. Free trade does not mean freedom of corporate responsibility, but in effect this is what occurs, and this is how the mantle is worn too often.

I return again to Texas. Here is an example of another problem. There is no free trade when it comes to the production of goods by human capital across certain borders. I am cheap and exploitable if I live on one side of the border. I am not employable if I live on the other side of the border, unable to compete. Yet the goods produced by these hands, exploited, enslaved, or indentured, enter freely. Thus "free trade" is not truly free, nor is it intended to be under such skewed terms.

Ireland important export and international commerce is a good example of free trade. Texas and Mexico, or China via Mexico to Texas is not. Calling it free trade when it is demonstrably not is a travesty. There was a time when Ireland was not a good example of the institutions of free trade, and it had to do, then as now, with externalities and human worth. I guess as good utopians we can hope that by chance and evolution it will someday, like Ireland, all become truly free.

However, in the present I personally opt for moral honesty.

by a reader on Thu, 06/21/2007 - 00:24 | [reply](#)

## Poison

*If I as a corporation (remember, the corporation in U.S. law is an individual) decide that "free trade" is the only factor, I will be willing to buy melamine laced dog and cat food, or at least turn my head the other way because I did not produce it. I will be willing to buy and sell Colgate toothpaste that is neither Colgate or toothpaste but a facsimile of brand recognition laced with a poisonous substance, or I will say that is an anomaly, a slip-up, how could I know.*

Criminal actions aren't free trade anymore than robbing someone is.

-- Elliot Temple

curi@curi.us

**Dialogs**

by **Elliot Temple** on Thu, 06/21/2007 - 01:49 | [reply](#)

## Governments and Borders

So we return to the point about honoring borders:

"In the short term, an improved policy I advocate towards borders is to consider especially bad rulers of other countries to have less legitimacy -- to respect their borders less."

Thus if free trade is not to be trusted as a transaction because of

the lack of consistent regulation of safety and production and bad standards of control within the exporting country, there is also less legitimacy -- and we should respect their borders less as a trading entity.

Free trade requires a level playing field. To reiterate, common standards of human worth, common standards of production and control, common standards of monetary policy and subsidy, common standards of law and corporate responsibility all calculate directly into the free trade equation. That is reality.

Without honoring and safeguarding all of the above principles, trade across borders cannot in any sense be fully honest commerce, or free.

by a reader on Thu, 06/21/2007 - 03:53 | [reply](#)

## **Borders, Level Playing Field**

Leveling playing fields is not the point. Either you are a criminal, or you are buying the fruits of criminal behavior, or it is perfectly fair. Not necessarily level -- maybe your father was richer and more helpful than mine -- but it's free and it's just fine.

Borders have little to do with free trade between individuals, they just have to do with governments. When governments stop meddling in trade, borders will be irrelevant to trade.

-- Elliot Temple

curi@curi.us

**Dialogs**

by **Elliot Temple** on Thu, 06/21/2007 - 20:44 | [reply](#)

## **Of Course**

And then there will be only honest men or criminals.

Just read today in an international journal about the Chinese government finally acknowledging "luring and enslavement" of individuals, families, and some children to the brick kiln industries of China. This was their words, not mine. Honesty and open recognition of abuses is key. Corporations, at least in the U.S. have the status and responsibility of individuals under the law. Let's keep it that way. No hiding behind borders allowed.

by a reader on Thu, 06/21/2007 - 23:14 | [reply](#)

## **Child Slavery**

Elliot,

What do you think about trading with countries that abduct children and force them to work. Should there be restrictions on trade with those countries?

by a reader on Fri, 06/22/2007 - 14:04 | [reply](#)

## Child Slavery

Restrictions on trade in general is not a very ideal approach -- why let some bad apples spoil it for the rest of us? I'd much rather see criminals arrested. Abducting children is a crime.

Knowingly receiving stolen goods is a crime too, and the principle applies just as well to slave-made goods (which we could easily think of as stolen from the maker).

What about unknowingly? Well if you took reasonable precautions and stop when you find out, that's not a crime. If you wear a blindfold to avoid noticing that is a lesser crime.

-- Elliot Temple

curi@curi.us

### Dialogs

by [Elliot Temple](#) on Fri, 06/22/2007 - 19:33 | [reply](#)

## Enslave or Kill

Enslaving someone and making him work is a crime, as you say. But does it make a difference to you that the child may have been given a "choice" of dying or working in slavery. Should one still not buy the fruits of the slave's labor?

Let's say a totalitarian dictator says to you that it would be good if you buy the products of slaves' labor because otherwise the slaves government will execute them. Would you argue that we should (nonetheless) buy the goods?

This question is somewhat analogous to the question of whether we should buy goods produced from factories with barbaric conditions, if these factories nonetheless provide slightly higher wages than other equally barbaric alternatives.

by a reader on Mon, 06/25/2007 - 21:20 | [reply](#)

## Government Efficiency Calculations

"We don't need a proper analysis. Government can't decide to limit its actions only to efficient ones -- even if it wanted to -- because it cannot know for sure which actions are efficient. No one knows that. That's why there is risk involved in investing in companies." Elliot Temple, from the [Setting the World to Rights](#) post "Not like This"

"A decision about the right policy towards air pollution, is not a decision that Toyotas are a success and Fords a failure. The person making air policy might not know anything about cars. The reason that's possible is he isn't making a decision about cars, only one that indirectly affects cars."

Elliot Temple

Government must make economic calculations to prevent

externalities. A decision to tax a certain amount for air pollution may very well destroy certain car manufacturers whose production techniques pollute extensively.

And government calculations of the cost of air pollution are no more complex than government calculation of the appropriate subsidies to companies that as a byproduct of private production also produce public goods.

In both cases the government must make economic calculations. In both cases the government decision can make some businesses profitable and others not. So contrary to your apparent view, the government need be no more involved (nor no less involved) in helping produce public goods as stopping externalities (stealing).

Do you see that the government *\*is\** making decisions about efficiency in both cases. In the case of the pollution, the government must decide about the efficiency loss to those who must inhale polluted air. In the case of scientific production of technological goods, the government must weigh the value of created knowledge to all, and subsidize appropriately.

The point is, in either case it can be more efficient if the government is involved. And if the government is involved in stopping externalities, it makes sense (from an efficiency perspective) that the government should be involved in subsidizing the production of public goods.

by a reader on Mon, 06/25/2007 - 22:05 | [reply](#)

## efficiency

you say that preventing polluting other people's property with poison gasses is about efficiency just like subsidizing goods w/ public benefit is about efficiency -- and govt should do both.

i think the first is about preventing crime -- damaging people's property without compensation -- and the second is something that shouldn't be attempted. it's true that preventing crime is efficient. but that doesn't make it the same thing as subsidies to favored companies. i want a government that does its best never to judge the merits of particular people or companies. one where there are no officials deciding if they like my product and it's worthy of special treatment. that sort of arbitrary authority is a bad thing.

by Elliot on Fri, 07/06/2007 - 17:13 | [reply](#)

## hostages

*Let's say a totalitarian dictator says to you that it would be good if you buy the products of slaves' labor because otherwise the slaves government will execute them. Would you argue that we should (nonetheless) buy the goods?*

that is a hostage situation not an economic policy issue. they'll kill

the hostages/slaves unless we do as told.

by Elliot on Fri, 07/06/2007 - 17:40 | [reply](#)

## Who Determines?

"you say that preventing polluting other people's property with poison gasses is about efficiency....I think (the issue) is about crime -- damaging people's property without compensation."

Who should determine whether pollution is a "poison gas" that damages other's property? The courts? The legislature?

How should it be determined that a given amount of pollution released is considered a "poison gas" that damages property?

by a reader on Mon, 10/29/2007 - 21:39 | [reply](#)

## who should rule?

the important thing is not who should rule. nor, especially, what answer is reached. it is that errors can be corrected.

so, i don't especially care whether the courts get to decide, or congress makes a law, or whatever. my point was about what I think is the right way to think about the situation, not about who should have power. i should hope that people would agree with me, and then it would not matter who is in power.

-- Elliot Temple

[curi@curi.us](mailto:curi@curi.us)

**Dialogs**

by [Elliot Temple](#) on Tue, 10/30/2007 - 10:07 | [reply](#)

## OK

How should it be determined that a given amount of pollution released is considered a "poison gas" that damages property?

by a reader on Wed, 10/31/2007 - 12:49 | [reply](#)

## By people thinking about the

By people thinking about the issue using reason, and then making piecemeal changes to the existing system.

I can't tell you how much of which chemicals is poison. I'm not a chemist. And a chemist probably can't tell you the full answer, either: to do that, one needs knowledge of our laws and legal precedents.

So what needs to happen is cases get taken to court, expert witnesses testify, over time legal precedents improve, perhaps sometimes public opinion shifts and a law is altered, etc

Standards for how much of which chemicals is a problem will also

change due to things like the easy availability of pollution cleanup nanobots.

-- Elliot Temple  
curi@curi.us  
**Dialogs**

by **Elliot Temple** on Thu, 11/01/2007 - 00:36 | [reply](#)

## How Much Pollution?

Given our state of knowledge, the amount of pollution that causes a dangerous amount of exposure varies between people. For example, those with asthma or chronic obstructive pulmonary disease will be damaged by lower concentrations of pollution than others. If someone has a vulnerability to a particulate toxin in pollution, it may increase risk of cancer in him and only a few others.

If the court allowed noone to suffer any risk of being damaged by pollutants, then the costs of realizing this goal would be prohibitive. This is so because no firm can produce virtually anything without also producing and releasing into the environment minute quantities of a toxic byproduct.

Should a company be allowed to expose any non-consenting individual to any risk at all from pollution?

If yes, what factors should be considered by the judge in determining the amount of risk that a company can be allowed to expose the public to? For example, should the judge be able to consider that the company is making people wealthy and this wealth may decrease rates of death more than pollution increases it?

by a reader on Mon, 11/05/2007 - 15:01 | [reply](#)

## how much

A) you and i should not be the ones deciding how much

B) obviously factories should be legal. people with special needs are responsible for taking care of those.

*For example, should the judge be able to consider that the company is making people wealthy and this wealth may decrease rates of death more than pollution increases it?*

no. courts should not be making judgments about which companies will be successful in the future.

*what factors should be considered by the judge in determining the amount of risk that a company can be allowed to expose the public to*

what harm would this do to avg person? is it something reasonable

people should be able to consent to? what's the precedent? are there known problems with that precedent? do i have a good reason for ruling against precedent? and whatever else it is courts consider.

-- Elliot Temple

curi@curi.us

**Dialogs**

by **Elliot Temple** on Tue, 11/06/2007 - 00:21 | [reply](#)

## **I Don't Understand**

Should a judge allow a new company to be able to expose a non-consenting individual to a small risk from pollution?

Should a judge allow a new company to be able to expose a particularly vulnerable non-consenting individual to a level of pollution that will injure him unless he moves away, though virtually everyone else will be unharmed by the pollution?

by a reader on Thu, 11/08/2007 - 22:46 | [reply](#)

## **you ask hard to answer questi**

you ask hard to answer questions. we have a way of dealing with issues like this, but it isn't for some individual to decide. i'm not even a judge. i don't know a lot about legal traditions. the important thing is that a ruling is made (by someone who understand what our culture knows about how to make rulings) and that the ruling can be changed in the future if people decide it's causing problem and a different policy would be better.

-- Elliot Temple

curi@curi.us

**Dialogs**

by **Elliot Temple** on Sat, 11/10/2007 - 07:16 | [reply](#)