

Economics and Freedom

Power and Market: Government and the Economy, by Murray N. Rothbard. *Menlo Park, California: Institute for Humane Studies, Inc., 1970. 111 + 225 pp. \$6.00.*

WITH THE PUBLICATION in 1962 of *Man, Economy & State*, Murray N. Rothbard entered the front rank of the "Austrian school" of economists as one of the most intrepid and uncompromising champions of economic freedom. Unfortunately, his *magnum opus*—the first systematic treatise of economics in many decades—was published without the final portion in which the author systematically examined various forms of government interference with the market. It is this material—considerably expanded and updated—which we now have in *Power and Market: Government and the Economy*.

The author presents a brilliant classification of government interference with the market within three broad categories. The first and simplest type involves the invader or intervener ordering an individual subject to do or not do certain things when these actions directly involve the individual's person or property alone. This the author labels *autistic intervention*. Specific examples would include assault, homicide or the compulsory enforcement or prohibition of speech or religious observances. The second category, in which the subject is commanded to make a forced "exchange" with the invader, or to make a "gift" to him, is labelled *binary interference*. Exam-

ples would include slavery, conscription and taxation. The third category, *triangular intervention*, involves an invader either compelling or prohibiting an exchange between a pair of subjects. Under this category Dr. Rothbard discusses more than a dozen examples, including licensing, tariffs, child labor laws, conservation laws and the right of eminent domain.

Within the category of binary intervention. Dr. Rothbard subjects government expenditures and virtually every conceivable form of taxation to a vigorous examination, showing the distortions they introduce into the market. While economists have given up their futile search for that figment of the medieval imagination, the "just price," he points out that they have unquestioningly continued their quest for the "just tax" which will conform to the canons of justice in taxation laid down several centuries ago by Adam Smith. The fundamental objection to these "canons," Dr. Rothbard points out, is that they involve an implicit but unproved ethical principle.

The prime objection to these "canons" is that the writers have first to establish the justice of taxation itself. If this cannot be proven, and so far it has not been, then it is clearly idle to look for the "just tax." If taxation is itself unjust, then it is clear that no allocation of its burdens, however ingenious, can be declared just.

And he concludes that

economics cannot assume any principle of just taxation, and that no one has successfully established any such principles; and (2) that the *neutral tax* which seems to many a valid ideal, turns out to be conceptually impossible to achieve.

The author's examination of triangular intervention is divided into two separate categories of price control and product control. In case after case, he demonstrates that, in place of the mutual benefit which prevails on the unfettered market, govern-

ment interference with the market always harms at least one of the parties to an exchange and usually ends up by harming most disastrously precisely those whom it was designed to help.

Perhaps Dr. Rothbard's most original material is his discussion of "Antimarket Ethics: A Praxeological Critique" in Chapter 6. He points out that while economics cannot by itself provide us with any ethical principles, it can offer criticism of ethical goals when they can be shown to be either self-contradictory or conceptually impossible of achievement. The author then proceeds to a critique of a number of the most persistent of the ethical objections to the free market economy. Among these are the charges that the market enthrones "selfish materialism," that it represents a return to the jungle, that it destroys the joyful society of status, and that it represents an illicit triumph of property rights over human rights.

The conclusion which arises with unmistakable clarity from this great work is the fundamental antagonism between the free market and any form of state interventionism. The market, in harmony with man's nature, involves man exercising his power over nature to the mutual benefit of all. It is characterized not only by the efficient satisfaction of consumer wants but by peace and social harmony. State interventionism, in contrast, inherently involves coercion and the exploitation of some men by others, the disruption of want satisfaction and an incessant war of all against all as people struggle to capture control of the state apparatus for their own purposes. This antagonism is eloquently summarized by the author:

The free-market economy forms a kind of natural *order*, so that any interventionary disruption creates not only disorder but the necessity for repeal or for cumulative disorder in attempting to combat it. In short, Proudhon wrote wisely when he called "Liberty the Mother, not the Daughter of order."

Such are the laws that praxeology presents to the human race. They are a binary set of consequences: the working of the market principle and the hegemonic principle. The former breeds harmony, freedom, prosperity and order; the latter produces conflict, coercion, poverty and chaos. Such are the consequences between which mankind must choose.

This brilliant work is certain to spark a spirited debate and is destined to be one of the classics of the rapidly growing literature of the free society.

Reviewed by H. GEORGE RESCH