

If Not Left-Libertarianism, then What? A Fourth Way out of the Dilemma Facing Libertarianism

LAURENT DOBUZINSKIS

Department of Political Science

Simon Fraser University

8888 University Drive

Burnaby, B.C.

Canada V5A 1S6

Email: dobuzins@sfu.ca

Web: http://www.sfu.ca/politics/faculty/full-time/laurent_dobuzinskis.html

Bio-Sketch: Laurent Dobuzinskis' research is focused on the history of economic and political thought, with special emphasis on French political economy, the philosophy of the social sciences, and public policy analysis.

Abstract: Can the theories and approaches that fall under the more or less overlapping labels “classical liberalism” or “libertarianism” be saved from themselves? By adhering too dogmatically to their principles, libertarians may have painted themselves into a corner. They have generally failed to generate broad political or even intellectual support. Some of the reasons for this isolation include their reluctance to recognize the multiplicity of ways order emerges in different contexts and, more significantly, their unshakable faith in the virtues of free markets renders them somewhat blind to economic inequalities; their strict construction of property rights and profound distrust of state institutions leave them unable to recommend public policies that could alleviate such problems.

The doctrine advanced by “left-libertarians” and market socialists address these substantive weaknesses in ways that are examined in detail in this paper. But I argue that these “third way” movements do not stand any better chance than libertarianism tout court to become a viable and powerful political force. The deeply paradoxical character of their ideas would make it very difficult for any party or leader to gain political traction by building an election platform on them. Taking this into account, I sketch an alternative “fourth way” perspective. Drawing on a few postmodern insights, while staying clear of the illiberal proclivities of radical postmodern thinkers, this approach suggests that the resources of civil society can be mobilized at the level of micro-politics to achieve at least some of the goals and values dear to libertarians while also attempting to remedy injustices along the lines of what left-libertarians and market socialists have proposed.

Keywords: Left-libertarianism, market socialism, economic rent, Henry George, Léon Walras, micro-politics, Ruth Lane

INTRODUCTION

The question this paper tackles is this: Can the constellation of theories and approaches that fall under the more or less overlapping and not very precise labels “classical liberalism” or “libertarianism” be saved from themselves? Before I outline the dangers they face, which result in part from what can best be described as self-inflicted wounds, I should explain first why they are worth saving. There are at least three reasons why this is a worthwhile exercise in philo-

sophical reflection. From an epistemological standpoint, these approaches best capture the still relatively neglected, yet profoundly insightful intuition that much of the socio-economic world operates according to the logic of a spontaneous order.¹ Second, economically liberalized markets generate the greatest amount of material goods compared to any other economic system. Finally, liberal regimes, though prone to various sorts of dysfunctional excesses (e.g., rent-seeking behaviours), are the least likely to violate the rights of their citizens.

But by adhering too dogmatically to these principles, libertarians² have sometimes painted themselves into a corner. This dogmatism limits libertarians' ability to generate broad political or even intellectual support. To give an account of these self-inflicted wounds, I again make use of the same three dimensions. With regard to epistemology, Hayekian libertarians adhere a little too rigidly to the notion of spontaneous order and, as Gus diZerega (2013) argues, often fail to recognize the multiplicity of ways order emerges in different contexts. Further, libertarians' economic, social and political views account for their political weakness. (I am targeting bona fide libertarians; several political parties, for example, the Republican party in the United States and conservative parties in Australia, Canada, and the United Kingdom have included libertarian ideas and slogans in their political programs, of course, but their electoral success has been due to their ability to combine these with other priorities that appeal to a broad spectrum of constituencies, and have resulted in programs and policies that cannot be fully reconciled with libertarian norms and values, such as devoting a considerable proportion of the budget to military expenditures.)

Generally, the libertarians' unshakable faith in the virtues of free markets renders them somewhat blind to economic inequalities and their attendant political issues; their strict construction of property rights and profound distrust of state institutions render them unable to recommend public policies that could alleviate such problems. I prefaced these criticisms with the qualifier "generally" because they obviously lack finesse. Libertarians (e.g., Pennington, 2011; Tomasi, 2012) have addressed these criticisms by pointing out that both from a theoretical standpoint and in practical terms, free markets can generate effective and principled responses to real and perceived injustices. Others, however, have been willing to concede that new policy directions and even a reformulation of the libertarian doctrine are required. At the moment, the preferred policy innovation favoured by libertarians is the replacement of some or most of the programs associated with the welfare state by a Basic Income Guarantee (BIG), an unconditional income paid to each and every individual and pegged at a level that would allow recipients to meet their basic needs (Murray, 2006; Gordon, 2014). More substantial revisions of the libertarian doctrine are advanced by "left-libertarians" and market socialists.³ I explain further below in much greater detail what differences separate classical liberalism/libertarianism from these offshoots; at this point it suffices to say that they involve significant deviations from the libertarian commitment to the

unconstrained use of property rights. In this paper, I am concerned mostly with the former, and with the question of whether left-libertarianism stands any better chance than libertarianism *tout court* to become a viable and powerful political force, rallying both the advocates of freedom and of a minimalist version of "social justice."

All these developments are occurring against the background of the deepening crisis of the welfare state, such as the concerns about the financial sustainability of universal and publicly funded pensions plans. The welfare state historically emerged as an attempt to find a third way between 19th century-style classical liberalism and socialism. In the wake of the Great Depression, many perceived Capitalism as unable to provide stable employment and minimum standards of justice to the majority of wage earners; however, many saw that socialism, especially Soviet-style socialism, posed an evident threat to liberty and democracy. On the intellectual front, an egalitarian re-interpretation of liberalism originating in the writings of T.H. Green and Leonard Hobhouse, culminating in John Rawls' political theory, had helped to legitimize the welfare state, while John Maynard Keynes' macroeconomics provided the economic justification for massive state expenditures. However, Keynesianism failure to deal with the stagflation of the late 1970s coupled with the worsening fiscal position of most western liberal democracies, has led to a refocusing of priorities. While in practice, interventionist economic policies have remained largely untouched, political rhetoric and philosophical discourse has, once again, shifted in the direction of free markets and libertarian principles. (The critics of this trend refer to it as the rise of "neoliberalism.") Yet, the consequences of the Great Recession has slowed the trend toward market-oriented policies. As a result of the ambivalence about both market-oriented policies and interventionist programs, left-libertarian seeking a third way have an opportunity to present new policies promoting the best parts of market policies, while still providing a defense of a social safety net. But if political theorists are excited about such prospects, political inertia stands in the way of profound reforms. The enormous influence of rent-seekers in both the public sector and the world of business—even if they pursue opposite short-term goals—combine to make institutional and policy innovations extraordinarily difficult. While in a sense very peculiar to the American constitutional system, the "gridlock" that has paralysed Washington in recent years is symbolic of the inability of liberal democracies to move radically in new directions (or even to experiment with relatively more modest

proposals such as BIG).⁴ But inertia is not the only obstacle facing third way political economy.

In the next section, I explore in more detail the origins, aims, and prospects of left-libertarianism (and of market socialism to a lesser extent). Even if these ideas seem ingenious and intellectually attractive—at least to this author—the chances that they will provide a new platform for social and political change in the next few years are very slim. Taking this into account, I sketch out in the last section an alternative “fourth way” perspective. Drawing from certain postmodern concepts, while staying clear of the illiberal proclivities characteristic of the most radical postmodern thinkers, this putative fourth way traces a path running between the polar opposites of the modernist privileging of structured arrangements (e.g., the state or the market order) and the postmodern discounting of any foundational principle or institutional rule. This approach discerns in the fluidity and complexity of civil society opportunities for pursuing the goals proclaimed by left-libertarians, including concerns for remedying injustices; such opportunities can be explored at the level of micro-politics, not necessarily in opposition to ordinary channels and institutional settings, but rather as an added and still largely unfamiliar layer of reality.

THE PROMISE AND PITFALLS OF CONTEMPORARY THIRD WAY IDEOLOGIES

2.1 Left-Libertarianism

Toward the end of the 19th century, several market-oriented thinkers began to focus their attention on the injustices and social problems plagued their societies. These thinkers developed a synthetic perspective that borrowed from socialism, which they disapproved of it, and Christianity in order to render market economies more compatible with social justice. In some ways, they laid the ground work for today’s left-libertarianism. Henry George in the English-speaking world and of Léon Walras or Alfred Fouillée in the French-speaking world particularly contributed to this emerging strain of thought.⁵

To sum up facetiously the paradigmatic ideas that run from George via Walras to contemporary left-libertarians, one could say that it is a long rant about rents! For them, economic rent is the one thing that is fundamentally wrong with free markets. They are prepared to consider unorthodox methods, even flirting with socialism, to rectify that problem. The modern theory of rent goes back to David Ricardo, although Ricardo himself acknowledged his debt to Thomas Malthus. In spite of his relentless efforts to validate

the labour theory of value, Ricardo recognized that the price of land depends on the scarcity of arable land. The return to land itself—the “original and indestructible” power of the soil, and not the buildings or other works undertaken on that land—reflects the shifting balance between supply and demand. The increasing population and commensurate increase in demand for goods combined with the diminishing returns on agricultural production resulted in the use of traditionally fallow lands and the further increase in the price of better parcels.⁶ Contrary to (what was then) common sense, he argued that the price of wheat (“corn”) does not go up because the rent paid to landowners increases but rather because it is the other way around. The value (price) of land fluctuates for reasons that have nothing to do with the actions of the landowners themselves, although some parcels of physical land can be valued more than others as a result of improvements or the addition of valued buildings. Machines become obsolete, human skills usually require constant exercise and retraining, but land as such is always usable.⁷

Just “sitting” on land often proves to be a profitable option, especially in an urban environment. This is the reason why both George and Walras thought that no progress toward greater equity could be achieved without first doing away with the private appropriation of rent. Their critiques were strikingly similar in two respects: first, in terms of the economic and factual *causes* of economic inequality and, second, in terms of the *normative* grounds that would justify a radical change in the ownership regime of land. Both George and Walras argued that when economic growth occurs, landowners are in a position to capture an increasing fraction of the total wealth that is produced. George put it dramatically in these terms:

Wages and interests do not depend upon the produce of labor and capital, but upon what is left after rent is taken out; or, upon the produce which they could obtain without paying rent—that is, from the poorest land in use. And hence, no matter what the increase in productive power, if the increase in rent keeps pace with it, neither wages nor interest can increase. (George, 1879/1929, 171)

Similarly, but in a more measured tone, Walras thought that he had demonstrated that:

[i]n a progressive economy, the price of labour (wages) remaining substantially unchanged, the price of land-services (rent) will rise appreciably and the price of

capital services (the interest charge) will fall appreciably. (Walras, 1926/1954, 390-91)

Somewhat more tentatively and indirectly, Hans Maks (2006) argues that an analysis of Walras' mathematical model reveals that supplementary conditions are required to enable the groping process (*tatonnement*) to reach or tend toward equilibrium; it does not work well in the face of severe inequalities of income.⁸ The extent to which Walras himself was aware of the implication of his model is unclear but according to Maks (2006, 34) he was suggesting that one way of ensuring that the equilibrium would be reached would be to create a large middle class and to limit the number of very rich or very poor agents. Landowners capturing large rents not only acquire more than they deserve (since they do not actively produce wealth), but play a dysfunctional role in a competitive market. Walras logically concludes that:

[t]he fact of the appreciation of the land rent in a progressive society is a fact well proved by experience and well explained by reasoning, from which one concludes that to leave land to individuals, instead of reserving them for the state, implies allowing a parasitical class taking advantage of the enrichment that should instead satisfy the always growing demand for public services. (Walras, 1896, cited in Foldvary, 2008, 95)

Both George and Walras appealed to natural rights theory. In essence, natural rights theory claims that we legitimately own our productive capacities and talents, whereas land is given to all. Contrary to Locke, whose theory on this point is admittedly somewhat ambiguous,⁹ self-ownership implies that we own the fruits of our labour but never the land on which we work. Natural law figures prominently in Walras' writings. In his "Theory of Property," found in Book II of his *Etudes d'économie sociale*, Walras offers the following "theorems":

Theorem I: Personal capacities are, by natural right, the property of the individual (Walras, 1896, 214).

Theorem II: Land is, by natural right, the property of the state (Walras, 1896, 218)

The same theme reoccurs in a number of places, such as in his "La paix par la justice social et le libre échange" (Walras, 1907/1987). Individuals are entitled to what they produce—in fact should not be taxed on what they earn;

land belongs to the state from which it can derive the revenues it needs. In this sense Walras was an early precursor of left-libertarianism (Bourdeau, 2006; Gharbi and Richiardi, 2010). The parallel with George in this respect is unmistakable. George also appealed to natural law to ground his theory. The individual-effort justification of private ownership was the cornerstone of his vision of social relations:

[A]s nature gives only to labor, the exertion of labor in production is the only title to exclusive possession. The right of ownership that springs from labor excludes the possibility of any other right of ownership. If a man be rightfully entitled to the produce of his labor, then no one can be rightfully entitled to the ownership of anything which is not the produce of his labor or the labor of someone else from whom the right has passed to him (George, 1979/1929, 336).

However, the ownership of land is another category altogether:

The real and natural distinction is between things which are the produce of labor and things which are the gratuitous offering of nature; or, to adopt the terms of political economy, between wealth and land. These two classes of things are in essence and relations widely different, and to class them together as property is to confuse all thought when we come to consider the justice or the injustice, the right or the wrong of property (George, 1879/1929, 337).

This leads him to conclude that "[w]hatever may be said of the institution of private property in land, it is therefore plain that it cannot be defended on the score of justice" (George, 1879/1929, 338). No natural right exists with respect to the ownership of land: "The equal right of all men to the use of land is as clear as the equal right to breathe the air—it is a right proclaimed by the fact of their existence" (Ibid.).

The French philosopher Alfred Fouillée can be regarded as another distant forerunner of left-libertarianism. Although a detailed examination of his thought goes beyond the purposes of this paper (see Dobuzinskis, 2008, 2011), there is one aspect of Fouillée's contribution to political economy that deserves to be noted, since it points to current debates among left-libertarians; it is the question of how far the net should be cast when it comes to catching unfair benefits from rents. Fouillée's critique of rents went beyond land

rights. Although he too was aware of the anomaly represented by wild increases in the price of land (Fouillée, 1884, 41-2), he argued that unearned rent is primarily derived from the use of (and unequal access to) what he called “social property,” by which he meant not only state-owned land and other forms of property but also in addition a “social fund” or a “capital of collective force” (Fouillée, 1884, 156).

This includes the institutions, intellectual assets, and publicly owned resources that play a crucial role in the development of economic agents’ productive capabilities: the education they receive, the scientific knowledge they use, the roads and bridges that the state makes freely available to all and so on. All these things provide benefits or rents to individuals, who thus cannot claim complete and unencumbered ownership of everything they produce. According to Fouillée, even an individual’s right to vote is a sort of shared public good (Fouillée, 1884, 161-77). Elections guarantee social collaboration and peace that are essential ingredients for economic production. Fouillée attempted to refute both socialism and liberalism for their unbalanced views on property. Socialism, he argued, only sees the good in social property and thus desires to turn all existing private property into social property; liberalism, by contrast, aims at extending the realm of private property to the point of taking away from the state all that it owns (Fouillée, 1884, ix).¹⁰

To sum up, George, Walras, and Fouillée reached comparable but somewhat different conclusions. Both George and Walras recommended the public ownership of land; they also argued that this should be the *only* source of revenues for the state (as in George’s “single tax”). Since individuals, for both George and Walras, are entitled to all the produce of their own labour or natural capacities, it would be illegitimate for the state to attempt to appropriate even a fraction of it. Fouillée, on the other hand, was not as fervent of a supporter of the public ownership of land, but did support public ownership where he thought it could be feasibly instituted. Further since Fouillée believed rents can be derived from much more than land, individuals owe a debt to the community that the state can collect in a variety of taxes.

These ideas point in the direction of modern left-libertarianism. The basic tenets of that approach cannot, however, be fully understood simply by going back to George or Walras. Contemporary left-libertarians (see Steiner, 1994; Vallentyne and Steiner, 2000; Tideman and Vallentyne, 2001; Otsuka 2003) share libertarianism’s commitment to Locke’s axiomatic notion of self-ownership—indeed most contributors to this approach very clearly acknowledge their debt to Locke (e.g. Otsuka, 2003, 2), but they reach different conclu-

sions on the subject of the appropriation of external goods, and natural resources in particular. (What left-libertarians include or do not include under the rubric of “natural resources” varies quite a bit from author to author; Georgists, for example, are only interested in land, while others, such as Hillel Steiner, include genes and their developmental effects.)

Self-ownership implies full control over one’s body and person, and over one’s actions. On this point, left-libertarians agree with libertarians *tout court* and many classical liberals (although Hayek, for one, does not appeal to that norm). Where left-libertarians dissent from libertarian orthodoxy is with respect to the implications of the use or appropriation of natural resources. Libertarians (e.g. Feser, 2005) either categorically deny that the appropriation of natural resources creates any obligation, rejecting the Lockean proviso; or they accept the Lockean proviso but offer a rather limited interpretation of its implications. Robert Nozick (1974), for example, argues that as long as those who did not appropriate a resource are not made worse off by those who did appropriate it, the latter group owes nothing to the former group. Although some left-libertarians (e.g. Grunebaum, 2000) go as far as to deny the right to appropriate natural resources, which they argue should be held in common, most left-libertarians fall somewhere between these two extremes. While they accept the principle that one can individually access natural resources, and perhaps even unilaterally assert a right of ownership, they offer more restrictive interpretations of the Lockean proviso. Peter Vallentyne, for example, agrees with Otsuka (2003) that:

[t]he Lockean proviso [requires] that one leaves enough for others to have an opportunity for well-being that is at least as good as the opportunities for well-being that one obtained in using or appropriating the natural resources. Individuals who leave less than this are required to pay the full competitive value of their excess share to those deprived of their fair share. (Vallentyne, 2009, 149)

This rights-based approach is the most common among left-libertarians, but similar conclusions can be reached from the standpoint of *just desert*. The idea here—which is evident in George’s works—is that revenues from rents are not earned and, therefore, are the source of unfair advantages which can be justifiably taxed. This desert-based perspective is actually a special case of the rights-based one: “it interprets the Lockean proviso as requiring that one leave an

equally valuable per capita share of natural resources for others” (Vallentyne, 2009, 148). Those who use more than their share owe others compensation. Or—and this is why I say it is a particular interpretation of the Lockean proviso—since natural resources typically produce rents, everyone should be entitled to an equal share of such rents.

However, at this point I want to challenge Vallentyne’s (2009, 149) contention that “equal share libertarians” are not capable of offsetting “disadvantages in unchosen internal endowments (e.g., the effects of genes or childhood environment).” It is rather odd to include “genes” among the factors that define “natural resources,” as a few authors in the left-libertarian camp have attempted to do so (e.g., Steiner, 2000). But “childhood environment” can be subsumed under Fouillée’s aforementioned concept of “social property”; such social assets are the sources of significant rents that go a long way toward explaining differences in productivity and income. According to this view, it is thus fair to tax benefits derived from unequal access to education and other comparable social assets. Of course, measuring that difference would be a difficult empirical problem and much care should be taken so as not to create severe disincentives; however, as a matter of principle, it is reasonable to admit that within realistic limits, progressive income taxation is justifiable. Differences in income or wealth are inevitably due *in part* to brute luck, inheritance and rents derived from “social property.”¹¹ One cannot, therefore, reduce the doctrine of “equal share libertarians” to George’s single tax on land.

2.2 Toward market socialism?

After the collapse of Soviet communism, some advocates of a transition to democratic socialism have sought to demarcate themselves radically from centralized planning, espousing “market socialism” (e.g. John Roemer, David Miller, Julian Le Grand, James Yunker, Ted Burczak). The sort of “market socialism” I have in mind here is distinct from Enrico Leone, Oskar Lange and others’ misappropriation of Walras’s general equilibrium model which only utilized Walras’s “theoretical economics” rather than integrating Walras’s “applied” and “social economics.” Lange and the early “market socialists” were rigorously criticized by Ludwig von Mises and Friedrich Hayek during the the “socialist calculation debate” of the 1930s.¹²

Although Roemer is a little more ambiguous on this point, what contemporary market socialists (e.g., Miller [1989] and Burczak [2006]) have in mind are real-life markets. The market socialism I discuss here is also distinct from

the Chinese or Vietnamese systems, as contemporary market socialists intend their system to be democratic.

Today left-libertarianism and market socialism are distinct, albeit not antagonistic, camps. However, precursors to contemporary left-libertarianism either consciously attempted or have later been interpreted to have attempted to create a synthesis between capitalism and socialism. Doing away with private ownership of land could—at least in theory—be interpreted as moving from the capitalist status quo toward a socialist utopia. (I say “in theory” because both George and Walras depicted the transition to a society where the private ownership of land would have disappeared as a very gradual process, the effects of which would not be very noticeable at first.) Certainly some socialists, especially in the British Labour Party, considered George to be on their side. As for Walras (1987), he explicitly declared himself in favour of a march toward socialism, albeit of a “liberal and humanitarian” sort. He also supported the cooperative movement. A society where cooperatives flourish and in which land has been nationalized would quite plausibly qualify as one in which market socialism has triumphed. As for Fouillée’s “solidarism,” it was intended to be step beyond the antinomy between liberalism and socialism by imagining a social contract that obligated those who had disproportionately benefited from “social property.” The respective thinkers, although advocating for radically new policies, believed that governments could implement these new policies without radically changing the economic system.

In other words, these three thinkers can only be described as socialists in a very particularistic and heterodox meaning of the word. All three were acerbic critics of many currents of socialism, particularly its Marxist variants. “It annoyed George to be called a socialist”; inversely, “Karl Marx regarded George with disdain” (Wenzer, 1997, 139). George (1898, 198) raises several objections to socialism. First, it is not scientific because while “science... is concerned with natural law,” socialism “takes no account of natural laws.” Second, according to George, as socialism is not grounded in religion, it “is [thus] more destitute of any guiding principle than any philosophy I know of.” Finally, and less controversially, “it has no system of individual rights whereby it can define the extent to which the individual is entitled to liberty or to which the state may go in restraining it.” To these three arguments, Charles McCann (2008, 76) notes that George added a fourth objection, presaging Hayek’s theory of spontaneous order : “the fatal defect of socialism” lies in its ignorance of the fact that “any attempt to carry conscious regulation and direction beyond the narrow sphere of social

life in which it is necessary, inevitably works injury, hindering even what it is intended to help” (George, 1898, 391, cited in McCann 2008, 76). This is because, as George (1898, 393; McCann, 76) states, there are fundamentally two types of cooperation: directed action which fails to take advantage of human physical and intellectual capacities, and undirected or spontaneous cooperation which does maximize such potentials.¹³

Walras did not have high regard for contemporary socialists as well. He devoted a book to a refutation of what he viewed as Proudhon’s misunderstanding of economics and criticized Proudhon theory of taxation (Walras, 1860). Elsewhere (letter to Edmond Schérer, in Walras 1896), Walras explained at some length what he judged to be the strengths and weaknesses of liberalism and socialism. He considered both systems to be flawed, but his criticisms of socialism were more devastating. Although he admitted that there were significant differences among the doctrines he reviewed, he faulted them all for pursuing “one and the same goal, and this goal is the purest morality, the greatest, the most complete and universal welfare, it is, as [Schérer] said, an earthly paradise” (Walras, 1896, 6). Then comes the rhetorical coup-de-grâce: “socialism has thus a character as absolute as its principle: dogmatism in its scientific method, despotism in its political process” (ibid.).

Both Walras and Fouillée claimed that they wished to construct a synthesis of liberalism and socialism that would retain the best aspects of each. Yet, both thinkers appear to have found very few aspects of socialism worth retaining. Fouillée was especially critical of socialism. It was for him essentially a system based on coercion: by definition, socialism consists of the socialization of production, and/or distribution, and/or consumption, with corresponding degrees of coercion. Socialization necessarily “implies the authority of the group over the individual and not only when the individual violates the rights of another someone else, but in the name of the economic *interest* of the group which becomes the supreme law for all” (Fouillée, 1914, 31). It wrongly pretends to identify the “only” possible future for humankind (Fouillée, 1914²⁶). Even more forcefully, he blamed socialism for being reactionary: “The socialist declaration of rights leads to the abrogation of the declaration of the rights of man and the citizen,¹⁴ it is the restoration of ancient absolutism under the guise of the collectivity, even more omnipotent and oppressive than the monarchy” (Fouillée, 1930, 155).

Thus we have to look elsewhere than these odd “socialists” in order to locate the intellectual roots of market socialism. As mentioned already, Proudhon was unquestionably

its first serious theorist, however, Proudhon never gained a substantial following. Indeed, market socialism remained a relatively marginal intellectual movement throughout most of the nineteenth and twentieth centuries. At the level of practice, however, it began to take shape as a result of the growth of the cooperative movement in the United States, Britain, France, and a few other countries. In the 1960s and 1970s, Tito’s Yugoslavia served as an imperfect but not dysfunctional example of an economic system in which worker-managed firms were the main players. And in the realm of social thought, market or democratic socialism received much attention from several prominent British intellectuals, notably D. G. H. Cole (an advocate of guild socialism), George Orwell, and William Morris (see Griffiths, 2006).

But it was only during the last two decades of the twentieth century that market socialism—with a deliberate emphasis on the *market* side of this concept—became a coherent and distinctive movement. Two developments account for this evolution. First, the collapse of the Soviet Bloc provided dramatic evidence that planned economies are unsustainable. Second rise to power of Margaret Thatcher in the United Kingdom and Ronald Reagan in the United States resulted in a shifting away from the Keynesian welfare state.¹⁵ Within this context, free-market advocates, particularly Hayek, gained new legitimacy in the public arena. The Hayekian argument about the epistemological superiority of markets in utilizing dispersed knowledge to coordinate action could no longer be ignored.

From then on, socialists were put in a position where they had to take this argument seriously. Although resisted by some, several theorists, notably David Miller (1989), John Roemer (1994), and Ted Burczak (2006), have fully accepted the important coordinating role played by the market, but draw different conclusion than Hayek with respect to the ownership and/or management of firms. For them, the principal interveners in market relations should over time become worker-owned or at least worker-managed cooperatives (or similar entities). The state would have few economic responsibilities and would not intervene in the functioning of markets; it could still exercise a redistributive role, although not necessarily entirely on its own. Instead of coercion, this group of thinkers prefers to rely on voluntary communities and civil society organizations to solve ‘social justice’ problems.

2.3 Political impasse

In what sense can one say that political ideas succeed? This depends, of course, by what one regards as politically rel-

evant. In a narrow sense, politics is the domain of electoral politics and public policy-making; in a broader sense, a wide range of institutions in the public sphere (for example courts, international organizations, and publicly owned utilities) as well as legal norms and cultural values about power relations form the background against which political decisions are enacted. Third way approaches of the sort I outlined above have failed to make a major impact at the governmental level. There are, of course, exceptions, such as the British Labour Party under Tony Blair or, arguably, the Clinton administration. Or going back further, the New Deal was very favourable to cooperatives in the United States, while Georgism was an important tendency within the Labour Party in pre-World War I Britain. But these exceptions themselves underline the fragility of third way options: they tend to be rather ephemeral insofar as their implementation is closely tied to the political fate of a more or less exceptional, charismatic leader. No lasting support in the form of political parties or other institutionalized means of mass mobilization has ever been linked to their causes.

There are two primary reasons why left-libertarianism has never permanently influenced public policy. First, the inevitably complex and even paradoxical doctrines that emerge out of efforts to mesh divergent ideas drawn from many sources are difficult to summarize in simple terms.¹⁶ The apparent exception, of course, is George's slogan of the "single tax," but the justification proposed by George for this tax is more nuanced and complex than, say, the Marxist call for a revolutionary upheaval to put an end to "exploitation." Second, theorists who have historically put forward third way doctrines have typically been original minds pursuing idiosyncratic goals. What ends up being selected from the different currents within liberalism, socialism, populism, and ambient cultural or political trends is always unique to the individual third-way theorist. Even contemporary left-libertarians, such as Peter Vallentyne, Hillel Steiner, Michael Otsuka or Philippe Van Parijs disagree on many questions, so that beyond very rough contours, it is not easy to specify what a left-libertarian political platform would look like. As for market socialists, they seem to range across an even wider spectrum.

2.3.1 Paradoxical insights

Left-libertarian and market socialist outlooks present many paradoxical aspects. For example, libertarianism, at least in North America, has become associated with certain policies that the media will often describe as being "conservative," largely as a result of the tactical alliance of many libertarians

(for example Ron Paul) with a Republican party dominated by socially conservative elements.

Thus to hear that there is a libertarianism situated on the "left" of the political spectrum appears peculiar to the typical voter. Diverging from what these voters 'know' to be true, they likely reject left-libertarianism because it appears illogical. Indeed, I suspect that this sort of reaction is not uncommon and account for some of the difficulties that left-libertarians have encountered in the political arena. Similarly, socialism has a long history of arguing against economic freedom and extolling the virtues of enlightened planning. In recent decades, social democratic parties, especially in Scandinavia, have made their peace with the market, but even the leaders of these parties do not wax quite as enthusiastically about the benefits of markets as David Miller or Ted Burczak do. That a socialist could find much positive to say about Hayek is indeed paradoxical.

And yet, paradoxes are not reducible to contradictions.¹⁷ In fact paradoxes have played a decisive role in the history of philosophy. Roy Cook (2013, 2) thinks that those who argue that intellectual inquiry is nothing but a reflection on paradoxes may not be far from the truth. Thus to say that emergent third way theories, from George to Vallentyne, or Proudhon to Burczak, are paradoxical in some significant respects does not necessarily mean that the theories are wrong. All the same, the fact that the intellectual world appreciates paradoxes does not mean that most people are ready to be convinced of their subtle merits. Depth and complexity tend to work against a political ideology, let alone a political party attempting to win an election.

Neither liberalism (in all its many divergent currents) nor mainstream socialism is entirely free from paradoxes. However, it is possible to grasp the essential message of liberal or socialist thinkers without being perplexed from the very start. But third way thinkers have deliberately sought to mesh ideas that ordinarily one would think are incompatible. Calling for the abolition of property in land, as Walras did, or for some similar but arguably less radical scheme, as George did, while proclaiming the virtue of competitive markets and casting aspersions on socialists as they both did, is confusing. The contemporary left-libertarian feat of juggling self-ownership on the one hand, and rights in natural resources on the other, is also deeply paradoxical: the only way to uphold the latter is to infringe on the former. I have argued above that a reasonable compromise between these polar opposites can be reached.¹⁴ Whether or not it can be resolved analytically, the mere appearance of a paradox in

the realm of practical politics can be enough to discourage voters from engaging with a party or movement manifesto.

It is commonly thought that socialism involves a high degree of planning and regulatory interventions, so the idea that socialism is compatible with economic freedom is not an obvious one. Market socialists face another obstacle with respect to their attitude concerning property rights. We can go back to Proudhon's famous declaration (in his *What is Property?*) that "property is theft," and contrast it with his later assertion in his *Theory of Property* that "property is the only power that can act as a counterweight to the State." As it turned out, however, Proudhon was an ardent defender of property rights; what he objected to was its unequal distribution. He pleaded for a bottom-up reform of society that would result in workers and craftsmen pooling together their resources to become more efficient, while keeping some degree of control or "possession" over their capital. He was resolutely opposed to state ownership. Similar complexities, if not outright paradoxes, are not hard to find in the writings of contemporary market socialists.

If the combination of free markets and the public ownership of land (or even of all natural resources in the case of left libertarians) renders George's work paradoxical, a fortiori the same is true of market socialism. Incidentally, this point brings to light another source of confusion. Some market socialists (for example Roemer) argue that although firms ought to be managed democratically if possible, it is imperative that they be publicly owned. The reason is that this makes it possible to equalize profits across society as a whole. Socialism is after all an essentially egalitarian ideology, so it is unsurprising that this is precisely the value that some proponents of market socialism want to mesh with the advantages of a market economy. Other proposals, however, (for example Miller [1989]; Burczak [2006]) recommend an economic system in which worker-owned-and-managed cooperatives play a central role.

Fleurbay (1993) introduces yet another variant in which property rights are refashioned in such a way that workers obtain all the profits their firms make but are not allowed to invest in them; in other words their ownership shares stay the same—investment therefore takes the form of loans from banks. Although this also constitutes an egalitarian model, the value to be equalized in this second instance would be socioeconomic power rather than wealth. Agents would gain a greater say in the affairs of their firms and would be in a position to challenge or resist the power of state bureaucrats. Disparities in income would presumably be rather high, although large disparities in wealth could be

prevented by taxing inheritance near a rate of 100%. This is not an insignificant divergence, however. If political success depends on mass mobilization around a simple—or, at least, simple-sounding—idea, then market socialists have a problem.

Whether market socialism is compatible with planning, which remains associated in the minds of most people with mainstream socialism, is a complicated matter. Some defenders of market socialism (for example Roemer) are not willing to grant that coordination through market mechanisms is always the most efficient method of managing an economy. They point to the possibility of bias (such as short term horizons) and the perverse influence of externalities. But what sort of planning is compatible with respect for economic freedom? Roemer (1993) cites the by now quite outdated example of French indicative planning, which has long been abandoned because it cannot work in a globalized world. However, the paradox is that some sort of planning might be more necessary in a system where workers are free to manage their own firms because, as the experience of Yugoslavia shows, they are likely to be more risk-averse and more short-term-oriented than capitalists.

One ingenious way to encourage risk-taking and innovation is Roemer's (1994; see also Burczak, 2006, 124-7) suggestion to establish a coupon stock market, which would create incentives for better management without substituting the power of investors for that of the worker-managers. Starting with an equal distribution of coupons, stocks would be purchased with, or exchanged for, coupons that could not be traded for cash by individuals but could be cashed in by the firms issuing shares, with share owners receiving a fraction of the profits of the firms.

The spectacular economic take-off of China represents another paradox. Does China qualify as an example of market socialism? It meets neither the definition of socialism favoured by old-guard Marxists nor does it have much to do with the sort of democratic participatory socialism that western advocates of market socialism favor. Against a background of significant increases in the general welfare, extraordinary economic inequalities have arisen under China's economic system. Nevertheless, the Communist Party remains in power and is, at least rhetorically, still committed to socialist development, while public ownership continues to be the norm in key sectors of the economy.¹⁸ But that would suggest that market socialism is not inherently democratic and that it can still be very illiberal. China's social and political future is uncertain and it might find its own way toward a more democratic political life. For the proponents of a path

to market socialism that respects and enhances the liberties of all individuals, the Chinese case is just one more source of confusion.

2.3.2 *Idiosyncratic creations*

As I have explained so far, third way approaches combine disparate ideas to create complex schemes. There is no canonical way of arranging or synthesizing conflicting themes and, as a result, the particular formulations proposed by leading left-libertarians or market socialists sometimes appear to be rather idiosyncratic. It would be tedious to go over each and every nuance or inflexion that a particular thinker has given to the theories discussed above. But I want to single out a few illustrations of the diversity of views one can find in each camp, and even of a tendency to sometimes go off on questionable tangents.

As John Pullen (2001, 547) explains, George stated that the taxation of land rent would amount to the abolition of the institution of private ownership of land, thereby alienating those who, whether for economic or ideological reasons, regard private ownership of land as essential for social order and progress. George believed that under his proposed reform the private ownership of land would be replaced by private possession. But this distinction between ownership and possession appears to have been based on a misconception of the nature of private ownership. His proposed reform could have been more logically described as a conditional, modified, or restricted private ownership of land, rather than as the abolition of ownership.

At a certain level of abstraction, the “possession” that he maintained the occupants of the land would continue to enjoy is not different *in kind* from the concept of property even if, in practice, certain restrictions would apply. In the real world, property rights are always defined by law and some conditions are always imposed, such as fiscal obligations. This does not necessarily mean that ownership has changed hands. George himself seems to have conceded as much:

I do not propose to either purchase or confiscate private property in land. The first would be unjust; the second needless. Let the individuals who now hold it retain, if they want to, possession of what they are pleased to call their land. Let them continue to call it their land. Let them buy and sell, and bequeath and devise it. We may safely leave them the shell, if we have the kernel. It is not necessary to confiscate land; it is only necessary to confiscate rent (George, 1879/1929, 405, cited in Pullen, 2001, 548)

Walras, by contrast, did explicitly state that land should be nationalized, a genuine socialist policy. However, the gradualist approach and precautions he recommended could well mean, if they were to be enacted, that the socialist end result would never be reached. Social reform is not like running a railroad. The longer it takes to implement a plan, the more likely it is that it will be modified at some crucial juncture. Governments come and go and they are not bound by their predecessors’ decisions. Walras (1907/1987, 496) envisions a three-step process: a) “the state, without changing anything fundamental about the land tax, gives it the form of a co-ownership of land”; b) “then, provided with its share, the state purchases back from the land owners their part and pays them by means of bonds on its debt”; finally, c) “the state acts as a lessor for the land it owns by then in relation to rent consumers or entrepreneurs.”

Walras noted that at the beginning of this process, which could take decades, the interest on the debt would exceed revenues from rents but eventually rents would exceed the value of the bonds. Leaving aside the fact that the nationalization of land required to implement the plan, in this admittedly fair but protracted manner, might never be complete,¹⁹ he hoped that the gradual disappearance of inequalities would facilitate the creation of cooperatives. However, he was only advocating the co-ownership of firms by their workers who would all become, in a sense, capitalists. At the same time, he was uninterested in the democratization of the workplace and the move toward a more democratic economic system in general; by contrast, economic democracy is a central plank in the programs of most contemporary market socialists (for example Schweickart, 2011; Burczak, 2006).

Among contemporary left-libertarians, Steiner appears rather isolated in his defence of the idea that genetic inheritance should be included in the definition of “natural resources” for the purpose of interpreting the implications of the Lockean proviso. From this debatable but not absurd hypothesis, Steiner goes as far as to derive the highly contestable conclusions that:

“under the general rule for rights to natural resources, we should tax parents on the value of their children’s genetic endowments. Or more precisely, we should tax them on the value of the germ line information they appropriate in conceiving an offspring. And this tax, like all taxes on people holding rights to other natural resources, goes into the global fund, on which everyone has an equal claim. (Steiner, 2009, 7)

I say contestable because not only does this sound empirically infeasible, it is almost certain to revive obnoxious debates about genetic differences about intellectual abilities among “races,” not to mention that it would drag us back to eugenics and all its attendant irrational and malevolent prejudices. Such a prospect should be abhorrent to any one proclaiming his or her attachment to human rights and liberalism. Of course, this is not Steiner’s intention; this puzzling passage appears to be meant as a vaguely ironic response to Rawls’ argument that *all* differences in an individual’s life chances are due to circumstances. Not that the problem raised by Steiner is insignificant from a scientific or philosophical point of view, but it should never be allowed to become a matter of practical import for policy-makers for the reasons I just gave.

If there is to be a “global fund” from which compensation can be paid, it is highly doubtful that simply taxing criminal act, as proposed by Otsuka’s (2003), would be sufficient to satisfy his version of the Lockean proviso: “You may acquire previously unowned worldly resources if and only if you leave enough so that everyone else can acquire an equally advantageous share of unowned worldly resources” (Otsuka, 2003,24). Although Otsuka limits the scope of redistribution by putting greater emphasis on individual choice and responsibility, Otsuka’s proposal would still likely result in much greater redistribution than currently experienced in the West. Admittedly, Otsuka’s opposition to more extreme forms of taxation should be read in conjunction with his strong emphasis on the importance that *voluntary* giving could play in redistributing resources. Yet, Otsuka’s opposition to taxation and demand for greater redistribution make is schema questionable as a matter of practical feasibility.

For a final example of left-libertarians idiosyncrasies , I now turn to Philippe Van Parij’s (1995, 106-30) claim that merely holding a job in an economic system where jobs are scarce counts as rent-seeking. We may be moving toward a future where robots will become so ubiquitous that, in effect, jobs will become a rarity that could indeed be counted as sources of rents. But we are not there yet.²⁰

3: TOWARD A FOURTH WAY?

The political barrier that stands in the way of libertarian projects—be they strictly libertarian or tinged with progressive concerns—stems from a modernist bias, namely, the questionable belief that politics and the state are insepara-

ble.²¹ Classical liberals in the past, and their libertarian heirs today, have sought to limit or reduce the scope of state interventions in the economy and social life, but their modernist outlook condemns them to seeking political power so as to, paradoxically, do away with political power. They see no other way of trimming the state than doing it in a top-down fashion by using the bureaucratic and legislative instruments at the disposal of the state itself. Strict libertarians would be tempted to reduce the state maximally, while left-libertarians would still wish to retain some state capacity for minimizing the effects of rent-seeking (primarily from natural resources) and some limited redistributive function. But in either case, these aims would have to be adopted by a political party seeking power. For the reasons suggested above, and because most voters are reluctant to experiment with radical reforms, libertarianism stands little chance of being implemented democratically. But is there no alternative to this doomed program of institutional restructuring? I wish to suggest that there could be a fourth way opening up at a completely different level. In fact, to some extent it is already being explored by a vibrant and growing “voluntary sector.” Moreover, new directions in economic theorizing and research provide needed intellectual support for this shift.

Even if they wish to stay clear of the most extreme forms of postmodern relativism, libertarian reformers would be well advised to pay closer attention to the postmodern critique of structures.²² Postmodernism and post-structuralism are practically synonymous. Post-structuralism was an attack on the centrality of structural explanations in philosophy and the social sciences; postmodernists have extended that critique to the institutions that embody the modern “grand narratives” such as, in particular, state bureaucracies. But Michel Foucault has gone beyond this particular critique to articulate a very perceptive exploration of politics at all levels of the human experience. Feminism, as is well known, has also uncovered the political dimensions of everyday life. Unfortunately, such pioneering and original insights have been marred by illiberal biases derived from the Heideggerian rejection of the supposedly metaphysical “subject.” The heroic figure “resisting” the misuses of power wherever he or she encounters them is paradoxically content to see himself or herself as a cultural artifact! But there is no reason to fall into this trap.

To govern literally means embarking on a course and steering toward a destination. As Ruth Lane (2007) suggests, there is no reason why in liberal regimes individuals should entrust the state with the unique and exclusive responsibility of steering society toward goals that they could reach

themselves. Even if some goods (“public goods”) are more efficiently produced by the state, there is much that individuals expect from the modern state that they could do on their own locally or by using opportunities available in markets, such as boycotting unhealthy products or putting pressure on companies to change their production methods. With a delightful touch of irony, Lane (2007) refers to this new layer of political engagement as “individual self-government.” She points out that the “problems of society in modern liberal democracies are not state problems and the state cannot be asked to solve them” (Lane, 2003, 7). But she traces her model of micro-politics back to Henry Thoreau (Lane, 2003, Chapter 3).

Lane’s references show that it is possible to reclaim micro-politics from the grip of postmodern quasi-collectivist dogmas, something that classical liberals and (right- as well as left-wing) libertarians will find appealing. Going back to Thoreau is an astute move because it allows Lane to make extensive use of Foucault’s brilliant insights without falling into the illiberal trap of hard-core postmodernism, with its emphasis on the disappearance of the subject in a maze of relativistic half-truths. Reinventing politics at the level of personal affirmation is a challenge to which (more or less) libertarian—in any event non-illiberal—third way thinkers ought to be open, because it would allow them to escape the conventions of state-centric politics (and by that I also mean the libertarian obsessive anti-statist rhetoric).

The point is no longer to prove either that the state ought to become more just or to deny that the state could ever be just. It is rather to think about what a politics concerned with “the pursuit of happiness” would look like, by whatever means free individuals choose that not only do not infringe on others rights, but also have an other-regarding element that stops actions that prevent others from acting freely. In this scenario the state can be treated as an *irrelevant* actor.²³ Micro-politics also opens interesting but still insufficiently explored perspectives for students of emergence and spontaneous order. In fact, Lane explicitly refers to self-organization and complexity theory as analytical instruments that are entirely compatible with her project. What this project is, I can only sketch in broad strokes here, all the more so because I do not want to imply that it is only way of conceptualizing micro-politics. Lane (2007, 11) defines “individual self-government” as:

[t]he construction of a personal value and goal structure answering the specific needs, resources, and desires of the individual person; the defense of these

goals against invaders; the basing of social relations on a respect for the self-government of those with whom one disagrees; and ... on an affection for those with whom one agrees. (Lane, 2007, 11)

The extended political sphere within which individual self-government takes shape concerns the problem of justice or, as Lane puts it, the various games in which actors find themselves immersed while seeking to bring about their own understanding of what is just and fair. (I would add, although this is not inconsistent with Lane’s very realistic view of micro-politics, that playing the game entails strategic considerations that may be more or less self-interested and can produce sub-optimal results such as rent-seeking.) For Lane, there is a sort of virtuous circle linking the external constraints of the game of justice and the internal construction of the political self: “playing the game well requires ordinary folks to become self-governing individuals who are able to find in themselves their own definition of justice, and to live by those definitions as responsible participants in a personal and political world” (Lane, 2007, 12);²⁴ inversely, “government’ entails the ability to know one’s deepest principles, the courage to maintain them in good times and in bad, and the skill to carry them proudly into practical games” (Lane, 2007, 13).

For left- libertarians, market socialists, and all those for whom markets are the best (albeit perhaps not always the only) instrument for enabling people to achieve their desired ends micro-politics offers more promising possibilities than conventional, state-centric politics. At the theoretical level, there is much that can be done—through research and teaching—to disseminate ideas such as the epistemological advantage of markets, coupled with the moral obligations to eliminate rent-seeking and/or to compensate those who did not or cannot benefit from the rents more privileged individuals enjoy. In other words, theorists can hope that a growing number of concerned and responsible persons, families, and groups will internalize their values and goals. Traditional political institutions such as parties can be bypassed in that way.

In practical terms, activists committed to left-libertarian or market socialist causes can be active in setting up cooperatives and/or trusts for managing common pool resources (cf. diZerega 2002) and/or in taking responsibility for the “lucky breaks” their social environment gave them, for example by contributing generously to philanthropic organizations or by giving their time to local community efforts to address the problems of sustainability. Admittedly, there are

limits to what can be accomplished through these types of actions. At some point, as feminists and environmentalists have found, “consciousness-raising” and localized initiatives must give way to more concrete policy changes at the national or international levels. But the point is that these movements (and to some extent right-wing libertarians as well) have succeeded in this way. The challenge for the advocates of non-illiberal third way approaches is to accomplish something similar. My point is that Lane’s insightful analysis of micro-politics and of the games they involve opens up a path that could eventually bring about desirable alternatives to the welfare state,²⁵ without harming the disadvantaged.

How and to what extent does this Fourth Way approach help us to overcome the obstacles I previously described? Obviously, if the terrain has shifted so that electoral considerations no longer loom large, it becomes more feasible to work toward the fulfilment of aspirations that may otherwise be regarded as hopelessly utopian. Moreover, if (as I suggested above) left-libertarian theories are fraught with paradoxes and if their proponents have sometimes defended their positions in somewhat idiosyncratic terms, then individuals attempting to make sense of them in their own lives will work out their own interpretations and bring to bear their own insights—what is paradoxical to some may sound more plausible to others faced with different circumstances. Conversations among like-minded people may be prompted and enlivened by these multiple interpretations in ways that debates at the level of national politics could not accommodate.

Not only does micro-politics open up avenues that could be favourably explored by libertarians of all stripes, but it could also make it possible to push the boundaries of some cherished ideals. In particular, as far as left-libertarianism is concerned, the politics of everyday life could generate new insights on self-ownership and equal access to resources.

While individuals understandably expect legal definitions of their rights to be unambiguous and strictly enforced to avoid arbitrariness, in their everyday life they can afford to experiment with a much wider range of interpretations of “self-ownership.” Some people will choose to act on the basis of a rather narrow and literal definition of their “selves”; others, however, may choose to include in the sphere of their “self-interest” the interests of those for whom they care. Care-givers, parents, cosmopolitans, deep ecologists (the list can be extended in several other directions) would most probably do so spontaneously. Ownership can similarly be tweaked at the individual level in ways that would not be admissible from a strictly legal or administrative standpoint. In

the context of the politics of everyday life, the priority assigned to liberty can be enacted in ways that can be negotiated creatively with one’s peers, colleagues, and neighbours.

The question of equal access to natural resources and redistribution of rents is similar; different people will enter into reciprocal agreements about how to make up for one’s “ecological footprint.” To give just one example, concerned individuals may want—or may be persuaded by their friends—to donate generously to the Nature Conservancy or similar organizations. Redistributing rents or their equivalents can be done in a variety of ways: donating time or money; building networks; creating software that is freely accessible. Admittedly, the scope of such initiative may not at first be sufficient to make a significant impact, but as more people are persuaded to adopt left-libertarian ideals, they could reach a threshold beyond which the bandwagon effect will result in accelerating social change (something of this nature happened with the “blue box” recycling system). Recent behavioural economics research (Camerer, 2003; Cartwright, 2011) as well as some interesting theoretical advances on the subject of altruism in an economic context (Kolm and Ythier, 2006) strongly suggest that the time has come to abandon the image of *homo economicus* and to replace it with that of *homo reciprocans* (Bowles and Gintis, 2002).

Most people are not narrowly self-interested, nor are they pure altruists; but they will respond positively to offers of cooperation that they consider fair (Fehr and Gächter, 2000). It then should be the task of socially motivated entrepreneurs to build on these predispositions. In fact, on a relatively small scale, market socialism is already being practiced in the context of the many cooperatives that can be found in Europe (notably the Mondragon cooperatives in Spain) and North America.²⁶

A few caveats are in order, however. For the micro-politics of the future to be moving in a libertarian or left-libertarian direction, libertarian theorists of all stripes would have to pay much more attention to it. In other words, they would have to spend less time denouncing government failures and more time on articulating a positive discourse about what can be done in a variety of other contexts, and those ought not to be reduced to markets only. Richard Cornuelle (1965, 1983, 1991) did pioneering work in that regard, but much remains to be done. I must also concede that the voluntary sector cannot bear the burden of the transition I am advocating on its own. Changes at the micro-level sometimes need to be accompanied and eased by policies enacted at the macro-level. The implementation of a Basic Income Guarantee

(BIG) or some variant of the principle would create conditions favourable to a greater degree of individual responsibility and engagement with community concerns.

It could also be argued that I am rediscovering the wheel. Did not Tocqueville a long time ago extol civic virtue and local democracy? Is there not already an immense literature on the historical, political, and philosophical significance of the notion of “civil society”? Do we not already know that “social capital” is crucial in a complex society, even though it can be eroded by excessive reliance on the services provided by the modern welfare state? There is some validity to such objections, and I am the first one to admit that much of the recent literature on social capital and the need to rediscover the virtues inherent in the concept of civil society is very helpful and illuminating. I would add, however, that i) a recognizably libertarian voice is still hard to distinguish in this chorus;²⁷ and ii) Lane’s concept of “political society” is distinct from the more conventional understanding of “civil society,” insofar as it pays more attention to the conflicts individuals are engaged in and the strategic moves that they have to make (“political society” is constituted by all the “games” that we are involved in, some of which can be very costly²⁸). Moreover, justice—a fundamental concern for left-libertarians—is more explicitly central to Lane’s political society than to the more amorphous concept of civil society. But justice also implies the existence of injustice. Since even in a free society politics is omnipresent, individuals have to remain vigilant about their ever-changing prospects.

Micro-politics is spontaneous but it is not much of an “order.” For that reason, it is better thought of as a complement rather than as a substitute for state institutions, because the existence of a legal framework remains indispensable to prevent the descent into a Hobbesian nightmare. Only an (almost) minimal state is required for that purpose but, once again, as long as the state continues to exist as a massive, costly and inefficient behemoth, the best strategy is not to confront it directly by trying to dismantle the welfare state, but rather to bypass it and build concrete alternatives at the local level.

4: CONCLUSION

Libertarians have made few strides toward the fulfilment of their goals, even if in recent decades they have succeeded in slowing down the march of the interventionist state. In democratic regimes, there exist formidable obstacles in their path. The rhetoric of strict libertarians pays too little attention to matters that are very important to many ordinary

voters and which libertarians often derisively paint as the “mirage of social justice.” While complete social justice may indeed well be a mirage, it is inspired by practical concerns that libertarians ignore at their peril. Left-Libertarians (and market socialists) must be given credit for confronting these issues, but in the realm of electoral politics their chances are not much stronger for reasons I have outlined at some length above.

The solution I have proposed consists in moving to another level of engagement, namely, micro-politics, that is, the politics of everyday life. In so doing, left-libertarians would create opportunities for deepening their appreciation of the complexities of the “self.” They could also discover new ways of building upon the enlightened self-interest that motivates most people to be reasonably other-directed in order to deploy alternative, locally-based ways of addressing the question of how to compensate people for instances of unfair allocation of natural (and possibly socio-cultural) resources.

NOTES

- 1 This is not to say, however, that all libertarians or libertarian sympathizers are enthusiastic about the concept of spontaneous order; for critiques of that concept, see for example Clovatre (1986), Antonio (1986) or Sandefur (2009).
- 2 I use this term loosely to include classical liberals and other fellow travellers for simplicity’s sake (even strict libertarians are far from being a completely homogeneous group) because “liberals” could invite confusion with American egalitarian liberals.
- 3 Left-libertarians also support the idea of a basic income; see Parijs (2006).
- 4 The French “malaise” which has been worsening over the course the last decade is another typical example.
- 5 See also Vallentyne and Steiner (2001).
- 6 As George (1879/1929, 168) aptly put it: “the rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use.”
- 7 Of course, this is not literally true in all cases: erosion, pollution (e.g., contamination by radioactive fallouts) can make land unusable and thus worthless. But as a rule, any economic activity that needs a physical location requires land which, consequently, always retains a potential value. This is not the case with, say, an outdated computer.

- 8 In more technical terms, this has to do with the elasticity of marginal utility close to the point of equilibrium for a given commodity; according to Maks, its value should be greater than -1 for the process to be stable.
- 9 As Robert Nozick (1974, 174) facetiously asks, if someone builds a fence around a piece of land, does this person's labour entitle him or her to the land beneath it or to the entire lot?
- 10 This somewhat exaggerated statement applies more to contemporary (right-wing) libertarianism than classical liberals in Fouillée's lifetime; but he was correct in adding that liberals wish to prevent the state from acquiring more than it has.
- 11 Such limits would probably lead to a reduction in the level of current income tax in most countries because it is unreasonable to assume that rents derived from social assets account for more than a small fraction of higher incomes; individual choices count for much more. For example, even if access to quality education gives someone an unfair (and therefore taxable) advantage in a society where some public schools are much better than others, and/or where student fees can be a deterrent to some, what one chooses to do with one's degree varies enormously from one individual to the next. A corporate lawyer makes much more money than a lawyer working for a non-profit, but that is a matter of choice that has nothing to do with Fouillée's unequal access to "social property."
- 12 This famous exchange of ideas is well summarized in Wolhgemuth (1997).
- 13 It is unfortunate, in that respect, that some of the best known Austrian economists, from Eugen von Böhm-Bawerk to Murray Rothbard (1997), have been so critical of George; but that is because they were only looking at his theory of rent and interest. Some authors close to Austrian economics or public choice (e.g., T. Borchering et al. [1998]) offer a more favourable assessment.
- 14 By not capitalizing these words, it is possible that he meant not only the abrogation of the literal terms of the French Declaration but possibly the abrogation of any such declaration for which the French Declaration is only an exemplar.
- 15 This shift was in no way limited to Britain or the U.S.
- 16 Some third way thinkers regard complexity as a virtue; Marc Fleurbaey (1993, 266) explains that a "major idea that inspires [his] model is that complexity can and should prevail, as far as property rights and coordination devices are concerned."
- 17 The so-called Fitch paradox, for example, which claims that if all truths are knowable, then all truths are known is not an obvious contradiction even though it clearly is not true that all truths are known (Cook, 2013, 10).
- 18 For a recent assessment of the Chinese model of market socialism, see Zheng and Scase (2013).
- 19 One of the reasons why the process might be derailed before it reaches its destination is that in the absence of an unfettered market for land, and, therefore, of reliable signals about desirable and less desirable locations, there would be what Murray Rothbard (1997, p. 299) called "locational chaos."
- 20 Admittedly, Van Parij's argument has some validity for the younger generations in countries experiencing extremely high youth unemployment, such as Greece or Spain at the moment.
- 21 For a critique of this confusion, see diZerega (2000).
- 22 Libertarians have not been indifferent to postmodern ideas. Although in an attempt to refute them, Jeffrey Friedman has very perceptively underlined the extent to which libertarians have walked along paths that often parallel those explored by postmodern philosophers, sometimes more or less inadvertently, as in the case of Hayek's evolutionism, but often quite deliberately; Friedman (1991) points to numerous articles that have appeared in the pages of the journal *Critical Review* whose authors see in the notion of spontaneous order and the Hayekian critique of constructivism an invitation to reject positivism and to recast libertarianism as a discourse on complexity and uncertainty in political economy. I do not agree with him that this has been in vain, but I concede that much remains to be done to articulate a coherent reformulation of classical liberalism that would be in tune with 21st century concerns and sensibilities.
- 23 This is by definition the opposite of utopianism. Perfect justice either through the design of just institutions, as proposed by Rawlsian liberal egalitarians, or the eventual collapse of the coercive state, as libertarians feign to believe is feasible, will for ever elude us. But bypassing at least some of the institutional obstacles that stand in the path of these dreams is not an impossible feat. It can hasten the emergence of new ways of thinking and acting—something that is actually already happening as the modern welfare state is becoming more and more unsustainable and ineffective.

- 24 The parallel with Fouillée's notion of *idées forces* (self-realizing ideas) is striking. Fouillée's (1907; Foston, 1908; Dobuzinskis, 2010) ethical theory follows a series of steps that start with the observation that on the basis of their own experience, individuals form in their minds certain notions of what is fair and good; through their engagement in webs of social relations, they come to a mutual realization that others share similar intuitions; as this realization spreads through the social fabric, debates unfold that result in social conventions.
- 25 For all its flaws, the welfare state has proved remarkably resilient, largely because no credible alternative way to promote equality of opportunity has been worked out; Hayek's doomsday scenario about the inevitability of social democracy leading to full-blown collectivism has not come to pass (see Alves and Meadowcroft, 2013).
- 26 The potential for self-government outside of the developed world is a big topic, but from a standpoint that is not very different from mine, David Ellerman (2006) has argued that development assistance agencies hinder the effort of people to help themselves, and that the priority should be to develop strategies for helping people to become more self-sustaining and proficient on their own.
- 27 A notable exception is provided by G. B. Madison's (1998) analysis of the extent to which human rights depend on the existence of a richly diverse civil society in which the moral, political and economic orders are so arranged that they provide individuals with the means to be autonomous while also making it possible for them to interact as they choose.
- 28 In that respect, Lane's (2007) vision is less Pollyannaish than Madison's (1998).

REFERENCES

- Alves, A. A. and Meadowcroft, J. (2013). Hayek's slippery slope, the stability of the mixed economy and the dynamics of rent seeking. *Political Studies* (online, forthcoming).
- Antonio, R. J. (1986). Reason and history in Hayek. *Critical Review*, 1(2): 58-73.
- Borcherding, T. E. et al. (1998). Henry George: Precursor of public choice analysis. *American Journal of Economics and Sociology*, 57(2): 173-82.
- Bourdeau, V. (2006). Les républicains du 19^e siècle étaient-ils des libertariens de gauche? *Raisons politiques*, 23: 93-108.
- Bowles, S. and Gintis, H. (2002). *Nature*, 415(January): 125-28.
- Burczak, T. A. (2006). *Socialism after Hayek*. Ann Arbor: University of Michigan Press.
- Camerer, C. F. (2003). *Behavioral Game Theory: Experiments in Strategic Interaction*. Princeton: Princeton University Press.
- Cartwright, E. (2011). *Behavioral Economics*. London: Routledge.
- Clovatre, D. L. (1986). Making sense of Hayek. *Critical Review*, 1(1): 73-89.
- Cook, R. T. (2013). *Paradoxes*. London: Polity.
- Cornuelle, R. C. (1965). *Reclaiming the American Dream*. New York: Random House.
- Cornuelle, R. C. (1983). *Healing America*. New York: Putnam.
- Cornuelle, R. C. (1991). The power and poverty of libertarian thought. *Critical Review* 6(1): 1-10.
- diZerega, G. (2000). *Persuasion, Power and Polity*. Creskill: Hampton Press.
- diZerega, G. (2002). Democracy, complexity and non-territorial publics: The case for forest trusts. In: McBride, S. et al. (Eds.) *Global Instability: Uncertainty and New Visions in Political Economy*. Berlin: Springer.
- diZerega, G. (2013). Outlining a new paradigm. *Cosmos + Taxis*, 1(1): 3-20.
- Dobuzinskis, L. (2008). Defenders of liberal individualism, republican virtues and solidarity: The forgotten intellectual founding fathers of the French Third Republic. *European Journal of Political Theory*, 7: 287-307.
- Dobuzinskis, L. (2010). Non-welfarism *avant la lettre*: Alfred Fouillée's political economy of justice. *European Journal of the History of Economic Thought*, 17(4): 837-64.
- Ellerman, D. (2006). *Helping People Help Themselves: From the World Bank to an Alternative Philosophy of Development Assistance*. Ann Arbor: University of Michigan Press.
- Fehr, E. and Gächter, S. (2000). Fairness and retaliation: the economics of reciprocity. *Journal of Economic Perspectives*, 14(3): 159-83.
- Feser, E. (2005). There is no such thing as and initial unfair acquisition. In: Paul, E. F. et al. (Eds.) *Natural Rights Liberalism from Locke to Nozick*. Cambridge: Cambridge University Press.
- Fleurbaey, M. (1993). Economic democracy and equality: a proposal. In: Bardhan, P. K. and Roemer, J. E. (Eds.) *Market Socialism: The Current Debate*. New York: Oxford University Press.
- Foldvary, F. E. (2008). The marginalists who confronted land. *American Journal of Economics and Sociology*, 67(1): 99-117.
- Foston, H. (1908). [Review of] *La morale des idées forces*. *Mind*, 17(66): 254-58.
- Fouillée, A. (1884). *La propriété sociale et la démocratie*. Paris: Hachette.

- Fouillée, A. (1914). *Humanitaires et libertaires au pont de vue sociologique et moral* (3rd edition). Paris: Alcan.
- Fouillée, A. (1909/1930). *Le socialisme et la sociologie réformatrice* (4th edition). Paris: Alcan.
- Friedman, J. (1991). Postmodernism vs. Postlibertarianism. *Critical Review*, 5(2): 145-158
- George, H. (1879/1929). *Progress and Poverty: An Inquiry into the Cause of Industrial Depression and of Increase of Want with Increase of Wealth*. New York: The Modern Library.
- Gharbi, J.-S. and Richiardi, P. S. (2010). Léon Walras, précurseur du libéralisme de gauche? Aix-en-Provence: GREQAM, Working Paper 2010-17.
- Gordon, N. (2014). The conservative case for a basic income. *The Atlantic* (August 6).
- Griffiths, S. (2006). Market socialism in retrospect. *Contemporary Politics*, 12(1): 25-44.
- Grunebaum, J. (2000). Autonomous ownership. In: Vallentyne, P. and Steiner, H. (Eds.) *Left-Libertarianism and its Critics: The Contemporary Debate*. London: Palgrave.
- Kolm, S.-C. and Ythier, J. (Eds.) (2006). *Handbook of the Economics of Giving, Altruism and Reciprocity* (2 volumes). Amsterdam: Elsevier.
- Lane, R. (2007). *The Game of Justice: A Theory of Individual Self-Government*. Albany: SUNY Press.
- McCann, C. R. Jr. (2008). Apprehending the social philosophy of Henry George. *American Journal of Economics and Sociology*, 67(1): 67-88.
- Madison, G. B. (1998). *The Political Society of Civil Society and Human Rights*. London: Routledge.
- Maks, J. A. H. (2006). Gross substitutes, Walras' 'rareté' and the stability of the middle-class. In: Backhaus, J. G and Maks, J. A. H (Eds.) *From Walras to Pareto*. New York: Springer.
- Miller, D. (1989). *Market, State and Community: Theoretical Foundations of Market Socialism*. Oxford: Clarendon Press.
- Murray, C. (2006). *In Our Hands: A Plan to Replace the Welfare State*. Washington, DC: AEI Press.
- Nozick, R. (1974). *Anarchy, State, and Utopia*. New York: Basic Books.
- Otsuka, M. (2003). *Libertarianism without Inequality*. Oxford: Clarendon Press.
- Parijs, P. van (1995). *Real Freedom for All: What (if anything) Can Justify Capitalism?* Oxford: Clarendon Press.
- Parijs, P. van (2006). *Redesigning Distribution: Basic Income and Stakeholders Grants as Cornerstones for a More Egalitarian Capitalism*. London: Verso.
- Pennington, M. (2011). *Robust Political Economy*. Cheltenham: Edward Elgar.
- Pullen, J. (2001). Henry George's land reform: the distinction between private possession and private ownership. *American Journal of Economics and Sociology*, 60(2): 547-56.
- Roemer, J. E. (1993). Can there be socialism after communism? In: Bardhan, P. K. and Roemer, J. E. (Eds.) *Market Socialism: The Current Debate*. New York: Oxford University Press.
- Roemer, J. E. (1994). *A Future for Socialism*. Cambridge, MA: Harvard University Press.
- Rothbard, M. (1997). The single tax: economic and moral implications and reply to Georgist criticisms. In: Rothbard, M., *The Logic of Action II: Applications and Criticisms from the Austrian School*. Cheltenham: Edward Elgar.
- Sandefur, T. (2009). Four problems with spontaneous order. *Cato Unbound* (December).
- Steiner, H. (1994). *An Essay on Rights*. Oxford: Blackwell.
- Schweickart, D. (2011). *After Capitalism* (2nd edition). Lanham: Rowman & Littlefield.
- Tideman, N. and Vallentyne, P. (2001). Left-Libertarianism and global justice. In: Leiser, B. M. and Campbell, T. D. (Eds.) *Human Rights in Philosophy and Practice*. Dartmouth: Ashgate, pp. 443-58.
- Tomasi, J. (2012). *Free Market Fairness*. Princeton: Princeton University Press.
- Vallentyne, P. (2009). Left-Libertarianism and liberty. In: Christiano, T. and Christman, J. (Eds.) *Contemporary Debates in Political Philosophy*. Oxford: Blackwell.
- Vallentyne, P. and Steiner, H. (Eds.) (2000). *Left-Libertarianism and its Critics: The Contemporary Debate*. London: Palgrave.
- Walras, L. (1860). Paradoxes économiques. *Journal des économistes*, 27: 373-91.
- Walras, L. (1896). *Etudes d'économie sociale: Théorie de la répartition de la richesse sociale*. Lausanne: F. Rouge (reprinted by Economica, Paris, 1990).
- Walras, L. (1907/1987). La paix par la justice sociale. In Dockès, P. et al. (Eds.) *Mélanges d'économie politique et sociale*. Paris: Economica.
- Walras, L. (1926/1954). *Elements of Pure Economics or the Theory of Social Wealth* (translated by W. Jaffé). Homewood: Richard D. Irwin.
- Wenzel, K. C. (1997). An introductory essay on George's philosophy. In: *An Anthropology of Henry George's Thought* (volume 1 of the Henry George Centennial Trilogy). Rochester: University of Rochester Press.
- Wolhgemuth, M. (1997). Has John Roemer resurrected market socialism? *The Independent Review*, 2(2): 201-24.
- Zheng, P. and Scase, R. (2013). The restructuring of market socialism in China: the contribution of an "agency" theoretical perspective. *Thunderbird International Business Review*, 55(1): 103-14.