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JOBS IN A FREE COUNTRY

TIBOR R. MACHAN*

I. THE MYTH OF JOB SECURITY

From naïve cinematic sentiment to official public ideology is unfortunately not that big a leap. Once during the New Hampshire primaries, former President Bill Clinton was stumping with a speech, part of which aired on National Public Radio. The President took many of his lines from the funny Kevin Kline movie *Dave*, where the fictional presidential stand-in, played by Kline, proclaims his intention of securing a job for everyone in the country.¹ A few years later, President George W. Bush was making a similar pledge in his acceptance speech at the 2004 Republican National Convention:

To create more jobs in America, America must be the best place in the world to do business. To create jobs, my plan will encourage investment and expansion by restraining federal spending, reducing regulation and making the tax relief permanent. To create jobs, we will make our country less dependent on foreign sources of energy. To create jobs, we will expand trade and level the playing field to sell American goods and services across the globe.²

There is, in fact, no way for Clinton, Bush, or any other politician to literally “create jobs” without also destroying them. All a government can do is reduce obstacles to economic growth, investment, and entrepreneurship. Arguably, government is the main obstacle to the creation of jobs, by way of its taxation, regulation, and protectionism.³ When taxes are levied, people have less to spend, and this means companies need fewer workers to

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1. *DAVE* (Warner Brothers 1993).

2. Remarks Accepting the Presidential Nomination at the Republican National Convention in New York City, 40 WKLY. COMPILATION PRESIDENTIAL DOCUMENTS 1797 (Sept. 6, 2004).

3. Taxation takes resources from citizens who would most likely have wanted to spend them on something other than what the government will spend them. See, e.g., TIBOR R. MACHAN, *LIBERTARIANISM DEFENDED* (2006). Regulation imposes burdens on people who have not violated anyone’s rights. See also Tibor R. Machan, *The Petty Tyrannies of Government Regulation*, in *RIGHTS AND REGULATION* 259–85 (M. B. Johnson & T. R. Machan eds., 1983). Protectionism

create the smaller amount of goods and services that customers can now afford to purchase. When regulations are imposed, enormous amounts of government money are spent on carrying out this regulatory function—with huge staffs, massive overhead, and the unrelenting intrusiveness that treats economic agents as if they were guilty without proof of having done anyone harm.⁴ Firms must employ teams of attorneys and human resource staffs to cope with such regulations, either to comply with them or dodge them as best they can, and all this is a dead weight on the economy.

Some believe that protectionism saves jobs, but it actually stifles competition from foreign business, allows domestic firms to charge more than what products or services would fetch in a free market, and takes money from customers that they could use to create jobs, among other things. There are some transition problems in a free economy, of course, but these are minor compared to the massive waste engendered by protectionism.

It is only by removing such obstacles that one can create better job prospects—not jobs themselves but the prospect of them. There is no guarantee that even if consumers have greater funds and suffer fewer obstacles, they will actually spend and invest. Certain economic theories hold that people are hard-wired to seek out good deals and that they are in perpetual economizing motion,⁵ but people clearly are not thus hard-wired. Human beings are distinctive in the living world precisely for their capacity to *choose* what they will do.⁶

Still, the likelihood that people will stimulate economic growth is far greater without all the governmental obstructionism than with it. On that score, President George W. Bush was quite correct. It does bear emphasis, though, that politicians cannot create jobs—and that when they make the brazen promise that they will, they reveal themselves to be either terribly confused or duplicitous.

bars people from purchasing goods and services at lower prices, thus preventing them from spending for other goods and services.

4. See Richard W. Parker, *Grading the Government*, 70 U. CHI. L. REV. 1348, 1348 (2003). “For over a decade, scathing critiques of government have been fueled by a group of studies called ‘regulatory scorecards,’ which purport to show that the costs of many government regulations vastly outweigh their benefits.” *Id.*

5. See William C. Taylor, *Companies Find They Can’t Buy Love With Bargains*, N.Y. TIMES, Aug. 8, 2004 § 3, at 5. Taylor describes the observation of University of Michigan Business School professor Claes Fornell that “customers have come to expect good deals.” *Id.*

6. See, e.g., TIBOR R. MACHAN, *PUTTING HUMANS FIRST, WHY WE ARE NATURE’S FAVORITE* (2004).

Jobs are created when people choose to purchase goods and services and when other people choose to create and sell those goods and services to meet that demand. When a government “creates” jobs, it must either attempt to force people to buy things they do not want, or else outright rob them of their resources and use these resources to engage in artificial purchases, public works, expenditures, and investments. By the very nature of such policies, they create unwanted jobs and displace the wanted ones, which imposes a drag on the economy. Men and women may comply with laws coercing them to purchase products and services at the expense of the products and services they would prefer or at higher prices than they would otherwise have to pay, but they naturally resist the compulsion and seek ways to circumvent it. Businesses and individuals invest inordinate sums in legal services that make it possible for them to do this.

Job creation, in short, is not a political task. It is our own everyday task: what we do when we go shopping. Moreover, no one can give another person job security, not unless someone else is placed into involuntary servitude, which is the “security” of chains. The exception would be the rare individual or firm of inordinate wealth that is able to offer a contract that amounts to tenure. To secure a demand for some productive activity in the marketplace, others must make the free choice to repeatedly purchase the result. This means that by the very nature of the process, there is no way to guarantee a job for anyone if potential customers are treated as sovereign free agents; those who are free to buy are also free not to buy.⁷ If, however, job security is promised to us, those who make such a promise cannot treat customers as sovereign free agents but as slaves to the products that must be purchased to secure the jobs in question.

I have been, among other things, a tenured university professor at large state universities. Only by committing a crime could I have been fired or laid off, unless the politicians of my state abolished the entire institution. I could enjoy job security only by forcing the taxpayers to give up their income for the sake of my own goal: that of teaching college-level philosophy courses. My job was secure only because others were, and continue to be, placed into involuntary servitude for the sake of supplying the

7. John Kenneth Galbraith argues that advertising makes us captives of sellers, depriving us of our sovereignty by creating within us a desire—actually, a compulsion—to buy the advertised products and services. See JOHN KENNETH GALBRAITH, *THE AFFLUENT SOCIETY* (1965); cf. F. H. Hayek, *The Non-Sequitur of “The Dependence Effect,”* in *ETHICAL THEORY AND BUSINESS* (Tom L. Beachamp & Norman E. Bowie eds., 1983).

productive service of college teaching. I lived off of their involuntary service and extracted from them in the form of taxes—that is, the forcible relinquishing of a portion of their earnings—each April 15th.

Can this be just and right? Many think education is so important that people ought to be forced to pay to produce it, never mind their own choices in the matter. This is one of those times when talk about what “we” want hides the fact that some people may well *not* want it, so that the “we” really is just “some of us,” with others being enlisted by dint of coercion. In a relatively free society, bits and pieces of such enforced job security may survive. However, even these instances are somewhat illusory since, after all, the majority of voters may at some point change their minds and pull the employment rug out from under the tenured professors. Indeed, this has already happened at some colleges and universities, which have abandoned promising tenure and even reneged on past commitments inasmuch as the money just was not there to stoke this job security myth. Be that as it may, to promise job security to all workers, as Clinton and the fictional Dave did, and even Bush was verging on doing, is outright deception.

In a society where the rights to freedom of labor movement and consumer choice are respected and protected, no one can deliver “job security.” A company would be lying if it made such a commitment. How would they keep their customers coming back for their product regardless of any future preferences of those customers—at gunpoint? Yet that is exactly what would be needed to deliver on such a promise. Even then, the enforcers themselves might go on strike! If the trend toward compulsion is widespread, eventually a country’s economy can collapse from lack of personal initiative. The promise is phony in any society, but it is especially phony in a society that pretends to afford some measure of citizen—including consumer—sovereignty.⁸

Wishful thinking has won many an election though; and, no doubt, without some alternative and realistic vision to take its place, the fraudulent ideal of job security will continue to gain sizable support in American electoral politics. That ideal is corrupt, which means we will pay the price of pursuing it—or rather, our children will, when attempts to institute forced labor in society result in inevitable stagnation.

8. It is widely acknowledged that the Soviet Union collapsed because its rulers made but failed to deliver on such a promise.

II. JOB VOLATILITY

Karl Marx argued that as a matter of historical necessity, capitalism would eventually collapse and give rise to socialism.⁹ Many now believe he was wrong, but they rest their disagreement not so much on any problem discerned in his theory as on the failure of the Soviet attempt to faithfully implement it. Actually, Marx himself would probably have denied that the Soviets could make an effective go at socialism. He warned that if socialism were attempted in places where capitalism had never had a chance to develop, this would only accomplish the “socialization of poverty,” which is exactly what happened in the Soviet bloc.¹⁰

Whether Marx had anything of enduring importance to say about the future of capitalism cannot be settled here,¹¹ but there is one point he clearly had right. He noted that in capitalism many workers could get fed up with the system because of its volatility, especially when it comes to job security.¹² In a capitalist economy, there is what Marx called economic anarchy: what is bought and sold, where, and for how much, is unplanned and unpredictable. It all depends on supply and demand, and that includes the supply of and demand for labor. Workers suffer the downside of this anarchy when their jobs dry up simply because former customers decide to buy things other than what the now-unemployed workers were producing; or at least to buy them in a different location or in different amounts. So, in a pure capitalist market, working people may have to pull up roots and move

9. KARL MARX & FREDERICK ENGELS, *THE COMMUNIST MANIFESTO* 21 (1948). Marx says that the “fall [of capitalism] and the victory of the proletariat are equally inevitable.” *Id.*

10. *Id.* at 39. In *The Communist Manifesto*, Marx and Engels emphasize that “the first direct attempts of the proletariat to attain its own ends . . . failed, owing to the then underdeveloped state of the proletariat, as well as to the absence of the economic conditions [introduced by industrialization] that had yet to be produced . . .” *Id.* Marx had argued that for socialism to succeed, a society must first experience capitalism. Marx specifically comments that the “bourgeoisie [characteristic of the capitalist landscape] . . . is just as necessary a precondition of the socialist revolution as the proletariat itself.” See Frederick Engels, *On Social Relations in Russia*, in *THE MARX-ENGELS READER* 665, 666 (Robert C. Tucker ed., 1978). The editor describes this selection as “the fullest statement” of Marx’s and Engels’s appraisals of Russian society. *Id.* at 665. Without this, what would be socialized is not wealth but poverty.

11. See, e.g., TIBOR R. MACHAN, *REVISITING MARXISM, A BOURGEOIS CRITIQUE* (2005).

12. See Karl Marx, *Capital*, in *THE MARX-ENGELS READER*, *supra* note 10, at 294, 423. Specifically, Marx describes the development of a surplus laboring population that forms a “disposable industrial reserve army . . . [a] mass of human material always ready for exploitation.” *Id.*

elsewhere to prosper or learn to make something new. Capitalism is, in this sense, unstable.

Of course, workers themselves also benefit enormously from this “anarchy,” not only as customers but as workers: employment is far more abundant under capitalism than it is under any known alternative. This is evident today if we compare employment figures from much of Europe with those from across the United States. While jobs may be more stable in Europe (at least over a certain time period and for some people) than they are in America, it is much easier to get a job in America, because there is a lot more anarchic capitalism in America. If one believes, however, that all human beings require stability and must be well rooted—so that they can live in the same place for an extended period of time, send their children to the same schools they attended, go to the same church, and so on—then one will think badly of capitalism and wish to sacrifice its principles of free trade and limited government.¹³

Marx believed that workers would begin to overturn capitalism as they suffered from uprootedness. They would overturn it by voting for politicians to enact measures to “stabilize” the economy via government intervention and restriction on the use of private property. Marx probably had it right about many people. There are indeed many who are intent upon restricting trade and interfering with the movement of capital and labor rather than risking adjustment to volatile market pressures—which is to say that other people do not conduct themselves in ways that always suit their own economic goals.¹⁴

What if people are far more adaptable than Marx believed? What if many of us are quite able to adjust to new social and economic conditions, even as others would make stasis legally mandatory? In the modern world, there is ample evidence that people can be quite happy while on the move. Mobility is nearly the norm, at least for a great many of us, while being rooted in various communities is more of a preference than a necessity.¹⁵ If this fact is indicative of how people are—that they have no innate need to remain in one place, however much they may

13. See JOHN GRAY, *FALSE DAWN: THE DELUSIONS OF GLOBAL CAPITALISM* (1998); see also SCOT LASH & JOHN URRY, *THE END OF ORGANISED CAPITALISM* (1987).

14. Social life is, of course, replete with this problem—many a lover has had his or her hopes crushed because the beloved refuses to reciprocate. Of course, often there is harmony of interests, as well, when free men and women interact.

15. See ROBERT D. PUTNAM, *BOWLING ALONG: THE COLLAPSE AND REVIVAL OF AMERICAN COMMUNITY* (2001).

sometimes prefer this—then any attempt to restrain trade and tame the anarchy of capitalism is unjustified on such grounds. Sure, this does not mean people will not enjoin politicians to protect their vested interests and thereby shortsightedly sacrifice the principle of liberty for the sake of mere immediate convenience. This manifests one of the problems associated with a one-size-fits-all mentality.

People often violate principles of right conduct so as to have their way, but it is wrong to do so and a failure of nerve, to boot.

III. COMPARING MERITS OF ECONOMIC SYSTEMS

In the many years of defending the consistently free-market economy, its champions have been hampered by the simple fact that no such thing exists. Like ideal marriages, genuine free markets are mostly something we can conceive of and understand in theory but rarely encounter in unadulterated form in the actual world. Yet, just as with ideal marriages, we can surely ask whether free markets, if they did exist, would be better for us all than some other conception of economic life, like mercantilism, socialism, the welfare state, or communism. We can also think through how nearly-free-market systems operate by reference to the pure free market ideal and various thought experiments, as well as the history of more-or-less-free-market societies to date.

In a free market, consumers “drive” the economy to a considerable extent. Of course, consumers are also producers, but on its face, when producers enter a market, they will go under unless consumers purchase their wares. Critics of the free market idea maintain, however, that the system is rigged in favor of big corporations, which are greedy players.¹⁶ Corporate managers control sizable resources because their clients or shareholders (investors, stockholders, or family members who own closed firms) have entrusted these to them. Such critics are especially outraged by the sizable salaries paid to some CEOs and a few other company managers. Many hold that something must be wrong if such people can garner huge incomes, sometimes even when the company is not doing very well, while ordinary employees earn but a fraction of what these folks rake in.¹⁷ This surely cannot be the result of mere consumer choices, or so the critics reason. They are convinced that there must be something corrupt or grossly unfair afoot. So they tend to approve of various

16. See, e.g., JEFF GATES, *DEMOCRACY AT RISK* (2000); CASS R. SUNSTEIN, *FREE MARKETS AND SOCIAL JUSTICE* (1997).

17. See GATES, *supra* note 16, at 18–20.

government—coercive—efforts to make the system more fair and just.¹⁸

It is generally known that there can be malpractice in any profession, including business and, indeed, big business; we have witnessed much malfeasance throughout history.¹⁹ Yet, misdeeds abound in all professions—medicine has its quacks or charlatans, education its indoctrinators and deadbeat scholars, and politics its demagogues and petty tyrants. Virtue and vice tend to be pretty evenly distributed among the various careers upon which folks can embark. Yet, most disparities in pay are driven by the free choices of consumers, up and down the line of the business community, and this is akin to many other fields of work.

Consider that orchestra conductors get much higher pay than, say, the violinists or viola players; or that champion sluggers in baseball get much higher pay than those with mediocre records in the field, let alone ball boys and others employed by the team owners. There are only so many people in the professional sports, music, movie, or book industries who are in wide demand, and the rest lag far behind. The star system is nearly ubiquitous, and that is mostly because of how consumers of the various products and services choose to spend their resources.

Academics are hardly exempt from the consequences of such choices. A good scholar may have authored dozens of books and edited several more, yet none may have hit the big time. A modest newspaper columnist gets a pittance compared to what major columnists such as George Will or Michael Kinsley earn. Much as we all may enjoy the fame and the huge income, those not read widely and thus paid serious money can only shrug their shoulders at this. There is nothing insidious going on; simply that millions of people want to read those few prominent writers, while far fewer are interested in what those neglected ones produce.

Is any of this necessarily unfair? No, not at all. That is because none of these non-buyers of the columns of the less popular writers *owe* those writers anything. If you are not owed the same consideration being paid to others, there is nothing unfair about the lower consideration you receive. One does owe positive benefits to others if one has made a clear commitment to them. As a teacher, for example, one does owe each of one's students equal attention, since one has made that promise when

18. *See id.* at 146–47.

19. *See* DAVID SKEEL, *ICARUS IN THE BOARDROOM: THE FUNDAMENTAL FLAWS IN CORPORATE AMERICA AND WHERE THEY CAME FROM* (2005).

one signed up to teach them. One does not owe this, however, to those to whom no such promises were made.

The free market, like life itself, is not about getting a predetermined “fair” outcome to be established, without reference to the actual legitimate choices people make as they go about their own daily lives and pursue their own purposes. Yet, at the end of the day, the free market comes closer to giving us all a fair shake than any alternative. No socialist or near-socialist system has ever managed to distribute power and wealth without some folks at the top getting to be much better off than most others.²⁰ On that score, at least, the free market is quite “fair”—we all have a pretty good chance of “getting into the game,” provided we keep at it and do not proceed as if the world owes us a living. However, too many people think the world does owe us a living and that whoever has a lot more than the rest has a moral and arguably a legal duty to share the “surplus.”²¹

IV. MORE ABOUT LOSING A JOB

As Tom Brokaw, NBC-TV’s now retired “Nightly News” anchor, was reporting on the loss of jobs in several Western Illinois towns,²² I received a call from a telemarketing firm trying to sell me a new credit card. I picked up the phone, listened to the pitch and said, “Sorry, I am trying to cut down on my use of credit cards,” and hung up. By my refusal to purchase the new card I was no doubt contributing to some downsizing at a financial institution. By my refusal to make extensive use of credit cards and my general cutback on purchases, I was no doubt contributing to job losses somewhere in the world, perhaps even in Western Illinois. If the world “owes [somebody] a living,” I am one of the residents of the world defaulting on that obligation.

When the “Nightly News” reporter visited the towns where the people were losing their jobs, we heard several interviewees denounce not the buying—or rather, the non-buying—public, like yours truly, but rather the companies that cut back on jobs to remain profitable at some level, presumably to give a return to investors. Neither Brokaw nor the crew of “Nightly News” came after me with questions about why I was adopting habits so injurious to the jobs of my fellow man.

20. See NORMAN BARRY, *LIMITED GOVERNMENT, INDIVIDUAL LIBERTY AND THE RULE OF LAW* 188–219 (2000).

21. See JAMES P. STERBA, *TRIUMPH OF PRACTICE OVER THEORY IN ETHICS* (2004). This is his most recent discussion of the topic.

22. *NBC Nightly News* (NBC television broadcast Oct. 13, 2003).

Ultimately, it is customers, not CEOs, who lay off employees. We are the ones who turn to another vendor for the goods and services we want and abandon those from whom we used to buy. We are the ones who decide to cut down on our purchases, save the money, and redistribute it, directly or by way of bank deposits, elsewhere. Being laid off is a message from customers; one that happens to be delivered by the personnel department in the company whose wares are no longer wanted by those customers. This elementary fact is somehow not grasped by millions of people whose jobs evaporate after customers make new decisions and change their buying habits. So they wish to retaliate when their wishes are thwarted and do so against the messenger.

Perhaps many people are simply loath to blame those who behave exactly as they do. When we go shopping, most of us have no compunction about switching alliances. We are quite ruthless about it. Sure, for a while we shop at Wal-Mart, but then we switch to Sears and then to J.C. Penney. We flip from Good Guys to Radio Shack. We stop attending baseball games and begin frequenting tennis matches. The switching game goes on and on and on, uninterrupted, and nearly everyone plays it. Who really buys the same basket of supplies and recreation, in the same amounts, from the same vendors, unvaryingly, week after week, month after month, year after year, decade after decade? How many people still insist on lighting their way by lantern and candle, once electricity and the light bulb have become generally available?

Employees who lose their jobs also engage in the switching game. They would not want it any other way. When they decide that money they have been regularly spending on X should now be spent on Y, they would not tolerate anyone ordering them to do otherwise. Consumer freedom is taken for granted, and no one would think of messing with it. Yet it is largely just this freedom that renders the free market so volatile. Sure, there are more insidious causes too—governments often step in and wield quite a lot of economic power when they close down some road, decide to declare some shop a blight on the community, or otherwise intervene in ways that are usually sudden and not easy to prepare for. Still, most such volatility originates in consumers who do nothing more sinister than alter their buying habits.²³

Perhaps if educators spent a bit more time teaching young people about these elementary economic facts, more people would echo the outlook of one citizen who told NBC that it

23. See generally N. GREGORY MANKIW, *PRINCIPLES OF ECONOMICS* (3d ed. 2003).

would be best to stop lamenting the departure of old-line firms from the neighborhood and build new industries. "Rather than 1600 Maytag jobs, I'd rather have 160 ten-person jobs. Through that diversity, we're going to gain a lot more."²⁴ For some, that may sound a little too much like accepting the facts of life for comfort.

V. GOVERNMENT AND JOBS

The impact of customers on market trends is extensive. Even when companies leave the country to produce their goods and services, in a free-market world this happens mainly because customers have made clear that they will not purchase the products at the higher prices required by higher domestic costs of production. If domestic merchants could make the same profits from expending the same production costs domestically as they would expend in overseas production, they would have no motive to produce overseas.

Of course, we do not live in a free-market world by a long shot. Sure, sometimes innovation and entrepreneurship drive established companies out of business. When CDs hit the market, customers abandoned cassette tapes in droves, so that those who made those tapes had to find new work. However, that is only part of the story. In the world as it is, with a vast number of laws and regulations hampering the free flow of commerce—including, of course, the flow of labor—there are many other, more artificial causes for the loss of jobs; of the sort having to do with why Arnold Schwarzenegger was elected governor of California: the inhospitable business climate in so many regions of America.

Everywhere businesses must jump through endless hoops to begin or continue production: one license after another, one permit after another; accompanied by numerous forms to be filled out daily, as well as fees to be paid to fund, for example, workers' compensation programs. Of course, all this is legal, in the sense that courts have authorized the hoops, but this is not the issue here. What is important for our purposes is whether these hoops ought to be legal. If we judge by the ideas of the U.S. Declaration of Independence and by the underlying philosophy of individual rights, these hoops are wrongheaded and discriminatory. For example, journalists and the clergy are not subjected to such regulations.²⁵

24. *NBC Nightly News*, *supra* note 22 (quoting local resident Jay Matson).

25. *See, e.g.*, Regulation D, 17 C.F.R. § 230.502(c) (2005) (exempting journalists from regulations on the solicitation of the sale of securities); Techni-

Then there are all the pressure groups—with their teams of lawyers—that must be appeased. Under the weight of such burdens, several high-profile businesses have left the states in which these hoops have been increasing for others, such as Nevada and Louisiana, which have less draconian regulatory measures. This makes it clear that it was the plethora of government regulations that induced them to move.

Sadly, economic ignorance and the sheer unwillingness to think these matters through has led a great many employees and their champions to despise company executives when these employees either lose their jobs or must move away from the neighborhoods in which they like to live. Instead of seeing the government's near-draconian regulations as the culprit, they blame the "greed" of the managers and investors, but they are sadly mistaken. By insisting that the government impose measures that benefit them even as companies are thereby squeezed beyond repair, these folks invite the transformation of a relatively free American market economy into the quasi-socialist European model in which unemployment is in the double digits and entrepreneurial activity is practically nil. When government forces companies to provide employees with lifetime benefits, who can afford to start up a business?²⁶

One consequence is the gradual elimination around the country of small businesses whose owners just cannot afford to comply with all the regulations or staff huge legal departments so that these regulations might be cleverly circumvented.²⁷ Yes, Virginia, it is the pro-regulation crowd, led by the likes of Ralph Nader, who in their own conscientiously oblivious way help to promote the growth of huge corporations. Only such large firms can stand up to the government and the trial lawyers who wield the regulations to beat up on business.

So, while in a free-market economy it is ultimately the customer who is king, in the halfway house of the government-regulated mixed economy the people who cause most job losses are the promoters and executors of government regulations. If politicians really want to do something about rescuing the country from economic demise, let them not only cut taxes—of course a

cal Corrections to the Standards for Privacy of Individually Identifiable Health Information, 65 Fed. Reg. 251 (Dec. 29, 2000) (to be codified at 45 C.F.R. pt. 160, 164) (exempting clergy from regulations protecting patent information).

26. See, e.g., Elizabeth Olson, *Candidates Court a 25-Million-Vote Prize*, N.Y. TIMES, Sep. 23, 2004, at C4.

27. E.g., Edmund L. Andrews, *Health Care Heights*, N.Y. TIMES, Feb. 24, 2004, at G1.

good thing to do in any case—but also repeal the laws that burden and often bury so many businesses.

VI. JOBS AND TECHNOLOGY

Where I live the trash is now picked up almost completely mechanically. The truck drives up and stops, and the driver pushes a button that causes mechanical arms to reach out, scoop the huge trash container, lift it in the air, and dump the contents into the truck's compactor.

A crime? Once upon a time, three or four people ran around collecting the trash and lifting the container manually to dump the contents into the truck. If we are to believe John Kerry, John Edwards, and it seems the entire Democratic Party of the United States, as well as their academic apologists, whoever invented that mechanical contraption must be a lowly criminal. After all, he robbed all the folks who used to pick up trash of their jobs—he just absconded with them!

Never mind that at the same time new jobs opened up at the plants where these mechanical contraptions are being manufactured. Never mind that there are now people making the new technologically sophisticated trucks, administering the requisite paperwork entailed, and guarding the plants—doing all the jobs that did not exist before. These folks, too, must be in cahoots with the thieves, since they are beneficiaries of the loss of jobs suffered by the trash crews that are no longer needed in our neighborhood.

That such implications are patent nonsense does not prevent them from being peddled, almost this explicitly, by politicians counting on monumental economic ignorance to get elected and enact laws and regulations only a Luddite could love. Luddites were 19th-century British workers who went about destroying money-saving machines that replaced manual laborers. They thought that the introduction of these machines must be a plot against working people who were indeed being laid off and replaced by the nefariously capable machines.

It did not occur to the Luddites that the time and money thus saved could then be spent on new devices and contraptions, creating new goods and services, all of which require the creation of new jobs if they are to be produced and marketed. We have even less excuse for accepting their delusions today. For if the introduction of any new labor-saving machinery indeed permanently trimmed the sum total of jobs, an industrial and technological economy like that of the United States would be suffering ninety-five percent instead of five percent unemployment.

Few of the jobs available in 2005 resemble those available in 1805; so, clearly, the innovations that render an economy more productive do not ipso facto shrink that more-productive economy. Thinking it through logically would, of course, have informed the Luddites about how these things work out. They would have realized that losing your job as hunter-gatherer does not mean that civilization and job markets must now grind to a halt. However, thinking it through was too much trouble. It was easier to see only what stared them in the face: namely, that some people were no longer doing a particular job that they used to do. The costs of the Luddites' particular labor-saving device—the device and expedient of omitting time-consuming logic and evidence from one's deliberations—far outweigh any imagined benefits.

It is possible that many of the displaced workers apprehend such lines of thought at least vaguely but simply cannot come to grips with having to improve their skills to meet the needs of a changing marketplace. This is what is most frightening—that all those who pitch their misguided economic views may be intentionally catering to the laziest and most recalcitrant folks in the labor force: those flatly unwilling to cope with the reasonable requirements of making a living in a vibrant and evolving free economy.

Now, of course, many of us get into mindless routines and begin to wish that the world would just calm down so we need no longer bother with learning new tricks or revising old habits. Maybe in our later years this is thought to be prudent—after all, the exigencies of keeping up with the “rat race” can seem rather exasperating.

What about the virtue of old dogs learning some new tricks? What about living in the present and not the obsolete past? Even apart from the narrow-minded ideology that “loss of jobs” begrudges the world the benefits of innovation, what about the benefits of forestalling one's own premature mental and physical retirement? Is it really such a wonderful thing to sink lethargically into a state of stasis—in other words, to rot?

I doubt it, and our politicians should not be so eager to cater to those who prefer to stand still and prevent the rest of us from moving forward and from improving ways of living and working.

VII. OUTSOURCING: THE OBJECTIONS

I have recently penned more than a few missives about job security and “outsourcing,” and these have prompted more than a few readers to respond. Some are very supportive of my free-

market analysis, but a rather large group weighs in with everything from thoughtful objections to vitriolic diatribes. Now, my default policy is to read all such posts, but if the first line contains an insult—name-calling, nasty attribution of motives, or the always heartening “go back to your native country” kind of shameful outburst—I do not read the rest and just send back a post saying so.

What is worthy of a response is the observation that much of the job outsourcing we see is due to wrongheaded domestic and foreign governmental policy. Those critics stress the point that outsourcing—in this context “hiring the services of people abroad rather than continuing to employ those in the home country”—is often prompted by artificially low wages and other costs in the foreign countries where the work is now being performed. The word “artificially” is used because wages and other costs are not the function of free-market dynamics but of, e.g., subsidies to firms or even near-slave working populations who are legally prevented from bargaining for wages and do not have lawful alternatives to working for token sums. Of course, as noted already, the outsourcing can also be the natural consequence of draconian government regulations in the home region, where firms and prospective employees are prohibited from determining their own terms of trade. Also, sometimes the impetus to send work abroad results from the absence of legal protection of private property and personal rights, the protection of which would disallow dumping costs on the overseas population in the form of disposing waste into the atmosphere. Of course, if the choice between clean air and lower prices were available to many poor people, they would probably chose the latter and be willing to tolerate polluted air, but when governments impose the policy by simply ignoring individual rights, this is a moot point.

Many businesses have no compunction about taking advantage of such injustices, often to the detriment of prospective employees at home, where environmental restrictions—some of them quite sensible, such as bans on dumping sludge, clearly a form of unjust invasion—properly raise the cost of operating a plant.²⁸

So what is one to say about outsourcing jobs overseas given such considerations? First, it is morally wrong and should be illegal to call upon the government to play the tit-for-tat public pol-

28. This is no different from property rights that raise the cost of building, which the abuse of eminent domain allows some to circumvent. See STEVE GREENHUT, *THE ABUSE OF POWER: HOW THE GOVERNMENT MISUSES EMINENT DOMAIN* (2004).

icy game whereby some market distortion imposed abroad is then answered with a market distortion imposed at home; or some domestic injustice is met with further domestic injustice via government regulations. Someone must begin to clear the road to a free marketplace. Those of us discussing these matters in a particular region of the globe probably have a better—albeit often still minuscule—chance of influencing the citizens, politicians, and bureaucrats within our reach than of influencing those operating elsewhere.

Second, people around the globe are being treated badly by their governments and that this abuse is sometimes exploited by various foreign companies does not provide grounds for continuing to treat people badly in one's own community, nor for imposing bans on free competition from foreigners. Whatever remedy is required for injustices anywhere, including those that harm people in one's own country, cannot justify continuing and especially inaugurating injustices at home.²⁹ The remedies must come another way; such is the imperative of morality and justice.

Some might retort by accusing proponents of the free-market alternative of lacking heart or of sticking their heads in the sand. However, champions of the free market are simply remaining loyal to a tried and true principle of sound political economy: implement freedom as far and wide as possible, and the results will be better and last longer, all things considered.

In other words, do not compromise on the principle of freedom of trade. None of us deserves to be penalized for the injustices perpetrated against others, by others.

VIII. GLOBAL LABOR COMPETITION

The hate-filled outcry that jobs are “leaving the country”—however convoluted that concept really is—always calls to my mind the fact that many who voice it also posture as humanitarians. I have in mind the likes of Ralph Nader and Dick Gephardt, champions of the downtrodden and critics of big corporations.³⁰ This refrain is most peculiar when coming from those on the Left who are ideologically committed to liberating the workers of the whole world, not just the workers of Detroit or Fresno.

29. This kind of public policy is a version of tribalism whereby one punishes entire groups of people for the wrong that some of them have done. See generally TIBOR R. MACHAN, *CLASSICAL INDIVIDUALISM: THE SUPREME IMPORTANCE OF EACH HUMAN BEING* (1998) (discussing at length the problems with such tribalist thinking).

30. See generally RICHARD GEPHARDT & MICHAEL WESSEL, *AN EVEN BETTER PLACE: AMERICA IN THE 21ST CENTURY* (1999); RALPH NADER, *CUTTING CORPORATE WELFARE* (2000).

Indeed, if one is concerned about lack of jobs, it makes little sense to decry that condition only for Americans. Why are Americans so special that they deserve jobs, but people around the globe, who are much worse off, do not?

There are ironies here. The fact is, the more jobs we export, the better off the world becomes, which also means fewer people will wish to come here to find jobs. This has been the routine for about two centuries and has upset some of the same folks—for example, Pat Buchanan—who fret about the loss of jobs and how too many immigrants are flooding our shores.³¹ If immigration is what you dislike, the greater availability of work abroad should delight you.

There is also something economically amiss with thinking of the creation of jobs abroad as a zero-sum game—as if those who live abroad never bought anything made by the folks here. We know very well that everybody around the world watches American movies, listens to American music, drives American cars, and so forth. Are we to assume that this foreign demand does not redound to the benefit of American workers slogging away domestically in the companies purveying American culture and technology overseas? Suppose a filmmaker breaks even thanks only to foreign distribution of his film. With that foreign distribution, he is able to make his next movie. Without it, investors would have passed. Certainly the people working on the set of that next movie have benefited from the success of the previous movie: success that would not have been possible without the overseas markets.

In fact, the very idea of lining up all the American-made goods on one side and all the foreign-made goods on the other has become impossible, because they are all intermingled. Nearly everything is composed of parts that are made all over the place, with no way to tell without special investigation exactly where they were made and exactly who made them.³² If the socks or the VCR is “made in America,” what if it was made in another U.S. state—would the customers then become traitors to their own states, counties, or cities for buying the goods not made precisely where they live?

If there is a sphere of human life that is in principle truly without borders, and ought to be as borderless as possible, it is

31. See PATRICK J. BUCHANAN, *THE DEATH OF THE WEST: HOW DYING POPULATIONS AND IMMIGRANT INVASIONS IMPERIL OUR COUNTRY AND CIVILIZATION* (2001).

32. Eric Schmitt, *How a Fierce Backlash Saved the “Made in U.S.A.” Label*, N.Y. TIMES, Dec. 6, 1997, at A1.

commerce,³³ and that has been true throughout nearly all of human history. Commerce has, indeed, been responsible for much of the peaceful exploration of the globe because of the motive to seek out new regions in which to buy and sell goods.

Even the thought of trying to restrict the benefits of commerce to any particularly geographic area is galling, for no one can tell what exactly would need to be done to accomplish this, aside from throwing everybody in the neighborhood into a giant bubble, which nothing may enter or leave. One would surely “create jobs” by this attempted constriction: the jobs of the police and military hired to engage in an utterly futile and hopeless effort to keep all the jobs local, but pointless busywork is not a productive form of employment.

Let us consider, however, a line of reasoning that might have led folks to reach conclusions other than those being advanced here. The line of reasoning, namely, “America first in jobs,” is very troublesome, considering that the United States is, perhaps more than any other country,³⁴ populated with people who emigrated from other lands, or whose parents or grandparents did. I find it hard to charitably fathom how thoughtful Americans could begrudge foreigners their chance at a decent life. Sure, if they wish to go out of their way to help some of their family members, friends, and perhaps even neighbors on a voluntary, personal basis, that is understandable. However, to try to erect “barriers to entry” is quite different—it is akin to shutting down a competing coffee shop across the street because one does not like customers preferring it to one’s own, or preferring it to the shop of one’s family or friends.

IX. BETTER AND WORSE JOBS AND LETTERS

If one wishes to come up with examples of support for misguided government policies, keeping one’s eye on the pages of many major newspapers will help. One such supportive opinion appeared in *The New York Times Magazine* on March 7, 2004, where a letter writer proceeded as follows:

But not all jobs are created equal. Working in a unionized factory with good pay, affordable health care and a pension is not the same as giving facials for \$7 an hour without benefits or job security. Sure, manicurists and others should be counted in national job figures. But we should

33. See ADAM SMITH, *THE WEALTH OF NATIONS* (1776). This, of course, is one of the central points of Adam Smith’s classic book.

34. See NOLAN MALONE ET AL., *THE FOREIGN-BORN POPULATION: 2000* (2003).

also be clear that the jobs created in these areas generally don't pay enough or provide the kind of benefits needed to raise a family. The debate about manufacturing jobs lost isn't just about numbers; it's about quality too.³⁵

The conclusion that follows from this is that it would be better if people had higher than lower quality jobs, but anyone over five years of age knows this. Unless, of course, the writer, who was taking issue with an explanation of what happens when jobs are outsourced to other countries, intended by his words to give support to protectionism or to unraveling free-trade policies. By such policies, I mean those genuine policies that make it possible for people across the globe to compete with one another for the patronage of various consumers. That conclusion, of course, does not follow from the letter writer's laments.

America is no longer isolated from competition, just as no region in America has for long been isolated from other regions. Previously, outsourcing went from one state to another, one city to the other, and so forth, usually based, in part, on where one could find more competitive labor and location prices.³⁶ This is still going on, just in case someone is eager to make a case for domestic protectionism.

Protectionism, as already noted, coerces costumers to buy at a higher price than they could without it.³⁷ Thus governments create a bit of job security for some people—those who are unwilling to work for less or to move somewhere else or learn a new set of job skills—by barring trade. Protectionism thus attempts to make *involuntary servants* of customers by forcing them to work for those who want to keep their jobs regardless of what customers want.

It is hard to imagine a more wrongheaded and immoral economic notion afoot today. People worry about child labor, as if that in itself violates basic human rights—which it does not unless forced upon families and children by the state. Yet it is far more insidious to secure people's jobs not because they have something better or cheaper to offer but because they have managed to enlist the military and police powers of government to bar competitors.

35. Maura Keaney, *A Prettier Jobs Picture?*, N.Y. TIMES MAG., Mar. 7, 2004, at 10.

36. See, e.g., PHILIP A. MUNDO, NATIONAL POLITICS IN A GLOBAL ECONOMY: THE DOMESTIC SOURCES OF U.S. TRADE POLICY (1999).

37. See, e.g., LEONARD GOMES, THE ECONOMICS AND IDEOLOGY OF FREE TRADE (2003); ORGANISATION FOR ECON. CO-OPERATION & DEV., OPEN MARKETS MATTER: THE BENEFITS OF TRADE AND INVESTMENT LIBERALISATION (1998).

In the past, a few countries had been something of a job heaven because others were greater or lesser tyrannies that did not permit business to flourish in their midst.³⁸ Now this is coming to an end, and the entire world community is entering the same marketplace more or less rapidly. This greater freedom throughout various markets means there will be new competitors: ones who can bid lower than others in the previously privileged countries. Once the job market is widened, there will be newcomers who will outbid the existing group of workers. That is what competition means, and any effort to keep the newcomers out is comparable to how the Mafia does business and not how free men and women are supposed to.³⁹

Of course, there are various factors aside from expansion of the labor market that figure in all this, some of them pretty nasty—such as the already mentioned extortionist taxation and regulation that makes it impossible for businesses to keep wages high while also remaining competitive.⁴⁰ However, that is clearly not the concern of the letter writer above, nor of others who root for protectionism.

Now and then, of course, one finds support for the idea of free competition in America even apart from economists who tend to know well enough the damage such a public policy inflicts on people. One e-mail gives some hope:

Your explanation as to the “why” of losing certain types of jobs is one of the best [T]he example [of] . . . trash handlers is not only down to earth but also if anyone doesn’t have a better understanding of the issue after reading your piece, he or she just doesn’t want to understand the dynamics involved.⁴¹

38. See, e.g., Gary Hufbauer & Sherry Stephenson, *Competitive Advantage in the World Economy*, in *LOCATIONAL COMPETITION IN THE WORLD ECONOMY: SYMPOSIUM 1994*, at 45 (Horst Siebert ed., 1995).

39. This process may be compared to how the American basketball (“dream”) team used to win with great ease until some others, such as the Yugoslavs and Russians, caught up to them and now they no longer dominate the sport.

40. See Robert W. McGee, *Principles of Taxation for Emerging Economies: Lessons from the U.S. Experience*, 12 *DICK. J. INT’L L.* 29, 37–41 (1993).

41. Email received by the author, previously discussed in Tibor R. Machan, Forcing Someone to Make Others’ Jobs Secure (Mar. 9, 2004), <http://www.lewrockwell.com/machan/machan46.html>. The email was sent in response to Tibor R. Machan, Loss of Jobs Bogeyman (Feb. 19, 2004), <http://www.lewrockwell.com/machan/machan39.html>.

X. PROTECTIONISM REVISITED

My discussions of outsourcing, job losses, CEO pay, free trade policy, and such, approached from a clearly normative political economic perspective—rather than one of positive economic science—have attracted their share of comments. After quoting an unvarnished endorsement, let us consider a much more critical missive:

Sir, I have just finished reading your article on protectionism, and I feel that you are trivializing a very serious subject that is much deeper than you make it seem. I feel that you have very little respect for the people who toil with their hands, and you are obviously not one of those persons. I am Canadian, and I am not afraid to spend a couple of dollars extra on a purchase if it means keeping jobs in North America. I hope you are not including me when you refer to involuntary slaves to the cost of making a purchase. What customers are you referring to anyway? Because the owners of big business will not be able to sell their product to the masses if they are all making three dollars a day! I wonder if you have researched the ultimate goals of the world trade organization because I found them quite frightening. When you are considered a resource and not a person in your country, it makes me want to puke. I hope you are not endorsing free trade, by the way, because it won't fly.⁴²

The following does, I am convinced, address these concerns:

Protectionism impoverishes millions abroad, in Third World countries, who could be competing with you and your North American pals but are prevented from doing so by those like you who believe they are virtuous when in fact they are steeped in the worst sort of chauvinism and prejudice in favor of members of your tribe. Those other human beings you so cavalierly dismiss from the human race have every right to compete with you and your fellows in North America. But no, you will not let them. Well, I have no respect for your wish to keep jobs where you live. What makes you and your neighbors so special that they ought to receive this illicit, nasty protection against those who are now disenfranchised? Not a thing.⁴³

42. Letter received by the author, previously discussed in Tibor R. Machan, *I Get Letters!* (Mar. 11, 2004), <http://www.strike-the-root.com/4/machan/machan39.html>.

43. *Id.* (The author's response to the letter mentioned in *infra* note 44 and accompanying text).

This response again underscores an aspect of protectionism that is too often neglected: how anti-humanitarian protectionist positions tend to be and how they indulge in rank tribalism and chauvinism, despite any professions to the contrary. Suddenly the critics, with their altruistic excuses for various domestic public policies, lapse and exhibit their true colors. They start by construing free market capitalism as ruthless, harsh, and ungenerous, but end by embracing ruthless, harsh, and ungenerous public policies that dismiss the economic well being of millions who are not part of their country. So protectionism really has nothing to do with concern for the economic well being of others, but only with a crass, narrow-vested interest, and with the refusal to adapt to changing circumstances. Only by adopting the notion that community life is inherently a Hobbesian war-of-all-against-all,⁴⁴ of various groups against various other groups, could one begin to rationalize such lack of serious concern for the genuine well being of all, which is something that only freedom can foster.

Some have argued that protectionism is on par with familial obligations, according to which parents have special duties to help their children, for example. Yet the analogy fails because membership in a family is "by invitation only," whereas being a fellow citizen is largely accidental. In any case, even in the case of family ties, they commit one mainly to voluntary support, not to the establishment of barriers to entry and to abolishing the exit option. Also, as the correspondent above suggests, to extend special consideration to fellow citizens is one thing, but imposing trade restrictions on his or her behalf is quite another.

XI. LOW WAGES FOR JOBS

One of the complaints often raised at meetings of the World Trade Organization in recent years echoes accusations that have been leveled at Nike Corporation, Kathy Lee Gifford, Wal-Mart, Inc., and others who have employed workers abroad who charge far less for their labor than do workers in most Western countries.⁴⁵ The critics charge that it is evil to pay so little for the work being provided in the developing world and also unfair to those workers in the West who have fought long and hard to obtain better wages from their employers. Now, after all this

44. See THOMAS HOBBS, *LEVIATHAN* 63–66 (J.M. Dent & Sons Ltd. 1914) (1651).

45. See Dave Hage, *Pastor Trying to Put Social Ethics on the Corporate Balance Sheet*, STAR TRIB. (Minneapolis-St. Paul), Sept. 15, 1996, at 27A; Bob Herbert, Editorial, *Nike's Pyramid Scheme*, N.Y. TIMES, June 10, 1996, at 17.

struggle and the benefits American workers are finally reaping from it, companies are managing to escape the results by shipping operations to countries where wages are still low, where there is no organized “labor movement,” and where other harms befall workers as well (for example, environmental destruction via the costless dumping of wastes, enabled by the lack of legal sanctions against it).

It is difficult to assess these charges without actually living in the regions of the globe where labor accepts the “cheap” wages—cheap at least in comparison to what labor gets paid in, say, Detroit or Dallas. After all, medical care is less expensive and less up to snuff in most such regions, as is entertainment, transportation, clothing, food, furniture, and the rest.⁴⁶ “Cheap” is relative.

In most regions of the world, the quality of life is lower than in the West. Ironically, that is largely because in most regions of the world free trade had been either outlawed completely or curtailed severely by governments that have ruled there.⁴⁷ Without free trade, labor cannot organize and wages cannot be bid up; the environment and, of course, the quality of goods and services suffer.⁴⁸ It is hardly the fault of corporations that do business in these regions that they need not pay more for what they get.

To this observation, the critics respond that corporations ought to and should even be forced to pay more for the work. Kathy Lee Gifford has herself said she wishes the minimum wage were higher in Central America,⁴⁹ where she does some business—as if she were stopped from raising wages unless the government forced her to do so. At any rate, there is a widespread sentiment, fueled by the likes of Ralph Nader and Michael Moore (the man responsible for such sanctimonious celluloid as *Roger and Me*⁵⁰ and *The Big One*⁵¹), that businessmen are obliged to seek out badly-paid workers and raise their wages to what is confusedly called a “living wage.”⁵²

This complaint does not square with the behavior of most people—not even with the behavior of most of those who advance it. Say we are in a grocery store and shop for some

46. See MIKE MOORE, *A WORLD WITHOUT WALLS* 76–77 (1988).

47. See JAGDISH BHAGWATI, *PROTECTIONISM* 12–13 (1988).

48. See generally MOORE, *supra* note 46, at 30–32 (discussing the increase in skilled labor sparked by free trade).

49. Stephanie Strom, *A Sweetheart Becomes Suspect: Looking Behind Those Kathie Lee Labels*, N.Y. TIMES, June 27, 1996, at D1.

50. *ROGER AND ME* (Warner Bros. 1989).

51. *THE BIG ONE* (BBC 1998).

52. See MICHAEL MOORE, *STUPID WHITE MEN* 73 (2001); Victor D. Infante, *The HR Vote*, WORKFORCE, Oct. 2000, at 34, 42.

item—tea or chicken soup or soda pop. If we see that our preferred item comes in both an expensive and a cheap rendition, and we apprehend no other relevant difference between them, which do we purchase? At the mall, do we avoid stores where we cannot afford to buy goods and, instead, look for sales or good deals we can afford? When we shop for shoes, do we seek out the most expensive if we can find more reasonably priced ones that meet our needs? When one bids on a house or car, does one volunteer a higher price than the seller is asking? When going to a hairdresser or barber, does one look for the most expensive place to get what one is seeking to purchase? I believe the answers are uncontroversial here—mostly as shoppers, we all want to obtain what we are after at the lowest possible price. Most people, in short, do not want to part with more rather than less of their wealth in the marketplace. To waste money is to throw away opportunities—to save for a rainy day or to pay for something else. It is to behave irresponsibly.

People are not in the marketplace primarily to be charitable, *and that goes for everyone, not just managers of multinational corporations*. If we shopped the way the protestors expect companies to shop, our families would be outraged by our lack of restraint or prudence. Even those firms that practice what is called socially responsible corporate management can only indulge this agenda in small measure, lest they become uncompetitive (although once they have made profits with comfortable margins, they can, of course, extend certain benefits to certain causes and groups they have chosen to help out).

Just as charity begins at home, so does charitable wage negotiation. If you avoid the stores where goods are expensively priced, you are putting into motion a process that leads the manufacturer of the goods sold there to seek out the cheaper rather than more expensive labor, cheaper rather than more expensive overhead, and cheaper rather than more expensive transportation. Those who buck this trend simply cannot attract customers and will in time go out of business. Cheaply paid labor will become unemployed labor.

There are better opportunities to improve one's bargaining power in a free market than there are in the regimented economies hailed by the protectionists and regulators. The latter rely on the non-existent omniscience of bureaucrats to set prices, wages, and production levels, with the result that the entire system is badly mismanaged.

Even American academic sympathizers with socialism such as the late Robert Heilbroner were obliged to admit that critics of the planned system, like Ludwig von Mises and F. A. Hayek,

were vindicated when the Soviet Union's socialist economy collapsed.⁵³ Mises and Hayek had argued for decades that when people lack freedom to engage in local pricing, efficient communication of economic circumstances among the massive number of market agents is impossible.⁵⁴ Coordination of their economic activities is radically impaired. Shortages and other forms of mismanagement will then be inevitable. (This is the so-called "calculation problem" of planned economies).

Nor are heavily regulated economies—as opposed to outright centrally planned ones—able to escape the brunt of this criticism. In such economies, too, bureaucrats pretend to know what people ought to want for themselves and under what terms. However, this presumption also misfires and imposes costly wastes, all in the name of humanitarian sentiment that lacks economic sense—a lazy humanitarianism at best.

What is fundamental to a prosperous economic system is freedom of trade among the participants. This means no slave labor, no restraints on trade by governments and criminals, no protectionism, and no regulations imposed by the WTO or anyone else. The more freedom by way of strict protection of the right to private property and freedom of contract, the more abundant the economic opportunities will be for all concerned.

Still, freedom is not enough. Market agents must be alert to new ways of doing business, new technologies, and the like. Complacency is deadly for economic prosperity. Sadly, however, many people believe shortcuts can be taken and that the flexibility that economic progress requires both in their households and in the global economy can be preempted by instituting governmental protection against competition. Thus, they misguidedly clamor for protectionism.

What about child labor? Former President Clinton proudly signed a WTO agreement against it, but that could be no help to millions unable to enter a nice school—as Mr. Clinton dreamily envisioned⁵⁵—instead of going to work. For such children, the alternative is often some kind of work versus some level of starvation. In many developing countries, sending a child to work can mean the difference between a reasonably solvent family and one on the brink of economic collapse.

53. See Robert Heilbroner, *After Communism*, NEW YORKER, Sept. 10, 1990, at 92 (admitting that Hayek and Mises were right).

54. See F.A. HAYEK, THE FATAL CONCEIT: THE ERRORS OF SOCIALISM 83–85 (1988); Ludwig von Mises, *Economic Calculation in the Socialist Commonwealth*, in COLLECTIVIST ECONOMIC PLANNING 87, 95–110 (F.A. Hayek ed., 1935).

55. *Clinton Pledges to Step Up Fight Against Child Labor*, ST. LOUIS POST-DISPATCH, June 13, 1999, at A12.

In Hungary, as an eleven-year-old child, I worked as a baker's assistant, getting up at 4:30 a.m. and then leaving the bakery for school at 8:00 a.m., always pretty run down and in desperate need of sleep. Given that economically-flattened society, the alternative was for me not to work at all and for my family to eat much less. My mother already had to bring soup home from work every noon since we could not afford to buy any. Under such circumstances child labor is a blessing. Had it been forbidden, it would have been a back-breaker for our family. In societies where child labor is a "problem," it is not actually child labor that is the problem but the lack of adult economic opportunity.

The kind of agreement President Clinton signed in Seattle may well have been a back-breaker for millions of families across the globe. In the name of resentment against corporations that make profits from the work of children, President Clinton and his colleagues consigned many children to hopelessness. If we really care about the well being of people—all people, all over the world, including children—we have to shoot for much better than a *Dave*-level conception of how the world works.