

Reply to Comment by Walter Block

Leland B. Yeager

I thank Dr. Block for praising most of my article and attacking only certain points. I need not reply to all his criticisms: the reader can recognize their nature and see how he and I differ without my dragging the discussion out to tedious length. I shall give only a few examples of my reaction.

After saying that “[f]ull-dress argument” for certain indefensible propositions “appears rarely in print,” I went on to cite several published assertions. Block sees an inconsistency. He should know the difference between assertion and argument.

Block provides a prime example of trying to talk away price discrimination by interpreting differently priced goods as different goods, period. Doing so tends to forestall potentially fruitful questions, such as how producers of a good may divide their market into segments with different demand elasticities. It illustrates the “Austrian vice”—disposing of substantive issues or reaching ostensibly substantive conclusions by mere verbal maneuvering. Block should be sobered, not gratified, on realizing how many phenomena his brand of Austrian theory renders “explicable.” A theory that explains everything (Freudianism or Marxism, perhaps, or all-purpose subjectivism) explains nothing in particular.

I asked whether Murray Rothbard might not have been insufficiently subjectivist, untypically, in his views on extortion, blackmail, and mutual promising. Block reminds us that Rothbard was engaged in normative, not positive, inquiry. Yes, but facts do serve as part of the grounds for normative judgments; and I was questioning, for example, Rothbard’s sharp distinction between an extortionist’s threat of physical violence, however slight, and his threat of circulating vicious lies. An associated disagreement between Rothbard and Block on the one hand and me on the other concerns the relation between morality and law.

Here we lack space to clear up these disagreements. Suffice it to say that Rothbard and Block try to reach all sorts of specific judgments on the basis of their conception of natural rights, including property rights in particular, all supposedly deduced from the axioms of self-ownership and Lockean

homesteading. This framework incurs suspicion from the counterintuitive judgments that it grinds out on several issues. I work with a broadly utilitarian framework instead. Since utilitarianism is anathema in certain circles, in self-defense I refer readers to my article in *Cato Journal*, Spring/Summer 1985. I do not spurn rights—quite the contrary—but their articulation needs adequate grounding.

Block accuses me, in my discussion of “London” cost concepts, of impugning the motives and moral character of James Buchanan. This was not at all my intention, and I am astonished that Block should think it was. I admire Buchanan and his work. In the challenged passages, I was suggesting that when one inquires into the meaning of odd propositions and odd word usages, it may help to consider the contexts in which they arise and the purposes they serve. Evidently, though, I wrote imprecisely enough to permit Block’s misinterpretation. For this failing I offer Professor Buchanan my profound apologies.

And I offer him another apology. Almost from the moment when it was too late to change my article, I realized with horror that I had made a terrible omission. I had somehow forgotten one of the greatest triumphs of subjectivist economics. In his *Public Principles of Public Debt* (Homewood, Ill.: Irwin, 1958) Buchanan showed that the burden of government expenditures can indeed be shifted into the future by deficit financing through issue of bonds. The conventional wisdom among economists (shared even by Ludwig von Mises, as in *Nation, State, and Economy*, pp. 167–68, and *Human Action*, 2nd ed., p. 227) had been unduly materialistic: the burden cannot be shifted through time, since resources are used when they are used. Buchanan exposed the error by recognizing that a burden is something subjectively perceived. Persons who give up current command over resources in exchange for government bonds that they find attractive to buy perceive no burden in doing so. It is in the future that people—in general, people other than the original bond-buyers—will bear the burden of paying taxes to service the debt or losing through its inflationary or outright repudiation.

The story is more complicated than this; but the subjectivist aspect, which Buchanan emphasized, lies at its core. I am especially remorseful about neglecting this contribution in an article in which, although lauding some of Buchanan’s other work, I considered a few criticisms relevant.