

Power and Liberalism

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When the case for human liberty had begun to be made, it was without benefit from a sound moral argument, mostly by reliance on a value free framework. The one quasi moral promise made in behalf of the system was that it would promote the diminution of political power. Freedom would put all on a politically equal footing since governments should serve us all by protecting our right to liberty. Yes, these were moral terms but heavily mixed with the conceptual machinery of mechanistic physics. Even Adam Smith's idea of "natural liberty" functioned mostly to indicate the absence of impediments to self-interestedly motivated behavior, not as a normative political concept.

In our day, too, many champion liberal societies on grounds that the power of governments is limited, restricted, minimized, and so forth. As Robert Nisbet puts it, "liberalism...is historically a theory of immunity from power..."¹ And within this school of liberalism economic power is not regarded to be of anything but productive significance – a rising tide of economic prosperity lifts all ships, and so forth.

Critics of liberalism have never quite bought this line of defense. Marx, for example, made clear that "This kind of liberty [the free competition of liberal societies] is thus at the same time the most complete suppression of all individual liberty and total subjugation of individuality to social conditions which take the form of material forces--and even of all-powerful objects that are independent of the individuals relating to them."²

Marx's point was that not only is the legal framework of capitalist societies -- contract and property laws -- a form of power and control over the lives of citizens, but these gave rise to such massive features as technological instruments -- factories, dams, highways, ships, and so forth -- which exert a great deal of influence over people's lives. So, for the critics the difference between liberal and non-liberal societies and their economic systems consist in *who* has power, not in whether power is exercised. A simple example will make this point clear.

In a free market the labor contract is usually drawn in such a way that, in principle both the owner and employee of a firm have the power to termi-

nate the employment relationship. Yet because of the durable economic importance of capital under the free market system, the employer's power is referred to in some of the literature on political economy as "employment at will" (of the employer).

So while government does not have the power to impose employment terms on the labor relationship, the firm largely does. State power is limited under liberalism, the power of firms, that is, those who legally own the property that can be improved by hired labor, is plenty extensive. For our purposes we may ignore here that employee associations, unions or the like, as well as certain kind of employees, do have immense economic power as well. Consider famous movie actors, baseball or basketball players, even star academics – they are in many cases able to set the terms of their employment nearly unopposed by their employers. We may ignore this here because all these cases prove is that *both employees and employers* do in fact possess economic power in the free market, not that the free markets are immune to power. (They may, of course, be *de jure* immune to certain types of power, such as outright physical violence.)

Indeed, for critics of liberalism this power is more insidious because, they argue, the power of the state could be exercised rationally, while that of the unruly property owners cannot be. As Marx puts it in the next sentence, "The only rational answer to the deification of free competition by the middle-class prophets, or its diabolisation by the socialists, lies in its own development."³ That development, of course, will lead to the abolition of capitalism and emergence of socialism.

How can the liberal answer this line of criticism without some recourse to values or moral judgment? It is not possible. In free markets economic power is often unequally allocated, distributed, by the choices of market agents. Is the distribution that results – the greater power base of economically successful persons – justifiable?

To put the point bluntly, the only way to adjudicate this dispute is by determining whether the power the state versus that which property owners will exercise is morally or politically justified. In other words, should the state or the property owner have the authority to exercise power?

It is futile to deny that owners have and exercise considerable economic power. Such power is the ability to make what one wants actually happen. When a worker wants to keep a job but the owner does not want to employ him or her, the worker loses out, usually. Of course, if the worker wants to quit, he or she will win, but that is often the less visible situation. Just consider the current worry about downsizing. It is also generally true

that employers are able to find replacements for workers more readily than workers can find new jobs on their own terms. Even when this is not the case, because of the often greater wealth of the employer, the worker's situation is deemed to be more dire. Whether this imbalance of bargaining power is justified or not is what ultimately must be addressed by those who believe that there is greater merit in a free market system than in one that is regimented by government – say, via a workers' democracy.

Does the property owner or employer have the proper, rightful authority to exercise the greater economic power or ought it to belong to the worker (or the state acting in behalf of the worker)? Is it justified for workers to invoke the force of government to back up their authority, thus balancing power?

This is where a theory of property rights and the consent to be governed on the basis of authorizing government to protect these rights enter the picture of political economy. If a firm is rightfully, properly owned by the legal owners, if the law of property and the resulting institution and enforcement of contract law are just, then the firm's power is not arbitrary, unjust, even though it is, of course, engaged in the wielding of power (which it may also misuse at times by, for example, firing people it should not). If, however, the law of property of liberal-capitalist societies is wrong, so that not those who in such societies *de jure* do but, instead, the workers *de facto* own the firm (because, say, their labor built it up), then the critics of liberalism, especially socialists, are right.

The issue is crucial. And liberalism needs theoretically to extend itself into this area of moral and political philosophy in order to give its political-economic system a chance.

The practical results, too, would be immense. If it could be shown to workers and all (including their intellectual guardians) -- who are rational and can deal with the assessment of theories -- that the legal owners rightfully own their property in liberal-capitalist systems, their protest would dissipate.

Consider that many of those not obviously involved in capitalist endeavors but who nevertheless clearly benefit economically from their creative achievements, such as artists and scientists, have little difficulty in exercising the power they have over their creations (as when they set terms of trade in trading copyrights). When a Woody Allen protests that his films ought not to be colorized because, well, he does not want them to be, this is deemed to be perfectly OK, since it is, after all, *his* art that is at stake. Never mind that the broadcasters who would colorize them -- and the public who apparently

prefers color movies to black and white ones -- want something else. They lack the justification to have their will realized.

It is perhaps a little less easy to tell why a beautiful woman should have full authority over the benefits gained from her beauty, given that this beauty is not mostly her achievement. Yet neither is it anyone else's, just as the better heart or liver or general health of someone, from which one can definitely benefit a good deal -- in contrast to the loss of those lacking it -- belongs to those who possess it, never mind whether they earned it.

Still, liberalism's champions need to demonstrate that such benefits are *rightfully* owned by those who in law have or want title to it.

The point here isn't to spell out the answer to why liberal-capitalist ownership rights are justified. To just hint at this, its justification is akin to that of the justification of a woman's claim to govern the use of her body, even if it is (a) a very much desired body by many over whom she, therefore, has and can exercise some measure of power and (b) is not really fully her achievement to have the body she may have. (I intend nothing dualistic by the use of these terms.)

The point is merely to indicate that without such a justification, relying solely on the greater or lesser exercise of power within different systems, the case for liberalism cannot be made.

All systems of political-economy witness the exercise of power. The question is, in which system is such power exercised with greater moral authority. If I am the producer of the wealth with which I make an impact on society, then others who can feel this impact have no basis for complaint. If the talents I am born with, or the genetic composition, are indeed mine to use as I judge suitable, then the power I exert by this use is politically justified, even if not always necessarily morally wise. Am I like the influential novelist or painter whose reputation is earned, based on effort, talent and opportunity, even if it does give the author a greater role in shaping society than those possess who have produced or created less? If the author cannot be credited with and deemed to be the rightful owner of what he or she has done, then his or her greater role in shaping society is undeserved and others can belly ache about it endlessly. To whom should such power belong, then, given that it will be a factor in any system?

Endnotes:

¹ Robert Nisbet, "The Contexts of Democracy," *Presidential Essay* (Washington, DC: The Heritage Foundation, 2003), p. 15.

² Karl Marx, *Grundrisse* (New York: Harper & Row, 1970), p. 131.

³ *Ibid.*