

RADICALS *for* CAPITALISM

A FREEWHEELING HISTORY OF THE MODERN
AMERICAN LIBERTARIAN MOVEMENT

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INTRODUCTION

REVIVING AN AMERICAN RADICAL TRADITION

As the twenty-first century dawned, the most characteristic American government program of the twentieth century—Social Security—was on the ropes.

Social Security was wreathed in the highest-sounding motives and had become such a foundation stone of post-New Deal America that to speak ill of it had become the definition of political suicide. The program was designed to create unity, to ease suffering, to bind us all into one people. The policymakers behind Social Security took it upon themselves to manage the future and savings of all Americans intelligently and rationally. But what they set in place was a system that would eventually bind the coming generations to promises they could not reasonably afford. It was, in other words, the foundational political program of the twentieth century—well meaning, choice eliminating, and ignoring obvious secondary effects. And it was headed for failure.

A group of intellectuals and activists had long seen the need for an escape route from the Social Security system and had offered a solution two decades before most American politicians or citizens realized that a crisis was coming. The Cato Institute was a think tank for libertarian intellectuals and publicists, named after a pair of American revolutionary-era pamphleteers who wrote of inalienable rights and human liberty under the pseudonym Cato (an act of anonymous political speech—

also largely restricted by modern government under the guise of campaign finance laws).

One way to rescue America from the potential fiscal wreckage of Social Security, said the libertarians at Cato, was to give citizens personal control over their own savings and their own retirement. Let them keep at least a portion of their own money to invest however they thought best (in a nod toward political reality, the modern Cato plan would allow government to limit the choices of what private investments citizens could make with Social Security money), rather than force them into a complicated and doomed pyramid scheme by which the next generation was mortgaged to make good on government promises to the previous one.

Another program central to Western government had essentially died in the waning years of the previous century. The notion of welfare as a permanent entitlement, the idea and practice that it was the state's obligation to take care of (and manage) the lives of the poor, had been replaced by short-term assistance with work requirements. The new regime in welfare, shepherded by Democratic President Bill Clinton, seemed tailor-made to answer critiques by scholar Charles Murray in his influential 1984 book *Losing Ground*. In 1997, Murray wrote a book that laid out the intellectual roots of his successful critique of the welfare state: *What It Means to Be a Libertarian*.

The conspirators behind this libertarian movement suspected that it would take a perceived crisis to make their ideas seem sensible. Leading libertarian intellectuals from Murray Rothbard to Milton Friedman (two men who disagreed on many things) knew that a prime mission for libertarian intellectuals and activists would be to prepare solutions for problems that would arise from government programs before those problems became obvious to most politicians or laymen. As Friedman put it, "We [libertarians] do not influence the course of events by persuading people that we are right when we make what they regard as radical proposals. Rather, we exert influence by keeping options available when something has to be done at a time of crisis."¹

Libertarians have ambitious goals for America. The movement's efforts include well-funded public policy research institutes, political opinion magazines, syndicated talk radio shows, training and funding

centers for college professors, and America's most successful, long-lasting third political party.

Its eventual goals include the abolition of all drug laws (not just those against currently illegal narcotics and hallucinogens, but an end to prescription laws and the Food and Drug Administration as well), the abolition of the income tax, the abolition of all regulation of private sexual relations (from marriage to prostitution and everything in between), an end to public ownership and regulation of the airwaves, an end to overseas military bases and all warmaking not in direct defense of the homeland, an end to the welfare state, and an end to any legal restrictions whatsoever on speech and expression.

Libertarians' policy prescriptions are based on a simple idea with very complicated repercussions: Government, if it has any purpose at all (and many libertarians doubt it does), should be restricted to the protection of its citizens' persons and property against direct violence and theft. In their eyes, most modern government functions, if done by private individuals, would be seen as violence and theft. Libertarians' economic reasoning leads them to the conclusion that, left to their own devices, a free people would spontaneously develop the institutions necessary for a healthy and wealthy culture. They think that state interference in the economy, whether through taxing or regulation, makes us all poorer rather than richer.

Their ideas and policy prescriptions seem unbelievably radical in the current political context. But in many ways, libertarians argue, the United States was founded on libertarian principles. The Constitution defined a role for the federal government much smaller than what it practices today, and it restricted government to a limited set of mandated powers. This vision of America has been lost, libertarians argue, through a series of expansions of centralized federal power dating back at least to the Civil War (if not to when the Constitution replaced the Articles of Confederation), and including as cusp points Progressive Era reforms, the New Deal, and the Great Society.

Although it hearkens back in spirit to the American Founding, the libertarian vision is not backward looking or reactionary. By extending individual liberty into radical areas of sex, drugs, and science (no restrictions on stem cell research, cloning, or nanotech), libertarianism

is the most future looking of American ideologies. It sells the promise of a world mankind hasn't yet fully known, one with personal liberty limited only by preventing damage to other people or their property. It's a world that would be freer, richer, and even cleaner.

Because libertarian proposals tend to seem, as noted above, unbearably radical to most Americans, who are relatively satisfied with their government, libertarianism has been a shadowy movement through twentieth-century intellectual history. Only since the mid-1970s has it begun attracting money, numbers, and attention to the degree that it is clearly an intellectual and ideological force to be understood and reckoned with. In a postcommunist world where the tyranny and poverty that accompany supposedly benevolent attempts to create a paradise of economic and political equality have been made abundantly clear, after a century where governments have killed more millions than a sane mind can comprehend, in a new century where international power politics and medieval religious throwbacks threaten a world of unremitting chaos, where the inevitable fiscal doom of the twentieth-century's entitlement state looms ever closer, libertarian ideas have more appeal than ever. Advances in technology have made possible new wired worlds where governments might be unnecessary, new biological abilities have expanded our potential power over ourselves and our environment to almost godlike status. We may even be on the cusp of creating new societies off the surface of the planet itself. All that makes the history, ideas, and ideologues of this movement of unrestricted human liberty, both mental and physical, and unleashed human abilities, both scientific and social, more relevant than they've ever been.

This book tells the libertarians' story and functions as a shadow ideological history of the twentieth century. While the world has undoubtedly turned in some ways in a more libertarian direction—and in some ways directly because of the thinkers and activists whose story this book tells—in many ways the libertarian movement remains a radical underground whose true influence is yet to come.

Libertarians believe either or both that people have a *right* to be mostly left alone to conduct their own affairs inasmuch as they don't harm others, or that things will on balance work out *best* for everyone if they are. They define "work out best" to mean creating the most varied and richest culture and economy. In a sense, that very freedom is

part of what constitutes “best”—people will flourish and be happiest to the extent that they are free to choose their own life plans and pursue them as best they are able. In that pursuit, the libertarian believes, people will discover new ways of living, new ways of meeting human needs and desires, even new ways of understanding what it means to be human, that will enrich us all.

Libertarianism combines appeals to practicality and the way the world really works, through its reliance on economic logic to dissect the efficacy of state economic intervention, and a burning call to a higher justice, with its sense that there are certain things one human should not be able to force another human being to do, even if it is allegedly for her own good. Libertarianism thus provides an ideological package that is intended to resonate with both mind and heart. Some libertarian thinkers claim to rely more on freedom’s good consequences in judging it right; some rely on a more purely moral argument about rights and justice. In fact, most of them rely on a combination, sometimes smooth, and sometimes rough, of both ideas, since their vision of rights tends to be rooted in what is best for human flourishing. Rights and consequences get linked, then, in a happy congruence.

This book will explain what libertarians believe and why through the stories of the people who invented, advocated, and spread libertarian ideas. Without libertarian activists, libertarian ideas would likely disappear, and certainly find no traction in the real world. Many libertarian intellectuals included in this book are scholar-activists. What’s the point, as libertarian economist and philosopher Murray Rothbard wrote, of setting forth economic and philosophical truth with no context for achieving victory for that truth? To the truly impassioned libertarian, educating the public in libertarian theory is vital. Yet “just as the theory needs to be carried to the attention of the public, so does the theory need *people* to hold the banner, discuss, agitate, and carry the message forward and outward to the public. . . . both theory and movement become futile and sterile without each other; the theory will die on the vine without a self-conscious movement which dedicates itself to advancing the theory and the goal. The movement will become mere pointless motion if it loses sight of the ideology and the goal in view.”²

“A COMPLEX ORDER RESTS ON A SIMPLE
BUT SECURE FOUNDATION.”

Libertarians can believe, with some justification, that we are in some sense already living in their world. Although tens of millions were killed in the name of his dream in the twentieth century, we are not living in Karl Marx’s world or the world of his followers, either the intellectuals or the thugs. We live in a world energized and shaped by the beliefs of Marx’s political-economic rivals and enemies—the classical liberals, the thinkers who believed a harmony of interests is manifest in unrestricted markets, that free trade can prevent war and make us all richer, that decentralized private property ownership helps create a spontaneous order of rich variety.

Liberalism in the nineteenth century meant simply the movement toward greater liberty. In the twentieth century liberalism has come to mean the expansion of state power in the pursuit of perceived social welfare, not necessarily liberation of the individual from outside control. The ideas and those who advocate them, which in the nineteenth century would have been known as liberal, are now “classical liberal.”

Modern libertarians include both those carrying on that classical liberal tradition and radical heirs of that set of ideas who try to take those ideas as far as they might go: If private property is good, why have public property at all? If individual liberty is conducive to flourishing, then why should government regulate our use of weapons or drugs, or force us to pay for the indoctrination of our children in public schools, or steal from some in order to benefit others? The people and institutions whose story this book tells asked these questions, questions that barely seemed worth asking to most people, and helped cement them in our culture in the form of such vital movements—most only halfway measures by libertarian standards—as the medical marijuana movement, the press for homeschooling and vouchers, welfare reform, and the fight against eminent domain and campaign finance regulations that stifle speech.

Classical liberal values have shaped and defined modernity in many ways. Our role in life is no longer dictated by the status we were born into; to a large degree (though not entirely), legally protected guilds no longer define what we are able to do for a living; skin color and

gender no longer restrict where we can live or work by the enforced order of men with guns. (For those who don't see the power of men with guns behind every law, libertarians say, just wait and see what ultimately happens if you refuse to obey one, even the most picayune one.) Churches no longer have power over secular life; the dream of total economic planning is over, the Berlin Wall has fallen, and the liberating wealth of capitalism is sought by millions to whom government policy had previously denied it in Asia and the Third World.

These are the ideas and animating principles from which libertarianism arose; the ideas of libertarian heroes such as Henry Maine, who celebrated the historical shift in human society from status to contract; the nineteenth-century free traders who wanted everyone to be able to buy and sell on mutually agreed terms with anyone, anywhere; the Scottish enlightenment figures who saw that a complex and valuable order could arise in human affairs without planners bossing everyone around.

Rather than creating a world of atomistic individuals, as its enemies have predicted accusingly, these classical liberal ideas have created a world in which networks of trust and interdependence are omnipresent and worldwide. Libertarian author David Boaz, an executive at the Cato Institute, explained what that means in practical terms: "My father's good reputation didn't extend much beyond the small town where we lived, and he would have had trouble borrowing money in a hurry even a few towns over, much less across the country or across the world. But . . . I have instant access to cash and credit virtually anywhere in the world—not because I have a better reputation than my father, but because the free market has developed credit institutions that extend around the world. As long as I pay my bills, the complex financial networks of American Express and Visa . . . allow me to get goods, services, or cash wherever I go. These systems work so well that we take them for granted, but they are truly a marvel. . . . The network of trust and credit relies on all the institutions of a free society: individual rights and responsibility, secure property rights, freedom of contract, free markets, and the rule of law. A complex order rests on a simple but secure foundation."³

The interconnected networks of the free market—which is the living apotheosis, in many ways, of the full libertarian vision—disciplined

by free competition, motivated at its best by a desire for personal gain that generally translates into building long-term relationships based on trust rather than taking the money and running, while never even close to perfect in a world of imperfect humans, becomes, the libertarians argue, the closest to paradise that man can ever know.

Libertarianism qua libertarianism has mostly failed to garner extended attention in American political and ideological history. One reason for this is the complicated overlaps, both intellectual and institutional, between it and better-known and more successful right-wing conservatism. Modern American conservatism was constituted from three often warring tendencies in its formative years in the 1950s—traditionalism (often religious, with strong European and Catholic strains), sometimes rabid anticommunism and cold warriorism (usually cheer-led by ex-communists), and antistate libertarianism. However, libertarianism remained only a tendency within the modern conservative right, and never the dominant one. Traditionalism, anticommunism, and then fealty to a Republican Party that was seen as the right's standard-bearer in real-world politics, almost always overwhelmed the libertarianism.

Clear connections still exist, both personal and institutional, between libertarians and the right. But libertarian institutions have a separate identity from their occasional comrades, friends, and sparring partners among conservatives. This book tells the story of that distinctly libertarian set of thinkers and institutions. There is not a one of them who wouldn't tell you you were wrong, and very sharply, if you called them conservative.

Five thinkers form the spine of the story this book tells, five people without whom there would have been no uniquely libertarian ideas or libertarian institutions of any popularity or impact in America in the second half of the twentieth century. Those five are—in the order in which they are discussed in this book—Ludwig von Mises, Friedrich A. Hayek, Ayn Rand, Murray Rothbard, and Milton Friedman. Four men and one woman; four Jews and one Catholic; four economists and one novelist; four minarchists (the libertarian movement term for those who believe in a government mostly limited to defense, adjudication, and perhaps a limited range of public goods) and

one anarchist (who believes we need no government at all); two native-born Americans and three immigrants; two Nobel Prize winners and three who remained not only aloof from most professional and intellectual accolades but generated a heated hostility from cultural gatekeepers; three best-selling authors and two secret influences.

The Austrian émigré economist Ludwig von Mises could fairly be considered the fountainhead of modern libertarianism, not only because of the strength of his own ideas, his unreconstructed nineteenth-century liberalism, and his mostly unyielding free market economics, but also because of his important role in the education and shaping of other important libertarian thought-leaders. F. A. Hayek was an early disciple of Mises's (though never technically his student) in Austria in the 1920s, and received his first professional job through him. Rothbard was an eager student (though a non-degree-seeking one) at Mises's New York University seminars in the 1950s and strayed little from the Misesian catechism in economics. Even the imperious and independent novelist Ayn Rand chose him as her most-recommended free market economist (though she did not embrace him in every respect).⁴

In addition to his influence on the new generation of American libertarians that arose in the 1960s—one couldn't escape Mises no matter your angle of approach to libertarianism; the movement's flagship think tank the Foundation for Economic Education honored him and relied on his ideas; the Nathaniel Branden Institute, pushing Ayn Rand's philosophy, recommended his books, and Murray Rothbard, who tried to keep in touch with every libertarian he could, evangelized on his behalf everywhere, in person and in print. He was also considered a formidable figure in the contemporary conservative movement, earning himself a place of honor toward the front of George Nash's history, *The Conservative Intellectual Movement in America Since 1945*. But, as with Hayek, who felt compelled to write an essay explicitly spelling out "Why I Am Not a Conservative," Mises didn't really fit into the burgeoning and more conventionally successful traditionalist/anticommunist American right wing.⁵

Murray Rothbard spelled out some of the reasons conservative mandarins ought to mistrust Mises in an article aptly called "The Laissez-Faire Radical," which limns many of the factors that distinguish

libertarian free market economists such as Mises from the standard right-winger. Rothbard laments the attempts to claim Mises, during his centennial year 1981, as “a quintessential *National Review* conservative.” Rothbard points out that Mises was rather “a proclaimed pacifist, who trenchantly attacked war and national chauvinism, a bitter critic of Western imperialism and colonialism; a believer in nonintervention with regard to Soviet Russia; a strong proponent of national self-determination, not only for national groups, but for subgroups down to the village level—and in theory, at least, down to the right of individual secession, which approaches anarchism; someone so hostile to immigration restrictions that he almost endorsed war against such countries as the United States and Australia to force them to open up their borders; a believer in the importance of class conflict in relation to the State; a caustic rationalist critic of Christianity and of all religion; and an admirer of the French Revolution.”⁶

Mises had influence beyond economists and movement libertarians. Three of his associates, highly influenced by him, played major roles in the economic reconstruction of postwar Europe: Ludwig Erhard in Germany, Charles De Gaulle’s economic adviser Jacques Rueff in France, and Luigi Einaudi, one of Italy’s presidents. President Ronald Reagan often cited Mises as an inspiration (not that you could tell from his accomplishments). Mises’s wife Margit relates that, upon meeting Reagan, he told her he was honored: “You don’t know how often I consult the books of your husband before I make a speech.” Lest that be interpreted as mere gallantry to the bereaved widow, Reagan had already spoken of loving Mises before his presidency.⁷

F. A. Hayek belonged to a wave of younger Austrian economists and social scientists whose lives were changed from a youthful attraction to socialism by Mises’s 1922 attempt to demolish the theory in all its manifestations, *Socialism*.

Hayek’s most famous book, *The Road to Serfdom*, appeared in 1944, during the period when a unique set of arguments and heroes began to coalesce, marking the dawn of modern libertarianism—a dawn then difficult to make out against the suffocating darkness of fascism, communism, and world war. Hayek combined a wide range of intellectual approaches to the question of liberty (his work covered economics, intellectual history, cognitive science, and evolutionary

biology), and in the rarified fields of academia he is the most respected of libertarian thinkers.

He has also been more successful than most in influencing politics. Former British Prime Minister Margaret Thatcher once visited her Conservative Party's research division and, aggravated by their half measures toward freer markets, pulled out Hayek's 1960 epic *Constitution of Liberty* and slammed it down, announcing "This is what we believe."⁸ Hayek's varied body of work has spawned an academic cottage industry, getting more active by the year, and his insights on the evolution of spontaneous orders have made him a favorite intellectual for a new generation of artificial intelligence theorists, computer mavens, and business management gurus.

The Russian-born novelist and philosopher Ayn Rand was the most popular libertarian of all and simultaneously the most hated. As a libertarian, if you don't love her, you are apt to feel embarrassed by her, burdened by her omnipresence and the occasional fanaticism of her followers. When Jerome Tuccille wrote his semifictional odyssey of a libertarian activist through the 1950s, 1960s, and early 1970s, he picked a title that seemed inevitable: *It Usually Begins with Ayn Rand*. It was true in 1971, when Tuccille's book appeared, and retains a hint of truth today, though less of one as more varied paths to libertarianism open.⁹

Ayn Rand is the most influential libertarian of the twentieth century to the public at large. She is a cultural force of impressive heft; a 1991 joint Library of Congress/Book of the Month Club poll found her magnum opus *Atlas Shrugged* to be the second most influential book on Americans' lives, after the Bible.¹⁰ Yet her status within and relationship to the movement she was essential to spawning is a paradox. A is A, Aristotle taught us and Rand reminded us relentlessly; but the culturally immense libertarian novelist and philosopher would remind anyone who asked that she was *not* a libertarian. In fact, she disdained them more fiercely than most of her other (and many) ideological foes, calling them her "avowed enemies."¹¹ Her devoted official followers have continued this tradition. More libertarian movement activists and devotees consider her more integral to their intellectual and ideological development than any other thinker; yet Rand stood

intentionally and proudly aloof from the movement that would not exist in anywhere near its current size and strength without her.

To understand Rand's disdain toward her most abundant and active intellectual children, you must understand the airtight world of her philosophy—Objectivism. She invented the name when she discovered, to her horror, that some would-be followers were referring to themselves as Randists. She is “much too conceited,” she related, “to allow such a use of my name.”¹² While she lived, she didn't even allow people outside her immediate circle to call themselves Objectivists, for fear that she would be thought responsible for any intellectual or moral errors they committed (and in Rand's eyes, those categories overlapped). “Students of Objectivism” was the proper phrase.¹³

Rand, more than any other libertarian thinker but Murray Rothbard, was a system builder. Not content, as were Hayek and Mises, to situate themselves as contributing fresh thoughts to an ongoing Western tradition of political and economic liberalism, she thought she was recreating philosophy from the ground up. Her political libertarianism was not based merely on the idea that laissez-faire capitalism was the most efficient social system or created the most wealth. Politics was at the end of her system (though some critics argue that her philosophical base was more rationalization for previous political convictions than purely rational).¹⁴ She insisted that a philosophical system must be one airtight unified structure, and generally had contempt for those who reached the same conclusions as she without the same base. The self-assured iconoclasm that led Rand to angrily reject her largest and most active band of followers was central to almost every decision she made in her dramatic and tempestuous life.

New York-born economist, philosopher, and journalist Murray Rothbard is both loved and rejected with great passion by various fellow libertarians. He was equally at home in the scrum of institution building and movement politics and in rarified realms of economics and political philosophy, and equally capable of making enemies in either area. He possessed the pugnacious New York Jewish intellectual style, passionate, funny, certain, and scabrous. He'd have made a great, characteristic communist and then neocon intellectual if only he hadn't been an anarchist libertarian.

Rothbard intersected Rand's orbit and became sold on the natural rights tradition from her after his initial background in Mises's utilitarian economics. Yet while Rand is the libertarian figure with the highest profile outside the movement, Rothbard is the major libertarian whom a typical American, layperson or academic, is least likely to know about.

He is, though, the most uniquely and characteristically *libertarian* of libertarians; the one whose influence explains most about what makes the ideas, behavior, and general flavor of American libertarianism unique; the most illustrative and paradigmatic of the foundational figures of modern libertarianism. He lacks Milton Friedman's almost universal respect as an economist and commentator. He lacks Rand's huge cult following. He lacks Hayek's academic influence. He came to intellectual maturity in the late 1940s and 1950s with work by the other four major libertarian influences affecting his own thinking, whether as positive influence or foe to grapple with. He had the least affinity for Friedman, because of disagreements on economic method and the proper role of the state; and the most for Mises, whose New York University seminars Rothbard attended for many years and whose distinct "Austrian" style of economics Rothbard advocated and furthered.

Rothbard strove to create, in his own words, a "thorough and systematic theory of liberty."¹⁵ He built his system from varied materials: the Austrian economics of Mises, a natural-rights ethic that came to him first from Rand;¹⁶ a yen for seeking libertarian lessons in history, particularly regarding the alliance between big business and the state, and the state's bloody history of warfare; a rehabilitation of the mostly forgotten nineteenth-century American individualist anarchist tradition as exemplified by Lysander Spooner and Benjamin Tucker; and a delight and fascination with the mechanics of movement building and down-and-dirty politics that the other four major libertarian influences abjured.

Rothbard was the most radical exponent of an anarchism that was latent in many of the important figures of 1940s and 1950s libertarianism, even though none of them dared speak its name—not even Rothbard, at first. While to many, both libertarian and nonlibertarian, "libertarian" means a dedication to a small government, a night watchman state in the popular formulation, one restricted to the protection of citizens' life, liberty, and property, limited for the most part

to the police and court functions, Rothbard advocated a fully anarchist libertarianism. He argued that even the functions of defense and courts could, and should, be provided through voluntary transactions in a free and competitive market.

Rothbard affected the libertarian movement not only through his writings but also through personal influence on those he met, befriended, tutored, formed organizations with, and in many cases feuded and broke with. For all his undoubted influence, Rothbard's edge-seeking radicalism and many strategic turns and bridge burning earned him many detractors in the movement.

Milton Friedman is a figure of world-historical importance, the American libertarian who will (further victories for libertarianism or no) clearly be recognized as one of the most important intellectuals of the twentieth century. For that reason, right-wing conservatives have tried to claim him as their own. Friedman is having none of it; he knows he is a libertarian, though if he had his way he'd be able to call himself, and be understood, as a liberal—in the classical nineteenth-century tradition, that is, someone who believed in individual autonomy above the perquisites of states, unions, guilds, or church.

He arose from a traditional, almost archetypal, American background, the son of an immigrant peddler and restaurateur, befitting a scientist and polemicist advocating what he considers a traditionally American philosophy of governance. But from those beginnings the depth and breadth of Friedman's impact on both economics and public policy is undeniable by friend or foe. As economist and polemicist, he has been the most widely respected libertarian of the twentieth century. Rand sold many more books, but she is not recognized by the opinion makers of her fields, literature and philosophy, as a great; precisely the opposite. Mises's economic contributions were more architectonic; but it is Friedman of whom the *New Palgrave* writes: "In effectiveness, breadth and scope, his only rival among the economists of the 20th century is Keynes."¹⁷ Rothbard was a more colorful and hard-core libertarian polemicist; but Friedman had a triweekly *Newsweek* column to expound his policy views in his dry, but authoritative and convincing, prose before millions of readers from 1966 to 1984.

Friedman was a highly sought-after adviser of presidents and potentates around the globe for decades; he is proximately responsible for some major constitutive aspects of the modern world, from America's

volunteer army to its income tax withholding system; from floating exchange rates to a Federal Reserve that tries to keep a tight lid on money supply growth. Ronald Reagan considered Friedman's 1980 book *Free to Choose* a must read, as does that younger actor-turned-politician, California Governor Arnold Schwarzenegger. Friedman is a remarkable example of radicalism in action, a hard-core libertarian who has never been shy about end goals that are still far in the future, while ideologically entrepreneuring politically achievable steps that will—*probably*—lead further in the direction he seeks.

“RADICALS FOR CAPITALISM.”

Libertarianism is based in economic theory, as economic science teaches how workable order can arise from the seeming chaos of free actions uncoordinated by a single outside intelligence, and how government intervention is apt to upset that balance. It is based in moral theory, positing what is or is not right when it comes to a human being, or group of human beings, using force or coercion on another. It is based in political theory, exploring the likely effects of granting human beings power over others. It is ultimately a delicate ecological balance of all these, with history in the mix as well, to further understand how the constant struggle of liberty versus power tends to play out in the real world.

But as much as it is economic, moral, and political, the most significant thing about libertarianism, the element that distinguishes its unique place in modern American thought, is that it is *radical*. It takes insights about justice and order and the fight between liberty and power farther and deeper than most standard American liberals, patriots, or Jeffersonians. It is a uniquely American radicalism whose goals can be described in many ways. Libertarians are radicals for liberty; they are radicals for choice; but a phrase, first used by Ayn Rand, characterizes the movement's prickliness, its willingness to take on terms from their enemies and turn them to their own advantage: Libertarians are “radicals for capitalism.” They are radicals who believe in the system of private property and free exchange that has been demonized by its enemies as “capitalism”—the tool of capital. But the libertarian

radicals for capitalism argue that that system is good not just for capital, but for everyone.

A general aura of unlovely suspicion surrounds the libertarian movement—that in its railings against state power it produces nothing but rank apologetics for market power; that those who finance or participate in libertarian agitation of whatever variety do so merely out of a gross desire for specific pecuniary advantage in this world; that, in the crudest Marxist sense, anyone who advocates these ideas is doing so under the influence of, and merely to protect, privilege.

But libertarianism, this book will show, is a radical doctrine; one that would upset any existing concentrations of state *or* market power to such a degree, sever so many tangled and long-spun links between business and government, that anyone supporting it out of pecuniary interests is a fool. Certainly, many, even most, financiers of libertarian causes have been big businessmen—they do tend to possess the concentrations of money that make large-scale philanthropy of any sort possible. But in doing so, they are following a personal interest in these ideas, not seeking quick advantage. Take, for example, textile king Roger Milliken, who has spent a great deal of money agitating for tariffs to protect his industry—as unlibertarian a cause as one could imagine, and one that does redound to his direct pecuniary interest.

But for decades, Milliken also spent a great deal of money supporting, and insisting his own employees sit through, the pacifist-anarchist lectures of libertarian educator Robert LeFevre, a cause that very likely could hurt his bottom line.

The biggest financiers of libertarian causes in the past few decades, the billionaire Koch brothers Charles and David, indulge in more standard political philanthropy as well, such as funding Republican candidates; their funding of libertarian causes is a labor of ideological love. Those who do believe simultaneously that a world of *laissez-faire* would be only to the benefit of existing plutocratic structures, and that plutocrats are generally effective conspirators in their own interest, must explain the comparative paucity of funding of specifically libertarian advocacy—not much more than \$125 million a year, and while growing, not growing by leaps and bounds. (The Cato Institute, by far the largest and most influential libertarian organization, is currently a \$22 million a year operation.) Another libertarian foundation, Liberty

Fund, is worth over \$350 million, but spends only 5 percent or so of that a year, mostly on scholarly activities not designed to directly influence public policy. While no longer completely subterranean, and with very real effects on the world, libertarianism is still a radical, outsider movement.

This is a story of thinkers and activists who felt the need to pursue their beliefs through alternative institutions, living out something of a shadow history against the “great” actions of politicians and major parties and the idea books and publications that constitute mainstream American intellectual history in the twentieth century. Not entirely of course—it is hard to accuse Ayn Rand or Milton Friedman of living in the shadows, as much as their opponents might wish to keep them there. Friedman in particular has always tried, while remaining radical in his goals, to work within and among the institutions whose gears mesh with the wheels of the “real world”—focusing his energy mostly on the GOP, not LP (Libertarian Party); on *Newsweek* and not the movement magazine *Liberty*.

Chapter 1 will explain aspects of the intellectual roots of modern American libertarianism in prerevolutionary Whig radicalism in England; in the patriotic American revolutionary tradition itself; in nineteenth-century French economic and philosophical radicalism and the classical liberal tradition of peace and free trade between nations; in the native anarchism of various curious nineteenth-century American abolitionists, free lovers, and alternative community builders. While many thinkers central to modern Western civilization, from John Locke to Adam Smith, had ideas of great importance to the modern libertarian tradition, this chapter will focus not on them—widely and thoroughly discussed in hundreds of other places beyond my powers to add or detract—but on more obscure characters who tend to be remembered and honored only by libertarians nowadays. Chapter 2 will discuss the early careers and radical free market economics of the Austrian School, a dominant intellectual influence on modern American libertarianism. (But not the only one. The Chicago School, with Milton Friedman its most famous exponent, has also added tremendously to the movement’s arsenal of economic thought on the benefits of free markets. The differences between the two, which will be discussed at greater length, are in method—the

Chicagoites tend to be more empirical, the Austrians more theoretical; the Austrians focused only on microeconomics, the choices of individuals; the Chicagoites more willing to think in terms of macroeconomics, the shifts and changes in inflation rates, gross national products, and the like; the Chicagoites embrace the standard tools of the economic profession such as equilibrium analysis and assumptions of perfect information; the Austrians think of markets as an eternally shifting process in which equilibrium is at best a useful mental exercise and at worst a lie, and also as a realm in which the search for information is one of the key problems; the Austrians tend to be more aggressively and consistently libertarian in their economic policy positions.)

Chapter 3 will introduce the three founding mothers of modern libertarianism—Rose Wilder Lane, Isabel Paterson, and Ayn Rand—independent and fierce women creating a fresh ideological tradition with some tools from a dying classical liberalism. With Chapter 4, the institutional history of modern libertarianism proper begins, with the founding of the first modern libertarian education institution, the Foundation for Economic Education. Chapter 5 discusses the anarchist strain in the modern movement and the rise of Ayn Rand's Objectivist movement. Chapter 6 tells of the triumphs and travails of the movement during the 1960s, when squads of radical youngsters embraced libertarianism, only to be condemned by their heroine Ayn Rand as "hippies of the right." Chapter 7 discusses the rise of the Libertarian Party and the entry into the movement of billionaire financier Charles Koch, and the aftereffects of that sudden injection of cash. Chapter 8 relates the story of libertarianism in the Reagan and Gingrich eras and beyond, and limns its influence on philosophy, culture, economics, and even psychiatry. Chapter 9 discusses the final days of the major libertarian heroes, and the epilogue assesses the controversies and prospects for this set of ideas now and in the future.

This is an insider's history. I have worked for, or with, or appeared at conferences sponsored by, or written for publications issued by, many of the major libertarian institutions discussed herein. I am currently a senior editor of *Reason* magazine, a full-time staff position. I have been an employee of the Cato Institute (from 1991 to 1994) and managing editor of one of its magazines, *Regulation* (from 1993 to 1994). I received a fellowship from the Competitive Enterprise Institute in 1999

and spoke at conferences under the sponsorship of, and received small writing prizes from, the Institute for Humane Studies. I've attended Liberty Fund-sponsored seminars and I've written for publications of the Foundation for Economic Education and the Ludwig von Mises Institute.

In other words, I'm hip deep in this world. My understanding of the ideas, institutions, and thinkers whose story this book tells is informed by seventeen years of study and labor from the inside, and is shaped by libertarians' own sense of the thinkers and institutions that they see as part of their team. Not everyone who has ever advocated a libertarian idea counts as part of the "libertarian movement" per se, not as understood within it. And there are people and institutions whose stories will be told here—including such luminaries as Nobel Prize-winning economists Hayek and Friedman—to whom radical libertarians might deny the label. But this book is rooted in a detailed and internal understanding of how libertarians have understood themselves over the past half century.

Like obscenity, libertarianism is something I know when I see, and other libertarians feel the same way. Many a movement libertarian's favorite pastime is reading others out of the movement for various perceived ideological crimes. As Fred Smith, head of the libertarian think tank Competitive Enterprise Institute, says, "When two libertarians find themselves agreeing on something, each knows the other has sold out." Libertarians are a contentious lot, in many cases delighting in staking ground and refusing to move on the farthest frontiers of applying the principles of noncoercion and nonaggression; resolutely finding the most outrageous and obnoxious position you could take that is theoretically compatible with libertarianism and challenging anyone to disagree. If they are not of the movement, then you can enjoy having shocked them with your purism and dedication to principle; if they are of the movement, you can gleefully read them out of it. Libertarians (not all libertarians, certainly, and not even many) have advocated on libertarian principle private ownership of nuclear weapons; the right of parents to starve their children; and that, if you fell off a building and grabbed onto a flagpole and didn't have the explicit permission of the person who owned the balcony, you ought to let yourself fall rather than violate their property rights by crawling to safety.

For all its occasionally zany radicalism, libertarianism is not a utopian ideology. More than any other set of political ideas, it recognizes and is based in the limits that economic reality and human nature place on attempts to use the state to accomplish grand goals. It instead “places its restricted faith in the unpredictable and unplanned consequences of the individual decisions of free men and women.”¹⁸

Libertarianism is deeply rooted in the impulses of America’s founding, and could easily be seen as its apotheosis and fulfillment. We live in a world with citizens riven over issues that almost always come down to angry debate over government action, issues in which much of the conflict would disappear if government action were removed from the table—from immigration policy to public schools to entitlements to value wars in the public square to abortion to war. In that world, the ideas promulgated by the people and institutions whose story this book tells may seem a reasonable and achievable basis for a conceivable next American revolution.