

Bleeding Heart FREE MARKETS AND SOCIAL JUSTICE Libertarians

Human Capitalism's Inconvenient Implications

By Brink Lindsey On October 9, 2012

The argument I make in Human Capitalism (see this prior post for a quick summary) raises uncomfortable questions across the ideological spectrum – and the corresponding philosophical spectrum as well. I'll start by reviewing how my analysis confounds some of the prevailing assumptions of both libertarians and progressives, then I'll turn to a broader challenge for liberalism, whether classical or high.

Since I'm a libertarian, let me pick on my own side first. I'll identify a couple of implications of my book that are likely to make my confreres nervous.

Inequality matters. Libertarians typically feel like they're on the defensive when the subject of inequality comes up, and they tend to react by minimizing its importance. Growth and opportunity are what we should care about, not equal outcomes. Indeed, inequality is a corollary of freedom: people with different abilities and preferences will naturally diverge in terms of socioeconomic achievement.

Of course BHL types, with their explicit commitment to social justice, should have no problem with the proposition that inequality matters – or, more precisely, certain kinds of inequality can matter under certain circumstances. Yes, the very concept of social justice gives most libertarians heartburn – and, I'll admit, it's not a turn of phrase that comes trippingly off my tongue. But if you're any kind of contractarian, and I am, you recognize that a society's policies and institutions should be judged on how well they work for everybody. So if one group in society is thriving while the rest lack vital opportunities or are failing to take advantage of those that are available, it makes sense to sit up, take notice, and look carefully at whether current policies and institutions need to be altered.

The ability to exercise personal responsibility isn't something we're born with. The idea of personal responsibility is central to the libertarian social vision: people should be free to make their own choices, and they should bear the consequences of choices. Yet nobody is born with the capacities necessary for reasoned choice: those capacities develop during childhood – i.e., during a time when no one believes we are fully responsible for our actions. So if the experiences of childhood have a big influence over how well we are able to make

choices, and those experiences are totally outside our control, isn't it a big problem when the conditions under which some people develop are flatly inconsistent with the robust personal responsibility we want to impute to them in adulthood?

This is just another way of saying that childhood doesn't fit well into libertarians' rights-based framework. Most libertarians will insist that our rights, properly understood, are all negative, and that positive rights don't make any sense because they necessarily impinge on other people's negative rights. But what about children? Unless you bite the bullet and argue that children are basically the personal property of their parents (which some libertarians have done – ugh), you have to concede that children have positive rights to care and nurture. How far do those rights extend? Are the concepts of child abuse and child neglect invariant or do their contents vary with changing social conditions? And what are the proper remedies when parents fail to care properly for their children?

Okay, time to pivot and make life difficult for my progressive friends.

Blaming capitalism for rising class-based inequality amounts to shooting the messengers. Progressives typically see the rise of class-based income inequality as a failure of free markets. Workers aren't getting their fair share anymore; the wealthy are absconding with too much of the joint social product. But what exactly is the market failure? Labor markets are pretty good approximations of the textbook version of perfect competition: lots of suppliers, lots of customers. How then are the prices being generated by those markets systematically flawed? And what has changed in labor markets during recent decades to make them less competitive and less efficient? Please don't say that inequality of bargaining power (now no longer compensated for to the same degree as in the past by powerful private-sector labor unions) is a market failure. Individual, non-unionized managers and professionals are able to strike sweet deals with huge corporations every day. Lack of collective bargaining is not a market failure.

Indeed, capitalism is currently operating exactly as we want it to. The world is getting more complicated, and the market is therefore signaling to everyone that more cognitive skills are needed. Because the supply of human capital isn't keeping up with demand, the market is upping the returns to human capital and thereby encouraging people to develop their capacities and hone their skills by providing them with a strong economic incentive to do so. Contrast this reality with the old Marxist vision in which capitalism's vitality depended on a huge, unskilled, and ever-more-miserably-oppressed proletariat.

The unequal incomes now being awarded in the marketplace are not the problem. Rather, they are signals of the underlying problem. In other words, the problem isn't that workers are being underpaid; the problem is that workers' labor is worth so little to others. By criticizing the market signals of wages as somehow unfair,

progressives are just shooting the messengers and diverting attention away from the real problem.

Cultural explanations of socioeconomic underachievement do not constitute “blaming the victim.” When I argue that working-class family structure and parenting styles are important factors behind the human capital slowdown and rising inequality, many progressives will instinctively recoil. And I understand why: it’s easy to phrase that argument in a way that sounds like I’m saying that workers’ disappointments in the marketplace are their own fault. But honest, I’m not!

The way I see it, the distinctive working-class culture evolved as a perfectly appropriate adaptation to economic realities. If the economy requires large numbers of people to engage in low-skill work, why would communities of those people develop a culture that stresses the acquisition of skills they will never be called on to use? And if economic realities have since shifted, that’s nobody’s fault. You absorb your culture in large part from the family and community you were born into, and nobody gets to pick those.

Let me conclude by noting the tension between my policy prescriptions and the ideal of liberal neutrality prized by classical and high liberals alike. Liberalism is not supposed to privilege one “thick” conception of the good life at the expense of others; rather, it is supposed to provide a neutral framework in which rival visions of the good life can coexist peacefully. Yet in my book I talk explicitly about using policy to change culture – in particular, to promote a culture more favorable to human capital development. Aren’t I taking sides? Does that mean I’m being illiberal?

I think I finesse the tension satisfactorily. I do see promise in early childhood intervention, which effectively amounts to greater exposure to elite cognitive culture at the expense of family and community influences. But this is something the families involved would have to choose. And yes, compulsory schooling can be characterized fairly as a kind of forced acculturation. But I advocate greater control by parents over choosing their kids’ schools.

Yet even if I do finesse the tension, I don’t make it go away. In my view liberal neutrality is an ideal that can only be pushed so far; carried to extremes it can end up being self-defeating, as in excessive toleration of intolerance. I don’t see how the state can avoid expressing some cultural preferences. Biology classes in public schools (or even voucher-supported private schools) privilege science over creationism; government-subsidized healthcare privileges medicine over Christian Science. And no, minarchy doesn’t eliminate these conflicts either: national defense chooses against pacifism, and police and courts choose against a culture of feuding.

Since philosophy is emphatically not my comparative advantage, I throw this one out to the experts. If liberal neutrality does have limits, where are they and how do you know them when you see them?