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The History of “Makers” and “Takers” in Libertarian Thought

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The makers-versus-takers, producers-versus-parasites, industrious-versus-idle dichotomy is at the heart of libertarian thought — and has been since its nascence. Libertarians believe that if each individual owns herself *and herself alone*, then everyone must obtain whatever she may need to survive by and through productive activity, or else peaceful exchange, no one being permitted to use violence or coercion. Libertarians of all stripes have stated and restated the comparison, unfavorable to the former, of politics and economics, intent on showing the difference between, in sociologist Franz Oppenheimer’s words, “the political means” and “the economic means” of acquiring wealth.

This emphasis transcends the putative left-right divide within libertarian thought, which places free-market and capitalist “right libertarians” on one side and socialist and anti-capitalist “left libertarians” on the other. Both camps, if we wish to abide this simplistic division, earnestly celebrate the productive classes, however defined, and denounce those who live off of the toil of hardworking others.

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This motif is something of an obsession among libertarians. Yet from this obsession does not follow the claim that libertarians have always identified the rich as the makers and the poor as the takers, or that libertarian ideas necessarily entail such a stance. Early libertarians argued that the rich and politically connected were the primary economic beneficiaries of state power, dependent upon the kind of redistribution and intervention to which libertarians are opposed in principle.

Early Thinkers

Such early libertarians proposed a distinction similar to Oppenheimer’s. It may surprise[1] contemporary readers to learn that the first self-described anarchist, the socialist Pierre-Joseph Proudhon, juxtaposed “the reign of law,” identified with “military rule,” to “commerce … the act by which man and man declare themselves essentially producers.”

For Proudhon, justice would mean “the reign of contract, the industrial or economic system,” that is, “commutative justice,” based on exchange between equals rather than the domination of an inferior by one who is essentially a military commander, empowered to command arbitrarily.

Later in the Nineteenth Century, Herbert Spencer, in his *Principles of Sociology*, notably reiterates this distinction between the "militant type of society" and the "industrial type of society."

And before Proudhon and Spencer, this militarism-industrialism, politics-economics duality was present in the ideas of Restoration-era French liberals Charles Comte and Charles Dunoyer, the most radical students of the *laissez-faire* political economist Jean-Baptiste Say. As historian David Hart notes, Comte and Dunoyer pioneered class analysis in drawing a "distinction between the productive class of the 'industrials' and the unproductive, exploitative class of the politically privileged," who, in Comte's words, "consume nothing that has not been taken from the producers."[2]

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Nineteenth-century liberals seem to have had an understanding of the relationship between government and powerful monopolists far more sophisticated than that of today's social-democracy liberals. I use this term, social-democracy liberals, in an attempt to remove some of the confusion around the word "liberal," a term that today can be used to describe a diverse array of more or less dissimilar positions.

For proto-libertarians such as, for example, the Loco-Focos, to be pro-labor meant being consistently anti-monopoly, which in turn meant opposing government special privileges and grants of license to its favorites. Monopoly didn't just happen as a natural result or tendency of free trade but was rather the product of elite design, instituted by positive law, that is, by force. William Leggett, the Jacksonian era man of letters and intellectual lodestar of the Loco-Focos, consistently attacked the raft of "special corporate privileges and immunities" through which "idleness enjoys the fruits which were planted and cultivated by industry."

Leggett railed in particular against the American banking and credit system, which, he argued, "bestows exclusive privileges on the scheming few, at the expense of the industrious and hard handed many." Leggett and the Loco-Focos were, therefore, free-market populists in the sense that they entered the fray to wage "anti-monopoly warfare," combating an established political machine and agitating for "unbounded competition" and equal treatment before the law.

A Brief Overlap with Socialism

For these earlier generations of libertarians, it seemed clear that laborers were the productive class, capitalists the shiftless idlers. The defense of labor against capital was, in the words of Thomas Hodgskin, "a war of honest industry against the idle profligacy." Following Ezra Heywood, his mentor in both radical thought and publishing, Benjamin Tucker similarly termed socialism "the great Anti-Theft Movement of the nineteenth century."

For Tucker, it was the state "that gives idle capital the power of increase" by preventing individuals from availing themselves of natural opportunities. Special protections and privileges limit competition, thereby laying the groundwork for unequal, unfair exchange that robs the disadvantaged party.

Like today's libertarians, they pleaded only for equality of opportunity, for the freedom to compete and trade on a level playing field.

Before it was the movement of the omnipotent state, then, socialism (at least as we find it in libertarian thinkers like Hodgskin and Tucker) was the movement of the *producer*, dedicated to putting labor in possession of its product. Whether or not this was itself misguided from a strictly economic perspective (we shall return to this question below), it is certainly not the case that all socialists looked to government power to accomplish their underlying goal.

Like today's libertarians, they pleaded only for equality of opportunity, for the freedom to compete and trade on a level playing field. The source of their opposition to capitalism as a legal, political, and economic system was its unfaithfulness to these, the avowed principles of the political economists, "the natural laws of trade." They saw government as the problem, the source of capitalists' power.

Modern-Day Rhetoric

Libertarian rhetoric today seems to have reversed course: In free-market and limited government circles today, Americans on welfare are frequently characterized as freeloaders who do not contribute to society, content in their indolence, gaming the system to laze about while the rest of us are hard at work. And today's liberty movement regards socialism as synonymous with coercive wealth redistribution, with stealing from the makers to give to the takers.

It is not entirely clear what has led to the rhetorical shift within the ranks of free-market libertarians. We might attribute the lionization of big business to Ayn Rand, who famously described big business as "America's Persecuted Minority." But this explanation wouldn't do justice to the complexity of Rand's thought, whatever her errors. Ayn Rand compared "producers" to the "looters" and "moochers" who reviled and held them in contempt, looters taking the products of labor by force, moochers claiming them by tears.[3] She exalted and defended productive work and trade like few thinkers before or since.

Rand was not wholly or uncritically laudatory of businessmen.

For Rand, this fundamental clash between production and parasitism is at the core of every historical conflict and every divide in political and economic philosophy. Vehemently opposed to war, Rand echoes Nineteenth-century liberals like Richard Cobden in placing international free trade in opposition to statism and militarism as a global force for peace. "The trader and the warrior," she writes in "The Roots of War,"[4] "have been fundamental antagonists throughout history," beholden to opposite principles, voluntary consent on the one hand, physical force on the other.

Rand observes that free trade liberated and transformed the world, that feudal society, for example, had regarded violent conquest as noble, commerce and trade as vulgar (in the old sense of "characteristic of or belonging to ordinary people"). This basic argument tracks that of contemporary scholar Deirdre McCloskey, whose *Bourgeois* series stresses the cultural and ideological shift by which the businessmen began to rate a position of respect in society.

Rand was not wholly or uncritically laudatory of businessmen. In the very same essay in which she describes big business as a “persecuted minority,” she notes “another kind of businessmen,” “the men with political pull, who made fortunes by means of special privileges granted to them by the government.”

Perhaps developments in economics explain the difference in perspective generally dividing Nineteenth- and Twentieth-century libertarians on the makers vs. takers question. The predictions of individualist anarchists like Tucker, which forecasted an end to rent, interest, and profit in the absence of anti-market government privilege, relied crucially on the idea that, *ceteris paribus*, labor inputs are the ultimate source of economic value.

Today’s libertarian hardly needs faith in the disappearance of rent to see that special interests are behind many of the anti-competitive policies that favor them.

Under this view, everyone should have to pay with labor, and labor (*only* labor, not idle capital) should be paid with its equivalent. A broad, indeed overwhelming, consensus within mainstream economic thought today (with which libertarians agree) sees rent, interest, and profit as purely *economic* phenomena, that is, as resultant from the workings of voluntary trade in a free market. In general, free-market economists have, since Tucker’s day, emphasized not only the subjectivity of economic value and the imperfection of markets (their inability to achieve anything like a state of equilibrium, even if they’re ever tending toward such a state), but the importance of entrepreneurship and capital accumulation and investment, which themselves provide value, even if that value is more abstract than labor.

Yet we needn’t cling to an outmoded and obsolete theory of economic value to appreciate the valuable and still-relevant anti-corporatist, pro-competition insights of thinkers like Tucker and Hodgskin. Today’s libertarian hardly needs faith in the eventual disappearance of rent, interest, and profit in order to see that politically connected special interests are behind many of the anti-competitive policies that favor them.

Libertarians could (and do) argue among ourselves as to whether the existing legal edifice is predominantly dedicated to effectuating free-market principles (or perhaps at least is not mostly inconsistent with those principles). One’s judgments about the extent to which the existing economy is a *bona fide* free market will, in turn, inform her opinions about whether existing distributions of wealth and income are legitimate in a normative sense. That is, even if we agree with F.A. Hayek that just and unjust are concepts inapplicable to “the impersonal process of the market,” insofar as the results of which “are not intended or foreseen,” we must ask first whether Hayek’s conditions have been met: Hayek is correct only if the actions and consequences under consideration are “wholly just actions.”

It would seem to be a fairly uncontroversial matter of historical fact that seldom have the conditions of market exchange been “wholly just,” or even anything close if our criteria are libertarian principles. Again, we return to the words of William Leggett on the rich:

"If he investigates the sources of their prodigious wealth, he will discover that it is extorted, under various delusive names, and by a deceptive process, from the pockets of the unprivileged and unprotected poor."

Thus, if we're attentive to the makers-versus-takers idea *as a principle* — not merely as a narrative engaged to belittle a less-fortunate group — then we may have to question some basic assumptions about the composition of the productive class.

Makers vs. Takers?

In arguing that the rich couldn't possibly be the takers, free-market and limited-government types sometimes point to the claim that the top earners account for the bulk of tax revenue in the country. By itself, though, an analysis of the sources of tax revenue by income group cannot tell us who belongs to the makers and takers categories. That analysis must be supplemented by a consideration of *who benefits* from the positive interventions of the state when a proper accounting is undertaken.

Corporate welfare and grants of special privilege are a thoroughly and distinctly bipartisan phenomenon.

But such an accounting is, it turns out, rather more difficult to undertake than we might expect. Subsidies, bailouts, and loan guarantees may be some of the most conspicuous, clear-cut cases of corporate welfare, but they're hardly its only forms. Several categories of state-granted privilege are generally excluded from the corporate welfare calculus. For example, the regulatory environment insulates corporate power form smaller competitors but is seldom considered in discussions of corporate welfare, strictly defined.

Though it is, as a practical matter, impossible to determine with any precision the extent to which big business benefits from regulatory protectionism (against both foreign and domestic competitors), the benefits would appear to be enormous. The most heavily regulated industries tend to be the most consolidated sectors, severely lacking in the kind of meaningful competition that drives consumer prices down and levels of service and customer satisfaction up. Corporate welfare and grants of special privilege are a thoroughly and distinctly bipartisan phenomenon, much as corporate giving to individual politicians does not discriminate based on party.

An exhaustive analysis of the costs and benefits associated with either corporate welfare or regulations is not the purpose of this article. For our purposes, it will suffice to say that it is, at the very least, an open, empirical question whether the sum of the state's positive interventions on behalf of the topmost corporate powerhouses makes *them* the real takers. That empirical question deserves more analysis within free-market circles and policy organizations.

Liberals arguably care more (than conservatives and libertarians) about the set of questions surrounding the role of corporate power and interests in politics, but their proposed answers to the problems identified are woefully inadequate and deeply confused. Today's liberals propose to fight monopoly with monopoly and — as perceptive political observers will note — share a core assumption with conservatives, their ostensible political enemies: They believe that the economic results we see at the present moment, whatever inequalities and inequities happen to exist, are essentially the products of a free market system, the winners having, therefore, won in an essentially fair competition. It thus seems a matter of course to them that the antidote to monopoly, privilege, and inequality should entail constraints on free market competition.

Collusion, corruption, and conflicts of interest are the natural and inevitable result of granting politicians and political functionaries power over the economy.

Sound public policy would proceed in the opposite direction, extricating the economy from the influence of politics, which liberals readily admit is dominated by corporate special interests. We might even say that the government is owned, as Leggett writes, by "little knots of monied men," making of it a private well from which they draw their power and privilege.

Collusion, corruption, and conflicts of interest are the natural and inevitable result of granting politicians and political functionaries power over the economy. To finally sort the makers from the takers, we need only make it impossible and illegal for any person (or group) to use force, even when called "politics," to attain his ends.

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