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The Joy of Freedom: An Economist's Odyssey by David Henderson

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Henderson, David. (2002). *The Joy of Freedom: An Economist's Odyssey*. Upper Saddle River, NJ: Prentice Hall. ISBN 0 13 062112 9

There are two kinds of free-market-oriented economists.

First are those who favor liberty on principle; they see free markets and personal freedom as a matter of *rights*.

Then are those whose answers to a libertarian questionnaire will land them in the libertarian quadrant but who do not advocate this political economic philosophy as a matter of principle, but rather advocate efficiency, or utility, or some such.

Among economists who are libertarians, an overwhelming number fit into this second category. They oppose minimum wage, rent control, tariffs, antitrust, drug prohibition, gun restrictions, etc., because the latest regression equations show these policies to be deleterious. But let their empirical findings reverse themselves, and these fair weather free enterprisers will quickly desert this philosophy.

Virtually all libertarian economists are members of the Austrian School. Praxeology is based on economic *principles*, not statistical data sets, and this habit of thinking must carry through from one field to another. It is no exaggeration to say that non-Austrian principled libertarians are scarce as hen's teeth.

That David Henderson is one such is only a small reason for welcoming his recent book, *The Joy of Freedom*. Make no mistake: there is not a praxeological bone in his entire body, but his reverence for liberty, his passionate commitment to it—in a word, his *joy* in it—is palpable throughout the book. If only because it is so rare that a Chicagoan-oriented economist should uphold this perspective in so fervent a manner, this would be a book worth recommending.

A Chicagoan who is a passionate advocate of liberty is a rare occurrence, not quite a logical contradiction, but almost. Henderson's new book, *The Joy of Freedom: An Economist's Odyssey*, is a dazzling case in point. When is the last time you heard a non-Austrian talk about government as a compulsory organization as "immoral" (p. 331), or of price controls as "incredibly immoral" (p. 191), or of taxes as "legalized theft" (p. 217)? Not recently, I should say. Henderson must be among the first such economist to say of promoting the free enterprise system, "I felt as if I had enlisted in a grand moral crusade that would also be a lot of fun" (p. 7). Also surprising, coming from this

corner of the political economic spectrum, is a characterization of Ayn Rand as “an intellectual and spiritual soul mate” (p. 4), and his rejection of the monstrous Friedmanite educational voucher plan (ch. 16).

Henderson writes from the Chicago moderate free enterprise position of Friedman, Hayek, and Buchanan (all three of whom he cites ad nauseum). Yet the author of this book transcends their pusillanimous compromising with free enterprise principles on numerous occasions, often from quite a radical perspective, at least for the dyed-in-the-wool Chicagoan that he is. Friedman, Hayek, and Buchanan accept a whole host of socialist nostrums rejected by Henderson, and none of the three fully comprehends the difference between compulsory government action and private voluntary and consensual behavior that serves as the guiding light of practically the entirety of *The Joy of Freedom*.

Joy is a joy to peruse. It is erudite, witty, informative, and a scintillating read. Not the least of the reasons for the latter is that Henderson personalizes economics in a manner I have never seen done so well. Part of his “odyssey” is a first-person autobiographical history about how he first came across his arguments in favor of free trade, or in opposition to the minimum wage law—many of them as a young lad—and how he employed these arguments, and against whom. It is in these stories that the real David Henderson comes shining through: scrappy, pugnacious, and with an unquenchable libertarian spirit. His clashes with Canadian socialists as a freshman at the University of Winnipeg are alone worth the full price of admission. And this is to say nothing of his later debates with Ralph Nader, Robert Reich, Joseph Stiglitz, and their ilk. I was jumping up and down in my seat, cheering for the author of this book, while reading these episodes.

Although in many ways Henderson can be counted among the radical defenders of laissez faire capitalism, he still has some way to go before he will fully deserve this honorific appellation. For example, he acquiesces in a plan to tax large cars more on the ground that they pollute more (p. 19); thinks that Harold Demsetz favors private property¹ rights (p. 22); maintains that in “rare circumstances tariffs could benefit a country” (p. 27); falls for Coase’s treatment² of light-houses (p. 28; to be fair, I once fell for this myself);³ supports Milton Friedman’s so-called principled case against the draft during the

Vietnam War (p. 51); characterizes a dedicated Communist as “a high-quality applicant” for a job as professor of sociology (p. 119); holds that Harvard is not ideologically biased (p. 152); and calls for a gradual, not abrupt, end to Social Security (p. 246).

There are also several internal contradictions. Henderson both supports the right to free association (ch. 6), and attacks “racism” and racial discrimination (ch. 7). He opposes taking (or justifies quitting) a government job since it is financed by compulsory taxation (p. 3), and yet reports that he himself does just the opposite (p. 193). He does a magnificent job in showing why racial discrimination on the part of employers is penalized by profit considerations (ch. 7) and yet thinks “minority groups . . . face . . . widespread discrimination . . . [under] . . . capitalism” (p. 144).

Further, he is a bit too politically correct for my tastes. Although as a Chicagoan he lives and dies by empirical generalizations, he rejects as “absurd and offensive” such products of induction as “white men can’t jump” (p. 100). Has Henderson never seen an NBA game? He opposes “sexist language” as well (p. 135).

But this is only the tip of the veritable iceberg, quarrels I have with but a few of the hundreds of such items covered in this 360-page book. Despite them, I must acknowledge that Henderson has done a superlative job of enhancing economic liberty. His chapter on socialized medicine is the best treatment of this subject I have ever seen. Ever—and I have read quite a few. Overall, I could barely put this book down, and have already adopted it for classroom use for my intro to economics course; my students and I liked it very much, as it greatly enhanced our discussions. It is hard to think of a better compliment I can pay any publication. Read it for yourself and see.

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Notes

1. For an alternative view on this author, see Block, Walter. (2000). “Private Property Rights, Erroneous Interpretations, Morality and Economics: Reply to Demsetz.” *Quarterly Journal of Austrian Economics* 3(1): 63–78.

2. For a critique, see Barnett, William, and Walter Block. "Coase and Samuelson on Lighthouses," unpublished ms.

3. Block, Walter, and Guillermo Yeatts. (1999–2000). "The Economics and Ethics of Land Reform: A Critique of the Pontifical Council for Justice and Peace's 'Toward a Better Distribution of Land: The Challenge of Agrarian Reform.'" *Journal of Natural Resources and Environmental Law* 15 (1): 37–69.

Hodgson, Geoffrey M. (1999). *Economics and Utopia: Why the Learning Economy is Not the End of History*. London: Routledge. ISBN 041519685X

The "Third Way" is an influential political philosophy that gained ascendancy in the last decade. Exemplified by Tony Blair's New Labor, its associated policies have become increasingly popular among political parties of broadly social-democratic persuasion in Western Europe and North America. Third Way politicians, cognizant of the failure of traditional socialist economic regulation and finally convinced of the market's superior wealth-generating capacity, want to integrate the latter in their, still essentially socialist, vision of a good society. While their broad intellectual foundations are provided by the sociologist Tony Giddens, Geoffrey Hodgson's book reviewed here is probably the most detailed exposition of their economic ideas.

Unable to deny the implausibility of Marxist economic policies, while at the same time unwilling to accept the individualism of the existing market economies, Hodgson draws a broad picture of a society that combines Marxist collectivism and free market efficiency. Although "Utopia" would be a fitting term for such an intellectual construct, the author prefers to call it "evotopia," projecting his vision of a good society from nowhere today to somewhere (everywhere?) in the not-so-distant future. The economic system Hodgson proposes for his evotopia is a market in which individual entrepreneurs are tamed, marginalized, or, better still, nonexistent. This kind of market, instead of individual greed, will be driven by much nobler motives: benefit of mankind, "enhancement of future knowledge" (p. 227), and other morally superior considerations. The work will be carried out by worker collectives operating within a set of rules directing them to enhance social cohesion and ensure rights of future generations