

time. This seems especially true with respect to 527s, which were of particular concern during the 2004 cycle, the last one to receive substantial attention in the book. Subsequent data suggest, however, that 527s might not be playing as prominent a role after 2004 as they did when La Raja was writing the book.

There are certainly findings in *Small Change* that seem counter-intuitive, and sometimes even questionable, but even those points in the book generally do more to keep the reader on his or her toes than to detract from what is an innovative and thoroughly researched work of political science. The book left this reviewer wishing that La Raja were there to debate his findings over a long conversation. *Small Change* is a fine start.

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The Libertarian Illusion: Ideology, Public Policy, and the Assault on the Common Good

William E. Hudson

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It is daunting to review a book claiming that everything you believe is wrong. Fortunately, William Hudson's *The Libertarian Illusion* also attacks many things that neither I nor very many other libertarians believe. This gives courage for the rest.

Hudson, a professor in the political science department at Providence College, is a communitarian. Were I to judge by his book alone, communitarianism appears to mean support for everything that government planners would like to do, provided only that a democratic majority believes such policies constitute the common good. In his first substantive chapter, Hudson also defends higher taxes to pay for these state-supplied goods and services. This stance is unlikely to endear him to the majority, but it's refreshingly honest.

Hudson also appears to have found a word for anything he disagrees with: "libertarian." He bends it to suit his needs. Thus Grover Norquist, who proposes tax cuts because they will lower government

¹The views expressed here are those of the reviewer, not necessarily those of the Congressional Research Service.

revenue, is a libertarian. But so too is Art Laffer, who proposes tax cuts because they will *raise* government revenue. Clearly, for any change in tax rates, at least one of them must be wrong. Yet neither view, if taken in isolation, offers a particularly strong example of libertarianism. A libertarian would lower taxes not to reach some desired level of government revenue, but because respect for the taxpayer demands it.

A taxpayer has a moral claim to all of his honestly acquired income. This claim is stronger than that of any other individual or group. Adding the words “state” or “society” to the claims of others does not change this situation in any relevant sense. This is the heart of libertarian thought on taxation. If lowering taxes changes the state’s revenue, a libertarian may find this a fortunate or unfortunate side effect, at his discretion.

Hudson, however, disagrees not only with Norquist and Laffer, but also with the libertarian moral claim. He writes,

The ability that any of us have to earn income and acquire wealth depends only partly on our own individual efforts. It relies as well on the operation of political, economic, and social institutions that make it possible for any of us to “earn a living.” . . . Viewed in this light, those deductions from my paycheck can be seen as reimbursement to society for that portion of my earnings derived from social goods [p. 43].

Although social goods clearly are part of everyone’s capacity to earn income, it’s a precipitous move to say that the state may therefore tax us. It is by no means clear that the state, among all institutions in society, is best equipped to receive that which we offer in gratitude for social goods. It is doubtful that the state could identify the relevant goods, and that it has supplied, or could supply, any but a few of them effectively. It’s even doubtful whether the state could know when taxation itself has become destructive of social goods. Indeed, the state’s own incentives run toward overassessing its importance, delivering social “goods” that no one wants, and supplying them in comically inefficient ways.

Communitarianism appears unfazed by these concerns, and it proposes adding many new government programs that seem equally likely to fall into these same old traps. It seems that our debt to society is never fully paid, but that society, in the form of the state, is

always eager to supply us with more. At what point, if any, is my debt to society—or my debt to a certain very earnest intellectual of high-minded ideals—repaid? And why do I find myself having to describe productive work in terms that verge on those of criminal justice?

Taxation also seems rather a red herring for Hudson, in that it leads him to term “libertarian” the overall program of anyone who favors cutting taxes. As we saw with Laffer and Norquist, this is at best confusing. When applied to elected officials, it becomes profoundly misleading.

For example, it is true, as Hudson notes, that libertarians welcomed the Reagan administration’s tax cuts, but they usually did *not* approve of its massive defense outlays. To suggest that Reagan was a libertarian—that he was under the spell of the “libertarian illusion,” as Hudson repeatedly terms it—is in some important respects inaccurate. Reagan was at best only half-enchanted. The feeling was mutual.

Similarly, libertarians applauded the second Bush administration’s tax cuts, yet they condemned even more loudly that same administration’s record-breaking spending. Strangely, Hudson terms George W. Bush a libertarian, and he lays at libertarians’ feet many of the very policies that they objected to the loudest.

One could argue, although Hudson does not, that libertarianism in theory will always lead to low-tax profligacy in practice. Yet this argument cuts both ways: Communitarians might likewise be able to enact all of their goals except *higher* taxes, and the result would be similar levels of deficit spending. Serious attention should be given to this critique by both libertarians and communitarians, although one will not find it in this volume.

Hudson’s subsequent chapters focus on regulation, Social Security, health care, and bioethics. In each of them, he argues that society has values that run beyond those of the individuals who make it up, and that particular experts—himself always included—can divine these values. Further, he argues that the state is the obvious choice to provide them. All along the way, he takes intermittent aim at libertarians for doubting each of these premises.

Yet far too often, Hudson gives an inaccurate picture of libertarianism. For example, in his treatment of deregulation he writes of the work of Nobel laureate and free-market economist Ronald Coase:

Coase imagined an ideal market world in which individuals could automatically communicate with one another regarding their preferences, one without what economists call “transaction costs”—the time and effort usually needed to communicate such preferences. In such a world, he reasoned, optimal efficiency even when externalities were involved would be achieved if those damaged by, say, the smoke of a polluting factory could either receive payment from the polluter for the cost of the damage done to [their] property or pay the polluter not to cause the damage [p. 92].

Although Coase did imagine such a world, he did not imagine that it reflected the real one. Instead, he offered it as a challenge to regulators and economists alike: Let us try, Coase said in effect, to *approach* this ideal by recognizing and enforcing new types of property rights and by making it as cheap as possible to strike bargains among them. The ideal can never be reached, but at least we know where it is. Coase’s insight has produced an outpouring of scholarship proposing innovative new solutions to environmental and other regulatory problems. This development, known as the law and economics movement, has generally been welcomed, and even led, by libertarians.

Yet Hudson presents the hypothetical Coasean world as though libertarians naively thought it was the real one. The charge is exceedingly weak. We find in the very *Encyclopedia of Libertarianism*:

Some argue that Coase is unrealistic because transaction costs are never zero. This sort of criticism demonstrates the failure of many to appreciate Coase’s arguments. . . . Coase’s analysis assumed zero transaction costs not because they really are in fact zero, but because this assumption allows one to appreciate their importance.

This critique, which Hudson seems to believe is damning to libertarianism, has long been offered—by libertarians. Hudson next offers Coase’s rather more sophisticated actual views as though they were an indictment of deregulation. This would come as a surprise, I think, to Coase himself. But Hudson is ultimately not all that concerned with Coase. Consider the following:

Proponents of smoking regulation who emphasize the costs of secondhand smoke as the rationale for nonsmoking actually

undermine the goal of preventing smoking. . . . If secondhand smoke were the only rationale for smoking bans, then a Coasian bargain to allocate the costs of secondhand smoke (if transaction costs were low) would be a reasonable solution. If enforcing standards of appropriate behavior for the common good, as agreed upon by a democratic citizenry, is the aim, then only regulation, not the market, can produce this result [p. 99].

If the majority decides that it doesn't want you to smoke, it may prohibit you from doing so, because the majority should spend as much as it feels like to achieve whatever goals it has in mind. Economic concerns are perfectly irrelevant.

Hudson's attacks on deregulation in practice are even more peculiar. Although deregulated airlines have brought lower prices, more widespread air travel, and even increased safety, Hudson concludes that deregulation is nonetheless not the boon we might imagine. First, he concedes that deregulation has brought lower prices "from large cities or to popular vacation destinations such as Orlando, Florida or Las Vegas" (p. 102). This, however, is apparently not the *common* good. The "common" good, it turns out, lies in travel to out-of-the-way destinations, which has become more expensive. We should therefore count this change as a net loss. Second, as to more widespread air travel, Hudson appears to be against it: "The currently crowded skies, in terms of both numbers of flights and people traveling, that deregulators routinely cite as a sign of its success also imposes [*sic*] costs on harried travelers and on the economy as a whole" (p. 104). One imagines a curmudgeonly first-class traveler, nostalgic for the time when ordinary folk didn't dare show their faces among the jet set. How this redounds to the *common* good is a mystery. Third, as to increased safety, Hudson concludes his thoughts on airline deregulation without ever mentioning it. It's hard to find a reason, however tenuous, to banish safety from the common good.

And then we come to Enron, which owed its short, fraud-ridden life to energy deregulation—at least in name. Yet in California's so-called deregulation, the state simply dubbed an enormous variety of complex, invasive surcharges, rebates, price controls, and quotas a "deregulated" market. The famous Enron frauds, schemes with names like "Death Star" and "Get Shorty"—these were not free-

market maneuvers. They were sophisticated manipulations of a tightly controlled market.

Libertarians' only mistake here, and some did make it, was to take at face value the claim that a "deregulated market" ever existed in California. They should have run while they could, because this, like the Enron schemes, was a fraud with an appealing name. In his own way, Hudson fell for it even harder: Years after the rigged prices and bogus deals were exposed, he's still saying that California's was a deregulated market, and that deregulated markets are therefore bad.

Really, though, after we strip away the misconceptions about communitarianism's chief ideological rival, an underlying problem remains: Hudson does not offer us any independent, critical means of evaluating public policy. His communitarianism is not, properly speaking, an ideology at all. It's a complacent stamp of approval on whatever state action the majority happens to want. The space for critical thought of any kind, libertarian or otherwise, is closed.

One wonders, for example, what Hudson would have said of Prohibition, which in its day commanded a solid democratic majority. My sense is that communitarianism, at least of his variety, would have reassured us that some social values are worth more than having a beer after work.

Not only is this a rather superficial way to think about politics, but where no clear democratic consensus exists, Hudson fumbles. This is most apparent in his chapter on bioethics. I think that few Americans would support the French government's policy on abortion, which Hudson favors. France treats the procedure as legal but regrettable, and it therefore subsidizes birth control for everyone, including teenagers. The idea that this approach will ever win a majority in America is frankly hard to believe. Yet Hudson's endorsement of it would indicate just how lost communitarians are when consensus fails. At all other times, and whatever that consensus may be, Hudson may well be there to support it, provided only that "it" entails larger government.

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