

Libertarianism

There are three principal philosophical influences on libertarianism. The first is the requirement for individual liberty whether rooted in John Locke or John Mill (see Liberalism). The second is the emphasis on free markets and property rights found in Adam Smith. The third is the philosophy of individualism articulated by Ayn Rand. In addition, the class theory of Murray Rothbard, the choice theory of James Buchanan and the price theory of Friedrich Hayek have influenced libertarians.

Rothbard suggests that society consists of two types of citizens. One type depends upon market exchanges for income and the other depends on taxation. Buchanan's analysis is based on the inclination of individuals and organizations to make choices that further their self-interests. This Buchanan argues is the basis for understanding the workings of government and its agencies and to understanding the growth of government. Hayek has added to the market theory of Smith by offering an explanation why markets are more efficient than other mechanisms for regulating supply and demand. Hayek shows us that the tacit knowledge needed to run a complex economy is only possessed by individuals and is broadly dispersed in society. Tacit knowledge is expressed in markets through price.

Libertarians believe that government should be limited to the protection of individual rights and property rights. Wherever possible libertarians would depend on voluntary transactions between individuals and groups and when necessary mediated through private organizations. Government involvement in society and the lives of citizens should be kept to a minimum because government's power to influence public activity is almost always based on coercion. Government is viewed by most libertarians as having a role in such activities as national defense, foreign policy, and a judiciary. However, the tendency of government to assert the primacy of the state over the individual must always be guarded against.

In the libertarian view individualism expressed in an environment where personal liberties are protected, property rights are enforced and all transactions are voluntary leads to a tolerant society. A tolerant society is one in which everyone's pursuit of both their personal and economic interests are optimized. Such an environment is believed to best facilitate the satisfaction of the needs and wants of individuals, which in turn provides the basis for generating personal wealth, general affluence and well being. It is accepted that the wealth generated will not be equally distributed but will accrue to those who invest the most in intellectual or economic capital in its

production. However, the resulting general affluence will benefit all to one degree or another both economically and personally.

Adapted from lectures by Jeremy Shearmur of the Australian National University.