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Deirdre McCloskey's factual case for free markets [1]

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Over at the excellent Bleeding Heart Libertarians blog, Deirdre McCloskey has weighed in with a tour de force post. The blog's philosophical symposium on free market fairness is, she says, "factually mistaken". The assumptions philosophers make about reality are misguided; modern history tells us much of what we need to know:

> *The master narrative of High Liberalism is mistaken factually. Externalities do not imply that a government can do better. Publicity does better than inspectors in restraining the alleged desire of businesspeople to poison their customers. Efficiency is not the chief merit of a market economy: innovation is. . . .*
>
> *Anyone who after the 20th century still thinks that thoroughgoing socialism, nationalism, imperialism, mobilization, central planning, regulation, zoning, price controls, tax policy, labor unions, business cartels, government spending, intrusive policing, adventurism in foreign policy, faith in entangling religion and politics, or most of the other thoroughgoing 19th-century proposals for governmental action are still neat, harmless ideas for improving our lives is not paying attention.*
>
> *In the 19th and 20th centuries ordinary Europeans were hurt, not helped, by their colonial empires. Economic growth in Russia was slowed, not accelerated, by Soviet central planning. American Progressive regulation and its European anticipations protected monopolies of transportation like railways and protected monopolies of retailing like High-Street shops and protected monopolies of professional services like medicine, not the consumers. ?Protective? legislation in the United States and ?family-wage? legislation in Europe subordinated women. State-armed psychiatrists in America jailed homosexuals, and in Russia jailed democrats. Some of the New Deal prevented rather than aided America?s recovery from the Great Depression.*
>
> *Unions raised wages for plumbers and auto workers but reduced wages for the non-unionized. Minimum wages protected union jobs but made the poor unemployable. Building codes sometimes kept buildings from falling or burning down but always gave steady work to well-connected carpenters and electricians and made housing more expensive for the poor. Zoning and planning permission has protected rich landlords rather than helping the poor. Rent control makes the poor and the mentally ill unhousable, because no one will build inexpensive housing when it is forced by law to be expensive. The sane and the already-rich get the rent-controlled apartments and the fancy townhouses in once-poor neighborhoods.*

It's an inspiring piece. Read the whole thing. [3]

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[1] http://www.adamsmith.org/blog/economics/deirdre-mccloskeys-factual-case-for-free-markets

[2] http://www.adamsmith.org/taxonomy/term/5809
[3] http://bleedingheartlibertarians.com/2012/06/factual-free-market-fairness/
[4] http://disqus.com/?ref_noscript
[5] http://disqus.com