The Case Against Intervention

Chee-Heong Quah

UNIVERSITY
OF
JOHANNESBURG

The Case Against Intervention

Chee Heong Quah

UNIVERSITY OF JOHANNESBURG

UJ Press

The Case Against Intervention

Published by UJ Press
University of Johannesburg
Library
Auckland Park Kingsway Campus
PO Box 524
Auckland Park
2006
https://ujonlinepress.uj.ac.za/

First published 2023

https://doi.org/10.36615/9781776425648

978-1-7764256-3-1 (Paperback)
978-1-7764256-4-8 (PDF)
978-1-7764256-5-5 (EPUB)
978-1-7764256-6-2 (XML)

This publication had been submitted to a rigorous double-blind peer-review process prior to publication and all recommendations by the reviewers were considered and implemented before publication.

Copy editor: Mike Leisegang
Cover design: Hester Roets, UJ Graphic Design Studio
Typeset in 10/13pt Merriweather Light

Contents

Preface

In the spirit of my previous volume *Austrian Economics in One Lesson* that explores economic principles grounded on personal choice and voluntary exchange, this title concentrates on topics of which government intervention is most contentiously predominant, either overtly or unnoticeably, in almost every country. The narration amongst others debunks and destroys the mythical belief that the government is necessary in correcting apparent market failures that supposedly occur if markets and societies are left to the free will of acting individuals. In the tradition of Austrian economics and libertarianism, the arguments presented vividly demonstrate the flaws and fallacies in the neoclassical and Keynesian economics that favour and argue for state meddling in the economy. The narration makes clear that problems of societies are best left to the private efforts by millions of coordinating individuals in the free market system. Intrusion by the government only makes things worse. Discussion by me on how a stateless society handles the Coronavirus disease (COVID-19) pandemic is found in Quah (2020).

The first chapter introduces the basics of governmental intervention, provides specific illustrations of what constitutes state intervention, including the observable and unseen effects of intervention, and specifies the legitimate role of the government for current purpose. The second chapter tackles the strongest arguments for state meddling in trade, particularly international trade. The third chapter deals with the most credible justifications for the government restricting free movement of people across political boundaries. The fourth chapter talks about healthcare and brings down the toughest arguments favouring state involvement in the sector. Chapter five reveals the dangers and harms of regulators and interferences by the government in occupational licensing. The perceived "discrimination" and the reasons for laws and regulations are dismantled in chapters six and seven, each chapter addresses different dimensions of the topic. Chapter eight looks into the sensational topic of global warming, surrounding myths and fallacies, and tackles the issue with a detailed cost-benefit calculus. The hard case advocating roads as a public good that must be supplied and managed by the state is handled in the ninth chapter. The final chapter explains and illustrates how the government's role in money diminishes the value of money and the quality of life of mankind.

The topics and discussions will appeal not only to students, academics, and scholars, but also to the average working men and women, and even retirees as the insights gained are closely linked to everyday life. Readers will find reading this book a pleasant journey as it is not only filled with fascinating reasoning but also simple illustrations and real-life examples. On top of that, the language used is simple and straightforward.

Finally, I would like to convey great gratitude to Ludwig von Mises Institute (https://mises.org) for providing insightful articles that serve as the key references to this effort.

Quah, Chee Heong
Faculty of Business and Economics
University of Malaya

1. What is Intervention?

Interventionism by the government, at its core, is actually an institutionalised, unwelcomed, unwanted, and forced co-ownership on a property owned by a private entity (Hülsmann, 2008). Any form of government intervention, be it taxation, regulation, or prohibition, involves a forced co-ownership by the government on private property and through this forced co-ownership, the genuine owner of that property no longer has the exclusive rights to their property. The genuine owner now must share control of the property with the government, which is run by elected and unelected officials. In brief, intervention by the government results in separation of ownership and exclusive control of the property from its legitimate owner.

For instance, through taxation, the government declares itself the lawful co-owner of the resources and assets owned by private individuals in their pursuit of profit and income. The private owners no longer have exclusive rights and control on their assets and the returns generated by the assets. Private owners, however, have exclusive rights over the losses generated by their assets. The government generally does not tax losses or negative returns. Whenever positive returns are earned, like it or not, private owners are forced to hand over a portion of their resources or returns, in monetary equivalent, to the government. This is what we call a forced co-ownership of private property and separation of ownership and absolute control on the resources from private owners. This forced ownership of private assets is certainly the basic tenet of socialist and communist ideologies and regimes. If private owners are voluntary in giving a part of their assets to anyone, it will be labelled as a donation rather than taxation. While private owners and entities must invest in assets and other means of production, thus risk their own time and money in the search for profits and income, the government does not have to put in those efforts nor take those risks in obtaining income and wealth.

The government proclaims itself the lawful co-owner when it imposes regulations and prohibitions on the use of private property. Under regulation and prohibition, the government prescribes using those resources owned by private owners in ways that private owners would not have voluntarily chosen. Consider the ban by local governments on the provision of plastic bags and straws by businesses to consumers. The government proclaims itself the rightful co-owner of private businesses such as grocery stores, hypermarkets, foodservice outlets, and restaurants. The statutory ban prohibits private businesses to meet customers' preferences and needs of using plastic bags and straws that would otherwise add value to their customers' experience. When the government bans the manufacturing of plastic bags, the government proclaims itself the co-owner or even the only legal owner of the resources, labour, and equipment that go into the production of plastic bags and straws. The government, however, does not prevent monetary and other resources to be used in other production that has yet to be prohibited.

Since government intervention inevitably entails co-ownership that is forced upon private property owners, and which is obviously not welcomed, private owners have the tendency to evade those interventions or forced co-ownerships. In response to taxation or partial expropriation by the government, private owners can reduce taxable income by, for instance, reducing reported accounting profits. Ways of avoiding and evading taxes include under-reporting sales revenues, especially those that involve cash receipts; augmenting operational expenses; carrying out asset purchases or reinvestments that otherwise would not have been undertaken; and running businesses in, or moving them to, states or countries that impose low or no taxes.

Avoiding partial expropriation or taxation in these manners may be able to avoid taxation but rational decisions of business managers are distorted in ways that can harm the success of their businesses and thus the total welfare of society. For instance, by increasing operational expenses that otherwise would not have been taken, present consumption in certain goods and services purchased by businesses is artificially augmented and in a way that may not be beneficial to the business operations or even the entire economy. To illustrate, a manufacturer can increase the size of its fleet of vehicles that is beyond what is necessary, motivated by nothing but to augment operating expenses so as to reduce taxable profits. By increasing present expenditures that are not really warranted, retained cash balances that can be useful in times of distress or for future investment opportunities are thus reduced.

By the same token, businesspersons who under-report revenues, particularly cash receipts that are hardly traceable by governmental apparatus, tend to refrain from present consumption to stay away from the radar of the tax revenue department. By doing so, the present demand for consumption goods is suppressed more than otherwise, and savings or abstinence from present consumption in the economy are artificially increased more than otherwise. If these businesspersons conceal their "excess" income and spread out their consumption over a period of time, it can have a moderating effect on the demand of consumption goods. The same effect can happen to investment goods. This pattern of moderated or spread-out demand in consumption and investment goods that is distorted by taxation or increased taxation on businesses and individuals, can send distorted signals to entrepreneurs and businesses that demand for that consumption and even those investment goods are lacking at the present time, not knowing that the demand is actually suppressed by the action to reduce actual taxation. Reacting to the distorted signals, businesses tend to under-employ resources and labour and under-invest capital for the future for the artificially depressed pockets of the economy. Ultimately, taxation and increased taxation can exert dampening effects on the economy, in particular in the production of consumption or luxury goods directly consumed by consumers. But then again, not all businesspersons and individuals are equally keen to evade taxation and not all of them under-report revenue receipts. Nonetheless, taxation and increased taxation have the tendency to incentivise taxpayers to under-report receipts and to spread significant purchases over the long term. Empirically, though, this distortional effect of taxation is difficult to observe and measure.

Conversely, certain businesses can also make unnecessary purchases to inflate their operational expenses so that taxable profits can be reduced. These taxation-induced increases in present consumption by certain businesses, or increased taxation on businesses, can give false signals to producers of these goods consumed by businesses to invest in more capital equipment, hire more employees, or expand capacities, when in fact the increased demand is unsustainable because those businesses are induced by the need to avoid taxation to make unwarranted purchases. These purchases are thus usually short-term and do not reflect the real demand of goods and services offered by those businesses.

Similarly, forced co-ownership through taxation can induce businesses to increase reinvestments or to expand in ways that are not actually called for, and these distorted decisions can be detrimental to the sustainability of the businesses. If reinvestments and expansions are increased due not to strategic reasons but driven by the motivation to reduce taxable income, present consumption and production of the affected goods are increased artificially, and this can send false signals to producers that there is a genuine sustainable rise in demand. These producers that sell to the businesses may be enticed to enhance capacities and mal-invest only to find out later that genuine demand has not risen.

Hence, in subsectors experiencing under-purchase, the market clearing price would be lower than otherwise, while in subsectors going through over-purchase, the price would be higher than otherwise. In short, the price mechanism is distorted and can no longer accurately signal to producers about what to produce, how much to produce, and how to produce. In certain pockets, there will be overinvestment, overemployment, and overproduction, while in other sectors there will be underinvestment, underemployment, and underproduction.

Of course, businesses can also choose to shift operations, in particular sales centres, to low-tax countries, states, or places. If partially finished goods or finished goods are taxed when they cross national borders, firms may even move their entire, or most of their facilities abroad wherever effective tax rates are lower. The detrimental effects of moving businesses, not due to strategic or operational reasons, but to avoid high taxes, are obvious. Businesses may lose their competencies and their customer markets when they move, and this increases the chances of business failures. To the consumers previously closely served by the businesses that have now moved, the consumers may not be able to enjoy goods and services of that quality or at that low price any more, and if for instance, the home country imposes high taxes, multinational corporations may choose not to repatriate profits from abroad. These companies may instead invest the profits in foreign countries with lower taxes. As a result, efficient employment of resources and labour is also shifted out of the home country.

Intervention, or forced co-ownership of private property, inevitably begets more interventions. Take the example of taxation again: the government will find ways to close loopholes in response to the evasion amongst the public to current taxation laws. If businesses increase expenses to lower taxable income by purchasing more vehicles, the government will raise duties on vehicles that experience high demand. Otherwise, the government can also impose a general consumption tax. If businesses and consumers move resources to sectors or places that are not taxed or regulated, the government will extend taxation and regulations into sectors or places previously left alone. For instance, if manufacturing facilities are moved abroad due to favourable tax rates and lower costs of production, the home government can impose import duties so that when manufactured products are imported into the home country, tax revenues can be collected. The government needs funding and resources to finance its activities, payroll, and expansion - taxation and regulation are the main tools that the government uses to obtain the financing. Government agencies and bodies will not cease finding new ways or areas to intervene and regulate, because without doing so, they cannot justify their existence, and the corresponding spending and hiring that go along with the operations of the government bodies, as well as their agencies and corresponding regulatory and enforcement activities.

Government Coming to Rescue?

Supporters of the state claim that the welfare of the population has been better thanks to various assistance and interventions by governments today. These observers look at the current circumstances and proclaim that these favourable results are due to involvement of the state in the market economy. For instance, the US government has done a good job in providing free education to the young public, without which parents would have to shoulder the additional burden of their children's education, so they say. The government is also lauded for providing study loans at low interest rates to those who wish to pursue higher education, without which those young adults who wish to further their studies and improve their lives and that of their families would have to abandon their esteemed dreams. Kudos to politicians and the government for providing free or cheap healthcare services including maternity services for the general public, otherwise low-income earners who cannot afford expensive private healthcare would have to suffer and probably die from sickness.

Also, thanks to the government for subsidising farmers, ranchers, and fishermen, otherwise food would be unaffordable for the masses, particularly those of the low-income segment of the population. Thanks to the politicians and state for heavily controlling the price of fossil fuel and its industry, otherwise the population would have to bear the high costs of fuel and energy. And since fossil fuel is the dominant source of energy for productive activities, the general prices would have soared even higher had the state not interfered in the oil, gas, and energy sector. Thanks to the government for prohibiting, restricting, or taxing alcohol, soft drinks, sugary beverages, cigarettes, and prostitution or else the health of the population or the moral structure of society would be jeopardised. Also, thanks to the environmental agencies for restricting or banning the use of plastic bags, straws, and packages, or else garbage dumpsites would have been overloaded and marine life would have been extinct.

Thanks to the state for taxing the high- and middle-income earners and giving the money to the poor and needy. Thanks to the social security agencies for taking away money from the young and healthy and channelling it to the old and sick, otherwise the old and sick would be left to suffer or die. Kudos to the government for directly providing public schools or else schooling would be too expensive to afford. Thanks to the wildlife agencies for protecting the flora and fauna in the jungles and in the seas. Thanks to the municipal, state, and federal governments for providing roads and public transportation, otherwise no-one in the private market would provide such a service. Good job to the various state agencies and bodies that regulate healthcare; education; pharmaceuticals; land, air, and sea transportation; foodservice; hotel and tourism; consumer and food products; professional services; airlines; vehicle manufacturers; online services; communications and media; finance and banking; and myriad products and services produced and marketed in the private market or else gullible consumers would be taken advantage of, cheated, harmed, or injured. Last but not least, according to supporters of the state, the state has also done perfectly well in producing and managing money to be used by the general public.

The aforementioned list of interferences, meddling, participation, and involvements of governments in the private lives of individuals in society is not exhausted. The list goes on and expands through time. The problem with supporters of state intervention is that they base their judgement and stance on what they could physically observe or see, not the unobservable and unseen, and also not the counterfactual situation, that is, what could have happened had the state not interfered in the free market and free society. The logic is that not everything that can be seen is evidence of the conclusion that the state has caused more good than bad. Plenty of important things are concealed and are not observable but with proper theorising and thought experiment, these components can be derived and uncovered and hence a valid and sound conclusion can be made about government intervention. In virtually all cases, as the remaining chapters explore, the free society and the free market are better off without interference by the state. Under the current system where the government role is omnipotent, the free market is restrained and could not perform to its full potential. But even with innumerable barriers, disruptions, and distortions because of government intervention, the people can still enjoy the benefits of the hampered free market, and as a result the well-being of mankind has generally bettered over the years.

The Legitimate Role of Government

Most scholars, even most libertarians, would accept that the only legitimate role of the government is to protect private property rights, nothing more, nothing less. Nonetheless, certain proponents of anarchism do suggest no justification at all for the state or government to exist. According to them, even property rights can be defended most effectively and efficiently through private voluntary efforts including private courts and enforcement agencies (see e.g., Hoppe, 1999). According to libertarian principles, everyone has absolute property rights over their own body, and everyone has an absolute property right over previously unowned natural resources, such as land and crude oil, which they first occupy and bring into use, often referred to as the "homesteading principle" (see Rothbard, 1978). For current purposes and discussion in this book, we will accept that the legitimate role of the government is protecting the private property rights of individuals. It must be stressed that this author does not rule out the feasibility of private agents in defending private property rights.

Therefore, the government, through its innumerable agencies and bodies, is expected and ought to protect the property rights of individuals when their rights are infringed upon. The problem though, is that even we can accept this legitimate role of government, there can still be contention as to what constitutes private property rights. Because of this, the free market is often to be blamed for failing to solve certain societal problems. One common example cited as failure of the free market, is pollution. Put simply, air pollution is nothing but the emission of harmful particles or substances into the air by certain people or organisations, in which the harmful substances are inhaled by people. They may also end up on the properties of others who have not consented to be harmed by those pollutants.

Our body, including our lungs, is certainly our private property, and hence the government's sole role of defending our private property should also include defending against any invasion into our lungs. It is unlawful for someone to aggress on another without their consent. By the same token, it is unlawful for any polluter to aggress on anyone by harming their lungs through harmful air pollutants. Harming others by polluting the air is an aggression against the private property of others and hence, the problem of air pollution that persists is the failure of the government to protect our private property, not the failure of the free market (Rothbard, 1978). Nonetheless, if an individual voluntarily and knowingly moves their body to an already-polluted area, they should be fully responsible for all the harm to their body caused by the pollutants. Conversely, if the pollution comes after they have moved to the area, the polluter should be held responsible.

That said, it does not follow that the government should run factories, plants, and airports on the grounds that uncontrolled private proprietors may harm the nearby community through noise, air, and water pollution. Instead of using any potential harm or conflict as an excuse to meddle in private businesses, what the government should do is merely establish what constitutes private property and accordingly uphold and protect the private property rights of every individual in society. The government should just uphold and enforce the law when there are violations. If the local authorities have been credible and reliable in enforcing laws in the past, private proprietors would not take the unnecessary risk of deliberately violating those laws. Nonetheless, if public officials and enforcement officers are habitually corrupt or sluggish in protecting the rights of residents, then there is every reason for private proprietors to infringe upon the natural rights of individuals.

Mere citing of potential harm or conflict to justify interfering with private businesses and voluntary private transactions is untenable. Most activities of businesses and individuals, if not all, do produce a certain amount of externalities to third parties who have not consented to be affected in the voluntary transactions with the businesses. Some externalities are positive while others are negative. Common negative externalities include pollution to those who are not directly involved with any transactions with the businesses. Meanwhile, positive externalities may include a rise in the economic value of land and real properties when businesses open and operate in the community. Another possible positive externality is a reduction in the crime rate when private businesses provide sufficient employment to youth, so that they are occupied and can earn income at the same time. Private businesses may also provide amenities such as streetlights, parks, hangout areas, lavatories, and roads which can be used by the public at no direct charges.

Against this backdrop, if the government must interfere in private markets to prevent or reduce negative externalities, to be consistent, it must do the same to positive externalities. By this reasoning, one will notice the ludicrousness of preventative measures taken by the government. In addition, daily private activities by any person such as walking, running, or cycling also pose risk of conflict or harm to other individuals who have not consented to be harmed. In each case, there is a risk or a potential of someone bumping into someone else when they walk, run, or cycle. To be consistent, the government thus must also take measures to prevent accidents happening by interfering or dictating the way people walk, run, and cycle. Clearly this is ridiculous. Thus, the universal solution to all potential conflicts and infliction of harm on any non-consenting person is upholding of an individual's natural private property rights.

Accordingly, the government's sole job is to clearly recognise and spell out that one's physical body is the sole private property of that person and that they have the absolute ownership and control over their own physical body. Every individual should have the right of not allowing others to invade their physical body and that every aggressor who violates this property right should be brought to justice by the government through tribunals and enforcement agencies. Having this establishment is already sufficient to solve most, if not all, of societal problems without any direct interferences of the state or state agents in any business or industry.

In fact, government interference is costly and potentially harmful to society. The state involvement in any affairs of society necessarily takes away productive resources from the economy, regardless of the efficacy of the involvement. The role of certain specific governmental agencies to monitor and regulate factories, plants, and vehicles to make sure that they do not harm innocent people through air, water, and noise pollution, is thus redundant, if not wasteful and harmful, similarly the unnecessarily direct role of the government to regulate the airline industry to make sure airlines and airports do not harm nearby communities. Knowing the fact that anyone, including firms and groups that harm people through pollution are liable to be sued and punished in the courts of law, and to be ordered to stop operations that cause that pollution, any profit-seeking private groups or firms or individuals will make sure their actions will not infringe upon any private property rights of any individual.

Otherwise, the aggressors would have to suffer great losses when they have to stop their operations, pay compensation to victims, or even serve jail sentences. When the public know and understand that private property rights are efficiently and effectively defended by the state, any other specific actions, and bodies to help assist in any specific cases to protect innocent people from harm are redundant, costly, and potentially counter-productive. For instance, specific laws to tackle polluters and the corresponding environmental agencies to detect and punish offenders, are not just redundant but also open up opportunities for potential misuse of power and corruption, which could even lead to more offences through pollution than otherwise.

This introductory chapter has argued that government involvement in the private affairs of society is actually an infringement of the natural private property rights of individuals. The remainder of this book ponders on common themes of state interventions in our private lives, paying attention to the seen and unseen costs of intervention. The next chapter looks into government interventions in trade and tackles the strongest justifications for state interventions in international trade and business.

2. Trade

International trade is one of those areas with the greatest government meddling ever, due to its high revenue-generating capability. For instance, from time to time, from administration to administration, the steel industry has been the cornerstone of trade negotiations between the US federal government and foreign countries. While restrictions such as tariffs imposed by the government on steel imports, may look good to domestic steel producers, the benefits are often short-lived, but the detriments can be long-term and enormous (Moran, 2019). The perceived rationale for tariffs is that foreign competitors are exporting steel to the US at unfairly low prices, also known as below-market prices, and as a consequence US-based producers are greatly disadvantaged in terms of selling prices.

Politicians and elected officials would also indict, for most of the time, foreign governments of subsidising their steel exporters with taxpayers' money. Alternatively, the US government has always accused China, for instance, of currency devaluation which makes the Chinese yuan cheaper than otherwise. The argument follows that, since the foreign governments are not playing by the rules, the US government must step in to ensure a level playing field in the steel sector, aa well as in all other sectors of traded goods and services. For our current purpose, we will use steel to illustrate the arguments. The same logic applies to other traded goods and services.

According to most American politicians, if foreign steel is allowed to sell cheaply in the US market, demand for steel products produced in the US that sell at higher prices, would remain depressed, and hence total employment and jobs in the sector and related sectors will continue to be low. On the other hand, once tariffs are either levied or escalated on imported steel, assuming everything else remains the same, imported steel will be more expensive and hence less attractive to domestic steel-consuming firms, even if the prices of locally made steel have not reduced. In fact, domestic steel producers can even increase their prices as long as they are still more price-competitive than foreign steel after the imposition of tariffs. It follows that local producers can then sell more or gain more revenue or high profits since now the foreign competitors are weaker in terms of price competitiveness. The more profitable local producers are expected to expand their facilities and hence through the expansions, in one way or another, more jobs can be created, and more local people can be hired.

The above scenario. more or less, portrayed by many politicians and economists supporting import tariffs sounds attractive as long as everything else is as before after the implementation of tariffs. Officials and bureaucrats, however, often leave out the very unintended consequences produced by the intervening hands of the government. Before we explore the by-products of government intervention in the form of import tariffs, let us begin by understanding the economics of the steel market prior to any intervention. Assuming quality of domestic and foreign steels, complementary services, and other related dimensions are the same or indifferent to buyers, there is only one reason for domestic steel-consuming firms to prefer imported steel over locally made steel, namely the significantly lower price of imported steel.

Suppose that it is absolutely correct that foreign governments are subsidising their exporters and hence the lower imported price of steel in the US. That means, foreign governments are also subsidising consumers of steel in the US who buy steel from their countries. Otherwise, steel-buying firms in the US would not have been able to enjoy the lower price of steel, which makes up as an input into their production. From this cost-saving, these steel-consuming businesses and manufacturers can in turn offer cheaper selling prices for their products, either consumption or capital goods, or gain more profits because their unit cost is lower with the lower price of steel input. The lower selling price of the products and manufacture of steel-consuming firms or the greater profits can thus be attributed to foreign governments and their taxpayers, if the claim that foreign governments subsidise their steel exporters is true. In a nutshell, wealth is taken away from foreign businesses and taxpayers to American consumers, manufacturers, workers, and businesspersons.

In that case, shouldn't the US government be thankful because now it can reduce its own welfare payments and subsidies to American workers and businesses? Accordingly, less tax can be imposed on Americans since foreigners, especially the Chinese, are now taking care of the welfare of the American people. Since the Chinese and other foreign governments, through coercion and force, are taxing their nationals to subsidise their steel exporters, the ones who are really worse off are foreign nationals and taxpayers, not American businesses and consumers, because American businesses and consumers can enjoy cheaper steel-based products and manufacture and the benefits that stem from this cost reduction, assuming quality of foreign steel is not inferior to US-made steel.

When American businesses and manufacturers that buy cheaper steel prosper, they can hire more people, pay better remuneration to their workers, expand their facilities, and transfer the cost-saving to their consumers. Remember that many capital goods such as machinery, tools, vehicles, bolts and nuts, and heavy equipment are made up of steel, and if these capital and intermediate goods are cheaper to produce, the consumption goods that are in turn produced can also be cheaper. The entire producers and consumers through the value chain hence prosper as a result of cheaper steel imports. Ultimately, businesses and manufacturers consuming steel, consumers, and the US economy at large are better off because many firms and sectors such as automobile, machinery, and construction sectors use steel-based goods. In short, foreign governments including China's are helping to boost the US economy.

The "Losers" of Trade

The ones who may be really hurt are actually the steel producers that are not competitive enough. No matter what their rivals do, be them foreign or domestic, they should defend and counter those rivals themselves with their own strategies and resources. Any competing steelmaker can be financially assisted by anyone, and every business should be prepared to face rivals that are cash-rich, including large firms and foreign governments. Indeed, even if the funds and resources used by foreign competitors are looted or obtained through unlawful means, this is beyond the control of American producers.

Actually, a few options can be undertaken by domestic steel producers in the face of cheap foreign imports, if indeed they are significantly cheaper, without resorting to seek protection from the state. Assuming the selling price is the only factor to lower sales, American producers can increase automation and economies of scale to lower the output price. Alternatively, they can differentiate and increase value in respects other than price. Just like any other business in any other situation, they have to embark on competitive strategies to remain competitive and to survive in the industry no matter what their rivals, either domestic or foreign, are doing. Just like any other business, they should close down and leave the market if they are not competitive enough.

If all domestic producers have to retrench, an outcome which is rare, salary cuts and layoffs may be inevitable in the steel production sector, but the booming of other sectors as a result of cheap steel inputs means plenty of opportunity elsewhere for the retrenched workforce if workers of domestic steel production are indeed dismissed. With cheaper inputs of steel, manufacturers that rely on steel inputs, such as producers of heavy machinery and tools, steel parts, and so on, can grow and expand. Sectors and industries that in turn rely on the outputs of these producers may be able to obtain cheaper inputs and grow accordingly.

In the meantime, the long run outcome of the demise of the entire sector of domestic steel production is unlikely because if domestic steelmakers had been operating in a competitive market all the while, there should be at least one or two dominant leaders that are robust to cheap foreign imports. Remember that in the real world, aside from price, the quality of products, superiority of supporting services, reputation, and others are also critical as core competencies. But then again, the demise of any firm or even the entire industry that is uncompetitive, replaced by substitutes, or no longer demanded by business and end consumers in the free market, better known as "creative destruction", is inevitable. It is actually beneficial. Productive resources such as land, labour, and other factors of production can be reconfigured and reallocated to the production of other goods or to other businesses or sectors that need these resources and labour. These resources can then be fully utilised most effectively and efficiently.

More efficient use of resources in the economy means lower prices of outputs. On top of the supposed subsidy by foreign governments, goods in the economy can overall be cheaper than before. Since the steel workers and their families too are consumers, they should benefit from the generally lower price. In addition, reallocation of resources from non-profitable production or businesses to profitable ones that meet consumers' needs and preferences also promote innovation, value, and quality of output. Consequently, not only can general prices be lowered, but better goods can also be produced.

An analogy can be taken from the industrial revolutions and the advent of automation and later, computerisation. During these times, many jobs and workers are displaced by machines and computers, but the overall wealth of mankind is augmented because more, better, or new goods and services can be produced with lower costs and manpower. The people can enjoy much more value than before. Displaced workers and resources, if possible, are reallocated into productive sectors. Those without the essential knowledge and skills can learn them.

Moral Obligations of the State

However, should the US government not be morally obligated to punish the immoral and unfair foreign governments that indeed subsidise their exports by taxing the rest of their populations? Should the US government not be championing the virtue of human rights and liberty? Should the

US government not be denouncing acts of tyranny and suppression of freedom?

First of all, the above questions pertain to morality and ethics, and they are not related to the trade of goods and services. But even if these matters are linked to trade, these supposed issues should not be left to the state to address. What the state does, if the state is ever needed, is nothing but taxing the majority of citizens and redistributing the wealth to various groups in various ways including in public goods that the state provides. Suppose that the moral issues are indeed problems that need to be solved, namely suppression or the like in other parts of the world, there is no justifiable role for the state to meddle.

Throughout the history of mankind, there have always been private organisations and fraternities, either profit-based or non-profit-based, that advocate and promulgate liberty and human rights through various means that are way more effective and efficient than what the government has to offer. Firstly, the government must necessarily spend taxpayers' money, in one way or another, when it embarks on any action. As such, when spending somebody else's money that is obtained through coercing the public, the government cannot be as careful, as effective, and as efficient as private organisations. Private organisations do not and cannot compel or coerce anyone to contribute their money to finance any movement or cause pursued by the organisations.

Short of using the armed forces to coerce the public, private entities must use persuasion to obtain the necessary funding or behavioural support to promote causes such as upholding liberty and opposing injustice and tyranny. To illustrate, suppose that China takes away wealth from its population to subsidise a couple of state-owned or state-run enterprises that manage to export their goods cheaply to the US. While it is hard to validate this claim, suppose that it is indeed true that the Chinese government is maltreating its citizens and there are people in the US who are strongly concerned and condemn such heinous acts. Just like any other movement in society, these perceived activists, if they are really keen, should unite and raise funds by themselves to champion their cause. Since they have to raise funds by themselves through voluntary means, they will spend their money effectively and efficiently.

These private establishments will only act in ways that they think can really improve the livelihood of the people in China, since these private groups have limited resources, unlike what the state has available. For instance, private groups can promulgate to the Chinese population ideas that limit the powers of government. Taking the wealth from the rest of the population and giving it to a couple of exporters is indeed theft and hence should be censured. Even though freedom of speech and freedom of media in China are strictly repressed by the Chinese government, private groups can still promote ideas using word of mouth and other discreet means, because exchange of people and movement of labour still take place between China and the rest of the world. As more and more people, particularly the new generation, sympathise with the virtue of liberty, individual freedom, rights, and equality before the law, the mindset of the political forces in China will soon change for the better even though this may take a long time. In fact, as history has taught us, any non-violent and non-intrusive measures to really change the mindset of a population will have to take a long time to succeed.

Secondly, when the US government punishes a supposedly immoral and oppressive government like the Chinese government by imposing heavy tariffs on Chinese goods imported into the US, the US government is fundamentally no different from the Chinese government that it denounces. Two wrongs don't make a right. When the US customs imposes heavy tariffs on imports, such as steel and smart phones, from China, it raises the prices of imports from China and hence denies local consuming firms and end users from enjoying the cheaper imports. The punishment also renders US-based importers of Chinese goods uncompetitive. In other words, the tariffs harm consuming firms and end consumers by increasing their cost of production and price of purchase, respectively. Hence, wealth is taken away from these consumers. What could have been saved and used for other purposes, can no longer be possible when consumers have to buy steel or phones from local or foreign manufacturers at higher prices.

If consuming firms and consumers choose to buy from China in spite of the tariffs, part of their wealth will be channelled to the government, because the higher price that they pay contains the tariff. Even if the importers absorb the tariffs as additional operational costs, thus not transferring the tariff burden to consumers, the profitability of the importers will suffer and thus denies importers from using the profits for productive uses, impedes reinvestment of profits for expansion, and reduces what could have been given to employees as rewards, fringe benefits, and so forth.

What if consuming firms and end consumers, as intended by the government, buy instead from local producers after the price hike of imports resulted from the tariffs? Since before the tariffs, these buyers could buy at a lower price from foreign producers but can no longer do so after the tariffs, wealth is essentially transferred from business and end consumers to US-based producers. Isn't this exactly the same consequence produced by the Chinese government when it takes away wealth from the general population in China and transfers the wealth to the Chinese exporters? Likewise, by imposing import tariffs, the US government in reality takes away wealth from consumers and passes it to local producers. Not only that, by pampering and protecting local producers, the government discourages them from innovating to be competitive again against competition from abroad.

Of course, the above is on top of the standard economic arguments against tariffs and other forms of trade barrier erected by local government to protect domestic producers at the expense of the rest of the population. While the US government is imposing sanctions on China, using national defence as justification, many producers, manufacturers, and all agents along the supply chain of goods and services based in China are actually subsidiaries or part of American companies headquartered in the US. By attacking exports from China into America, the politicians are also harming those American firms that have operations in China. These firms might have chosen China for its lower cost of production, greater efficiencies, and so forth so that end products can be sold at cheaper prices and thus benefit American consumers and consumers in the rest of the world. Having said that, of course not all American-owned companies in China are harmed equally due to tariffs and so on. Those firms that have close ties with powerful officials and politicians are usually spared from the direct impact of trade restrictions on China. These crony capitalists may even gain by having their competitors and rivals eliminated or handicapped by the restricting trade policies. But then again, in the long run, these protectionist policies will harm all firms because protected firms would be less prepared and ready to handle turbulence in the external environment and dynamism in the strategic relations with competitors and substitutes if these crony firms had been protected for too long.

The Reality of Supranational Institutions

Following the above insights, it is clear by now that any efforts by politicians and governments that seemingly promote trade and welfare of their nationals are in fact detrimental to the populace. Imposition of trade barriers such as tariffs, shift wealth from the rest of the population to certain groups that are protected by the state, basically a form of rent-seeking as coined by economists. Considering the larger populace who are being taken advantage of, each suffers only a tiny fraction of lost value and inconvenience, if they ever realise it, consuming individuals and businesses in the larger population have little to no incentive to protest or take action against such a trade barrier. For an average consumer, the marginal cost of protest or taking action is larger than the marginal benefit.

Nonetheless, as economic texts have repeatedly shown, the interest groups and businesses benefiting from trade barriers have plenty of incentive to lobby for such protectionist measures. These groups in turn are expected to reciprocate the politicians by financing their campaign programmes or by re-electing the politicians into office. In highly corrupt countries and places, these benefited groups will compensate the politicians that provide special privileges to them by giving the politicians bribes and kickbacks. The same is true even for authoritarian states where no elections are conducted. Against this backdrop whereby politicians are motivated by self-interests, how effective and efficient will supranational and international trade agreements and institutions be?

Suppose that representatives of two countries, say the US and China meet to discuss cooperation, conditions, and deals on trade. In mainstream media, it is often known as a trade summit or similar. Suppose that the US leader needs to prioritise the interests of certain American groups such as farmers and steel makers in the US while the Chinese leader has to take care of the automobile and food processing sectors in China. These interest groups are important to the leaders because they probably support their political careers. Even though China is an authoritarian state, financial support is still important for someone to succeed in political life as they may need to "buy" support from certain people, particularly members in the Communist Party of China.

In this scenario, agreements towards freer trade are more likely be accomplished because both sides gain if there are no tariffs on the cross-border movement of goods involving these businesses. The US representative will be glad if the US-based farmers and steelmakers can freely export to China without being hampered by tariffs at the Chinese border while the Chinese leader will be happy because the food processing and automobile businesspeople can import tariff-free and probably cheaper agricultural products and steel materials from the US. In the meantime, the Chinese food processors and car makers can also export to the US without being impeded by any tariffs. In this case, consumers of processed food and automobiles in the US will also be better off and pleased because there are now more options, and probably better deals, for them to choose from besides processed food products and automobiles made in the US. Free trade will be even easier achieved if exporters based in China are wholly or partially owned by Americans. These American owners would also likely lobby with US politicians to keep their exports from China to the US tariff-free. Under this hypothetical setting, there will be free trade as both country leaders can benefit since their respective interest groups are better off.

In the preceding simple illustration, only two countries are involved, and each country leader only has two interest groups to prioritise. In reality, however, there are certainly more countries and more interest groups for each country leader to take care of. Using the above example, the American consumers will benefit from more options and possible cheaper prices when imported processed food products and automobiles from China in the US are free from tariffs. However, the benefits are widely spread out in the population and not all consumers in the US who are registered voters are also buyers of processed foods and vehicles exported from China, even though exporters based in China can be owned by Americans. Even if these particular pockets of consumers do not get to enjoy the greater variety and lower prices from the free trade in processed foods and automobiles from China, the chances of re-election into office of the US leader are hardly affected as long as the chances of winning an election do not depend on the pockets of consumers.

Even if many of the supporters are potential buyers of the Chinese imports, not many will be very frustrated with the somewhat higher prices when tariffs are imposed, moreover when the Chinese imports are still cheaper than other alternatives. In addition, even if the potential buyers of the Chinese goods are also potential voters for the US leader in the next election, various other factors do come to play in the decision of voting for the US leader again besides the negative effects from these tariffs. Furthermore not all potential voters are aware of the tariffs and even if they are aware, still not all will remember them on the polling day. As a result, it is unlikely that elected leaders will prioritise the interests of consumers over any interest groups that have their interests conflicted with the interests of general consumers. Hence, given the above scenario, the outcome of average American consumers enjoying tariff-free processed foods and automobiles exported from China, is highly unlikely - unless of course these exporting businesses in China are actually owned by influential persons in the US who probably help finance election campaigns or provide other resources to ensure the re-election of that US leader or in other ways provide personal gains to the leader.

Back to the example above, it is likely that tariff-free processed foods and automobiles from China would conflict the interests of producers of such goods based in the US. These producers can be owned by Americans or otherwise. Thus, in the real world, it is unlikely that China and the US will strike a deal in the above manner where all American and Chinese business and end consumers gain. The Chinese exporters of processed foods and automobiles will likely be slapped with import tariffs in the US unless the producers of processed foods and automobiles based in the US are also taken care of. These US-based producers may well demand market access into China if they have yet to gain access. Ultimately, competing producers from both China and the US, depending on their respective political clout with the respective country leaders, will demand trade treatments that will favour them but disfavour their foreign competitors. Of course, producers seeking privileges from American politicians can be Chinese while producers seeking protection from the Chinese government can be American.

Meanwhile, those smaller businesses with less political clout and weaker financial prowess to influence the decisions of their national leaders, will tend to be neglected in the negotiation process. Along these lines, freer trade and stiffer competition across borders can be expected for smaller firms while large firms close to politicians will continue to be protected from foreign competition. As a result, real free trade between countries is hard to be achieved, and when it can be achieved, the "costs" of perceived freer trade will almost always be borne by smaller firms and general consumers that have little influence and connection with politicians. Indeed, government intervention in trade and politicians' involvement in cross-border trade negotiations redistributes wealth from consumers or the general public to large firms that are cronies of the state leaders.

Consumers who are not organised are generally worse off because there is less competition amongst larger firms so that their goods and services will be of higher prices and lower quality than otherwise if they are required to face foreign competition on a level playing field. Meanwhile, smaller firms and especially those that have little to no political clout may have to face stiffer competition due to freer trade between countries. In the long run, however, this stiffer competition in the markets of smaller firms is beneficial not only to consumers who get to enjoy better quality goods at lower prices, but also greater gains to producers because they have to constantly be innovative and efficient in order to compete with foreign competitors.

While in the short run, protection from foreign competition may benefit large firms, in the long run, however, it stifles innovation and growth and makes them more vulnerable to competition from within the country. Conversely, smaller firms will be sufficiently competitive to fend off future rivals, not only from abroad due to freer trade, but also those from within the country since they have already been used to greater competition. Smaller firms will hence be more robust than larger firms in the long run. Nonetheless, for fear of competition from smaller firms within the country, many large firms seek protection from politicians even for the domestic market by creating tough regulations so that their smaller competitors can be handicapped. Environmental and social responsibility regulations and obligations that increase costs of operation are some domestic barriers created by the US federal and state governments to protect large firms from smaller firms in the domestic market.

3. Immigration

Immigration is always a hotly debated topic on the policy table, frequently debated in the political arena, and often an inevitable item in election campaigns. In many rich, advanced, and favoured countries, intensifying barriers on immigration from poor or developing countries is often an effective tool in winning popular support from the electorate. Many social and political factors are cited in favour of immigration barriers, and one of the strongest arguments for the erection of immigration barriers is the threat of national persecution (see e.g., Deist, 2018). National persecution of current citizens of favoured countries can occur if the original citizens are reduced to a minority in their own countries, just like the oppression and discrimination faced by many minority groups in several countries today even though they are legitimate citizens in their own countries. For this reason, free immigration is always unacceptable in political and social dialogues.

Politics and Security

The above argument, while on the outset appears to be robust and defendable, is actually questionable in the following ways. Firstly, the emigration of people and refugees from hostile to safe places in the world is limited in certain "natural" ways, even if free immigration is in place for a favoured destination country. For illustration, we will use the US as one of the most favoured destination countries for anyone who wants to escape suffering, danger, or poverty in their home country, or simply for anyone who wants a better life that can possibly be found in the US. Apart from man-made barriers such as armed forces' enforcement and physical structures in preventing foreigners from entering the US, there are also natural barriers that potential immigrants must first overcome before they can reach the Land of Liberty. Potential immigrants must have enough money or means to be able to travel through the air, land, and / or water routes to arrive in the US. Obviously, in many war-torn and poor nations, not many people, at least not the majority, can afford the privilege of transportation from their home countries to the US. Even if there are financial and other aid by private organisations, the aid will barely be sufficient. Other natural barriers are cultural, language, lifestyle, value, and religious differences that may prevent or discourage certain people from moving into the US.

In this regard, it seems logical to predict that if free migration or open borders is implemented in the US, those most adjacent to the US, namely the Mexicans and the Canadians, who face the least physical and cultural barriers will most likely arrive first and in greater numbers than other nationals from the rest of the world. Since the closest people who are most likely to share the same cultural, social, and political views with the Americans, due to trade and social relations with the US, are to reside first and to settle in a much greater number than those from the rest of the world, there is little likelihood of the bulk of the immigrants not accepting the American norms or to pursue cultures and ways of life that contradict the American way. In addition, those who come from farther places, in the form of individuals, families, and ethnic groups, even if they may hold different values from the Americans, are also different to each other in language, culture, value, belief, and way of doing things. Unless these different individuals and groups that may hold conflicting principles with each other, unite and form a single or a few groups with one or a few common principles before they arrive in the US, it is virtually impossible for them to not assimilate and conform to the American values and norms once they begin to reside in the US.

As a result, the American values will be upheld by most people and prevail, and there will be little to no risk of national persecution of the minority who hold onto the current American values. The possibility of the current majority that upholds the current values descending into a minority that upholds current values is low. On the contrary, it is highly likely that those who are able to enter the US will assimilate well with the present American values of liberty, freedom, and democracy.

Secondly, even if free immigration is implemented in the US, free emigration is not necessarily allowed in other countries. Take the case of nations in economic or political crisis, for which the need for their citizens to emigrate is the greatest, not all of the citizens will be allowed to exit their countries. While those who have the money and means can find ways to exit relatively easily, the rest of the people who do not have the means are likely to be stranded or prohibited from leaving the country. Governments of these troubled nations will not allow free emigration as they need people to produce and pay taxes of all kinds to finance their expenses, including military expenditures. These regimes usually deploy military force to prevent their citizens from leaving. Even for peaceful countries such as Canada and Mexico, their governments will certainly find ways to restrain emigration to the US if workers, either skilled or unskilled, migrate en masse to the US. Both Canada and Mexico, while not facing conflicts at home, do need a large labour force to keep their economies and societies going. As a result, the numbers of immigrants from the rest of the world to the US are also restrained by the political barriers imposed by their respective governments.

Thirdly, the threat of national persecution if foreigners were to become the majority in the destination country such as the US, is also weakened in this manner. It is apparent that those who choose the US as the destination in which to reside are looking for freedom in the economic, political, religious, and social spheres. Hence, it is highly unlikely for groups of foreigners, that are different to each other to undermine or destroy the liberty principles and the American culture that they had sought in the first place, even if one day these groups manage to form the majority. Recall that these groups of migrants have fled their homelands due to internal conflicts, oppression, and instabilities that they had suffered before. Moreover, anyone who would like to contest in elections would have to abide by the US state and federal constitutions, of which human rights and liberties are upheld. Unless the established constitutions can be overturned in a very short period of time, it is impossible for foreigners not to conform and assimilate with the principles incorporated in the constitutions if the foreigners aspire to be political leaders or government officials. If they really want to change the constitutions, they would have to earn support of an overwhelming majority from electorates and Congress members. It is virtually impossible to have a vast majority of people to support oppression and persecution of the minority when it takes a long time for immigrants to rise to a political career and by that time, the immigrants would have assimilated with the American principles, norms, and culture.

Another strong, popular, and often accepted objection to free immigration or open national borders is the risk of importing or allowing in criminals and terrorists who could wreak havoc and possibly threaten the lives of citizens in one's own country (see e.g.. Block & Callahan, 2003). On the surface this issue appears to be an immigration question, it actually is a question of property ownership and security. If a person owns a house, they have the right of allowing someone who they think is not a criminal to enter their house. On the contrary, they also have the right of prohibiting anyone who wants to access their house should they think that the potential intruder is a burglar or criminal, for instance. Of course, the owner of the property has every right to allow or deny access to their property whenever they want and for whatever reason. They also have the right to hire security guards or defence personnel and erect physical barriers to fend off trespassers.

Returning to the question of a country, if the government of a country owns the land mass, shores, and waters around its borders, the government has every right to control or restrict immigration through its borders. For a democratically elected government such as the US federal government, if the majority of its citizens do agree to restrict immigration, then the state, acting as the agent for the people and as the manager of the country has an obligation to carry out the wishes of its principal, the people of the country. Here, we are saying that the owners of the property as a group, that is, the principal, appoints the agent, the government, to act on behalf in the management of the property. But the key question is, do all the nationals or residents of a country really jointly own all the land mass within a national border and its surrounding waters?

According to the great English philosopher John Locke, and which is based on the law of nature, and is now believed by many libertarians and lawmakers, one has the right to permanently own an unowned natural resource, e.g., land, if they are the first to exert labour upon it. For instance, if a piece of land is unowned by anyone, one can gain the right of ownership if they cultivate crops on the land or build a house on it. The general logic is that if nobody else has worked on the land, it means that the land is not valued by others or the costs of working on the land are deemed by others to be greater than the benefits. Also, if nobody else has worked on the land before, then the first person who works on the land will not be displacing anyone or dispute with anyone when they work on the land and own it. If they work on the land productively or simply build a house on it, the land now creates net marginal benefit as the land now can provide crops or shelter which is more valuable to mankind (or at least to them as a person if they do not trade or exchange in any way with any other person) than the previous state where the land was left idle. If they were to fell some trees, the marginal cost of disbenefit from the felling of the trees to the rest of the people should be miniscule or negligible. In addition, to many libertarians and scholars today, they can only legitimately own the land if their action is not harming the well-being of others. For example, if they erect a factory that emits toxic waste or produces gases that harm others, they have to obtain agreement first from those affected before they can carry on with the factory or own the land even though the land was previously unowned.

Now, based on the above principle of liberty which can be agreed upon by most people, is every piece of usable land in the US currently owned by some individual nationals or groups of nationals? The land mass bounded by the political borders is perceived to be owned by the US government, be it state or federal, but according to the Lockean principle of property ownership, the government ought to first work on the land in a productive manner before it could own it. The question is, has the government worked on all the claimed land productively? Certainly not. All the land mass and the bordering waters are claimed by the government simply by military presence.

For the case of owned property, it is obvious that using brute force to remove possession of a property from a legitimate owner is definitely immoral and unlawful. Nonetheless, even if a property, be it a natural resource or land is unowned, it is still illegitimate or unlibertarian, to take possession or appropriate that property simply by using aggression or brute force. But, what is the problem of appropriating an unowned resource or land simply by say, brute military force?

First, if military force is legitimate in taking possession of unowned land and water, most people if not all, will be incentivised not to invest in productive activities and value creation, but in weaponry and firearms. Once they "own" the properties by force, they can simply profit from the properties by selling or renting them out. Nothing productive would be carried out by the perceived initial owners who gained ownership through force. As a result, by people investing in assault equipment, scarce resources on the planet are not used for the betterment of mankind but on possible killing and destruction. Since natural resources are not superabundant, the net benefit for mankind is thus negative. The very same resources and time that have gone into the production of arms and weaponry could have been better used in the production of goods and services valuable to consumers.

On the contrary, if the Lockean principle is adhered to, scarce resources will be utilised for the betterment of mankind. If any firms, groups, or individuals who want to take ownership of certain unowned land or water on the planet, they must first exert labour or create value out of the land or water. Most of the time, these proprietors or entrepreneurs will produce and trade out of what they have taken from nature and hence create value for the rest of the people. Even if they are secluded and isolate themselves from the rest of the world, the natural resources can still be put into good use for themselves and their future generations. For instance, a group of people can own an island, live on it, and isolate themselves from the rest of the population.

Hence, by adhering to the Lockean principle, resources, labour, and time would not be wasted on the accumulation of weaponry and arms. The Lockean principle is hence economical. Moreover, ownership through brutal force is also immoral. Consider if someone is allowed to legitimately own a resource simply by force, others who would want to utilise the resource will have to pay the perceived owner not because of genuine willingness and conformity but simply because the owner is stronger in brute force. Anyone who wants to use the resource but who does not want to pay will be aggressed. On the other hand, if you have worked productively on the resource, others who want to use that resource will be more willing to pay you for using it because it is certainly persuasive and convincing that you have already expended labour, effort, and time on that resource and created something valuable out of it. Along these lines of reasoning, it is crystal clear that the US government does not rightfully own every acre of land that it claims to have owned within its political boundaries. Only in places where the US government has done something productively can it claim ownership.

Strictly speaking, as the Lockean principle prescribes, neither the US government nor any private entities have the right to prohibit anyone from occupying or residing on unowned lands. That being said, be it locals or foreigners, innocents or criminals, Hispanics or Asians, gays or transsexuals, they all have the same right to reside on and own unowned lands, provided that they have worked on the lands, e.g., built a house or cultivated the land. and have not in any way harmed anyone in doing so. Indeed, any owners of any property, regardless of if they are immigrants, are not supposed to, in any way, harm anyone who has not consented to be harmed. Certainly, foreign immigrants are free to reside on and own these vacant places without restrictions. No one has the authority to restrict or deny their access even if the immigrants have committed crimes before. To be clear, if we own a property, we have the right to filter potential entrants but if we do not own that property, we do not have any right to restrict entry. Nobody had the right to deny the Russians from landing on the moon because nobody owned the moon even though the Russians or their government had tortured or killed many innocent people. Similarly, nobody really owns any land on Antarctica and hence cannot deny access to anyone who wishes to enter it.

Back to our current world, however, the US government has overwhelming military might that can prevent anyone from crossing the US borders and detain or execute anyone who is regarded as a trespasser. The favourite targets of politicians and bureaucrats are none other than foreign immigrants, especially the semi- and low-skilled groups. In this scenario, who should have the authority or right to determine who can enter the US territories and who cannot? Since the US is a democracy, and a democratic nation is supposed to be "owned" by its citizens, and those who run the government are elected by the people, it seems reasonable that policies advocated by the elected representatives are ultimately shaped by popular preferences. Along this line, it is consistent that those who vote, and the majority of the voting population will ultimately determine who can enter and who shall not.

There is a problem, however. Not every person who resides in the US has the right to vote and not all who have the right to vote do actually vote in the elections. Many who are eligible but do not vote are held back and perhaps frustrated because voting for a candidate entails voting for the whole package of policies put forward by that candidate and not everything in that package is favoured by the eligible voters. Hence, if all residents, regardless of their right to vote, are considered owners of the country, it is only fair that the decision of every resident be counted, possibly through a referendum, for any single policy on immigration to be implemented. Today, a general referendum can be relatively effectively and efficiently conducted through the Internet with mobile technologies.

But what if the numbers of supporters and opponents are exactly equal? Consider the analogy of allowing someone into your house. The owner or owners of that house have the right to allow or disallow anyone from entering their property. If consensus cannot be achieved and the proponents are equal in number to the opponents of allowing someone to enter the house, the owners can look for an authority to adjudicate the dispute or bring the case to a court of law. Similarly, for a democratic republic such as the US, if there is a tie between the supporters and opponents of a certain immigration measure, the dispute should be adjudicated by appointed justices. Who should be the right justices is another complex question, beyond the scope for now.

Economic Well-being

The usually cited economic reason for controls on foreign immigration is the assurance of the greatest number of job opportunities in the domestic market to nationals, or in the words of politicians, to ensure that well-paying jobs are offered first to local citizens before employers can start to look elsewhere for potential employees. Employment policies of this sort are common in many countries, especially in well-developed advanced economies. Bureaucrats impose regulations that restrict or altogether prohibit the employment of foreigners in certain sectors, especially in the low-skilled jobs, citing that local citizens should be prioritised even though hiring locals may entail greater costs. In certain countries even high-skilled white-collar jobs must be allocated for locals first before employers can search for foreign incumbents. While on the surface this justification appears to be an economic reason, it is actually still a political reason.

In democratic societies where government officials are voted in by the constituents, politicians who seek to secure their jobs must appease the voters so as to enhance the chances of being re-elected into office in the next election. In authoritarian regimes where government officials are not voted for by the people, the government must still ensure internal stability and peace so as to avoid revolutions that can topple the regimes, and to ensure this the officials must make sure that local citizens are employed and earn sufficient amounts of income. By the government restricting competition from abroad, the local residents can afford greater bargaining or monopolistic power against the employers in the domestic market. In return, the satisfied local citizens will vote politicians into office in the next election. There is an exception, however. If the government officials are capable of bringing in large amounts of foreign immigrants so as to overwhelm the local citizens, and if these immigrants are given rights to vote for democratic countries, and if they are willing to vote or support the officials, the government officials can enact policies, laws, and regulations that favour the immigrants instead of the local citizens. Nonetheless, in the absence of mass immigration, which is difficult to be orchestrated by politicians, the rhetoric of protecting local wealth and local jobs for local people by many politicians is actually intended to protect the jobs of the politicians at the expense of net economic benefits of the entire society.

The rationale against restrictions on international or cross-border labour immigration on economic grounds is simple. The first problem is about the concept of "international". One may notice that when it comes to trade or labour movement, the very same economic activity that is allowed or desired or encouraged within a country will all of a sudden become undesirable, abhorred, condemned, restricted, and even prohibited when it travels across national borders. When the argument against labour immigration is invalidated once the labour movement becomes intranational, the argument fails on economic grounds. Since national boundaries are political and cultural, the arguments against labour immigration can then only be political and cultural, not economical. If the economic argument against labour immigration is valid, then it should also be valid when labour moves from one place to another within a country. If labour immigration by itself is economically undesirable, then migration of workers from one organisation to another will also be undesirable so that the receiving organisation will be worse off economically if it receives workers from another organisation, meaning that if a firm in New York hires someone from a company in California, the receiving firm in New York will certainly be worse off. By the same token, a firm that receives an employee from another district, state, region, or county will be worse off. National delineation is political and cultural, so are state, regional, and county delineations. They are all political and cultural.

Under voluntary arrangements, since it is beneficial for an organisation to hire someone if it figures out that that action brings more benefits and costs, it necessarily follows that it brings more benefits than costs if the organisation hires someone from another county, state, region, or country. If the protection argument of local job seekers is robust and sound on economic grounds, it necessarily follows that any company or firm must only hire someone within its locality so that the opportunity of the job seekers in that locality can be secured at the expense of other job seekers elsewhere. Of course, the definition of locality itself can be problematic. How distant should the radius from the premises of the recruiting firm be? How can the boundaries of the localities be defined? In the strictest sense, if protection of local job seekers is valid and viable, employers of a firm should only hire new recruits from people within its organisation. New start-ups or family-run businesses should only employ candidates from the families and friends of the firm managers. By reducing to the absurd, the case for the protection of local job seekers clearly falls apart on economic and business reasons. The only viable explanation for the call to protect local jobs for local people would be political, and politicians are incentivised to prevent foreign workers from competing with local workers, hoping that the local people will support them retain their offices.

The economic benefits of immigration are the same as those of movement of resources and labour across places. Companies hire people because they need a certain type of manpower to obtain certain goals that is not replaceable by tools, machines, or computers. The ultimate goal is none other than to serve the needs and preferences of customers. Good decisions in hiring are ultimately reflected in profit margins and returns on investment. Hence, the hiring decision involves an economic cost-benefit analysis of hiring that additional person. As far as economic calculations are concerned, there should be no difference between hiring local nationals and hiring foreign immigrants. However, if regulations and barriers are erected by the government, then employers have no choice but to prioritise local people over foreign nationals in their recruitment. The barriers in labour movement are detrimental to the owners of businesses, the employees, and the consumers. Oftentimes, they incur additional costs, both pecuniary and non-pecuniary.

Free movement of labour also produces benefits to society well beyond the economic realm. As we know from the benefits of comparative advantage, no one individual can be as efficient in producing all goods and services that they need and want. Ultimately, they have to choose what they do best, namely most effectively and efficiently or what they deem most valuable to them. Hence, they have to hire the services of others or purchase goods from others for all other goods and services that they consume, but that they do not produce themselves. This principle also applies to working women and mothers today, particularly in advanced economies. As found by Furtado & Hock (2010), increased low-skilled immigration leads to increased female labour supply and fertility rates amongst college-educated women across metropolitan areas in the US. The idea is simple. With the help of foreign labour in household chores and possibly in looking after the young children and the elderly, working women can utilise their time and effort in more productive ways, being active in the workforce or running their own businesses. With the aid of foreign workers that cost is often not as high as local counterparts at home. Women can also have more time and effort in conceiving and bearing babies. Women can concentrate their energy and effort in bearing and raising children, otherwise they would have to pay local household helpers who are more costly if they manage to employ willing local citizens. Alternatively, the women will be distracted with household chores if they have to work officially and at the same time raise their children. With greater fertility rates, the growth of the population is likely to be higher. Therefore, elimination of restrictions on immigrant workers can also help in human procreation than otherwise would have been.

It is plain to see why barriers on labour movement or importation of foreign workers are harmful to employers. Given a choice, employers would certainly prefer local candidates who are proficient in local languages and cultures if the business is serving local customers. Take the example of a foodservice owner-manager who runs an outlet in a local neighbourhood. To understand and meet the needs and preferences of their customers, the most suitable candidates to fill the positions of servers would be local people who know local languages and cultures. When recruiting candidates, the owner-manager would perform a cost-benefit calculation so that if the costs of hiring locals are lower than the expected benefits, locals will be hired. Otherwise, locals will not be hired and alternatively foreigners or machines would have to do the job. The costs of hiring locals may be much greater than the expected benefits for whatever reasons at that time, and hence the manager may switch to foreigners if machines are only helpful to a certain extent. Managers would only hire foreigners if the expected benefits are greater than the costs of hiring them. By imposing importation barriers and labour immigration restrictions such as costly health checks and insurance coverage on foreign workers, the government is raising the costs of hiring the foreigners so that the foreigners will be less competitive than the local candidates. This is effectively an import tariff on foreign service. Just like any other import tariffs, the effect is reduced price competitiveness of foreign goods and services vis-à-vis local substitutes. Suppose that the restriction on importation of foreign workers really works and there is no underground market, the manager who previously found hiring locals unprofitable may have no choice but to hire locals because hiring foreigners has also become unprofitable as a result of the government restrictions. Other things equal, hiring locals may be better because they are proficient in local cultures and languages.

Recall that the very reason locals are not hired is because hiring locals brings more costs than benefits to the foodservice manager. The manager can switch to machines, but again it depends on the marginal benefits over the costs of using machines. Suppose that human servers are preferred by customers. Since locals are well-versed in local cultures and languages, the expected benefits of hiring locals should be slightly higher than hiring foreigners after the imposition of import restrictions on foreign workers. Nonetheless, the marginal costs of hiring locals are still greater than the marginal benefits and this will undermine the bottom-line. The manager, having no choice, may choose not to hire new servers at all. The manager may try to extend the marginal benefits over the marginal costs of existing workers in their foodservice store. For instance, they may pay a little extra to encourage current servers to be more efficient or to work for longer hours. However, this might burn out the workers in the long run. And, to the economy, no new hiring and hence no new employment takes place. Hence, one effect of import restrictions on foreign workers is no new employment and long-run stress-out of current employees in the affected industries.

Alternatively, the manager can try to hire a new local candidate and try to reduce the marginal costs of hiring that person or increase the marginal benefits or try to achieve both at the same time. Reducing marginal costs of hiring by for instance, lowering remuneration and benefits may reduce the success rate of hiring because fewer candidates will take up the offer than otherwise. Hence, the process of hiring will take longer, and the operation of the foodservice store will be less efficient until a new server is hired. Increasing marginal benefits by for instance, assigning more tasks or longer working hours might stress out the workers and expedite resignation. Burnout leads to loss of morale and productivity and expedited resignation is bad because the recruitment process has to be restarted and new recruits trained. Of course, the manager can also try to achieve both objectives at the same time. In any case, the loss of efficiency and effectiveness is costly not only to the owner of the business but also to current employees and customers. To the business owner, they may suffer losses or depressed revenue due to dissatisfaction of customers when there is a lack of servers. Some customers may even stop patronising the store altogether. To the current employees, they have to work more due to insufficient manpower that could have been easily met had the foreign worker restriction not been enforced. To the customers, they have to endure slowness, inefficiency, and lower service quality during the period when the manager is looking for candidates to fill the vacancy. All this trouble could have been avoided, if restrictions on using foreign workers were not in place, and the manager is allowed to employ foreign workers without any penalties.

4. Healthcare

In almost all countries, the government plays a dominant role in regulating and financing healthcare services and health insurance. Either directly or indirectly, the government monopolises the healthcare industry. Not surprisingly, government meddling in healthcare is actually the cause, not the solution, to rising prices and falling quantity and quality of medical products and services (Roberts, 2018; Hoppe, 2009). In the UK, the government virtually owns and employs all healthcare resources and personnel, whilst in Canada, the government contracts private healthcare service providers. In Canada, the cost of socialised healthcare per capita in 2018 was 23 times the cost of private healthcare in the early 20th century, as measured by cost in number of working days (Friday, 2019b). In both countries that adopt the single-payer system, almost all medical and healthcare costs of all residents are paid by the single-payer, the government, through tax revenues. A more restricted variant of the single-payer system can be found in the US.

Single-Payer Healthcare

In the UK and Canada, the healthcare market is dominated by government-funded healthcare centres that include facilities directly run by the government and those managed by perceived private providers (McMaken, 2019). Only a small part of the sector is operated by private providers who receive their payments from private insurance companies and directly from the patients themselves. Nonetheless, not all procedures are allowed to be offered by private providers. The justification for a single-payer system is such that since the government is the only payer, it can exert overwhelming bargaining power over the healthcare providers so that prices can be forced to the lowest. Besides, the government can also determine what sorts of medical services and treatments can be offered by the providers.

However, low price alone is not a measure of value and certainly not that of quality. To lower the price, the government can simply impose "price controls". Just like in any trade, the downsides of price controls are obvious. By rights, healthcare providers, unless given special privileges by the state, should operate in a competitive environment. If demand for healthcare is high in a certain area, more entrepreneurs or providers will be attracted to enter that market. Since any single provider is not a monopoly as long as the services provided by this provider are also offered by other providers in the shared marketplace, this provider will not arbitrarily raise prices for similar services of which customers can easily obtain from other providers. Unless of course for certain services, if customers find it difficult or inconvenient to purchase from other providers, this provider will be tempted to raise prices for these specific services since they are not easily obtainable elsewhere. Hence, consumers who need these services will have to pay more to this particular provider that offers these services.

Nonetheless, the raise in price by a particular provider is not arbitrary. The reasons for the dearth of these services are plenty. The services can be especially advanced so that other providers have yet to catch up with the needed technologies and skills. The provider of these advanced services is hence more entrepreneurial, sensitive to the market needs, risk-taking, and forward-looking than other providers are. The provider takes more risk because they must invest in the new technologies and the corresponding human capital, and if the project fails to achieve sufficient demand, they will suffer losses. The prices offered for these advanced services hence are based on the additional value that customers will get. If the patients find the services more valuable than the price they pay, they will be willing to pay for the advanced services. On the other hand, if customers find the value to be lower than the price, they will not purchase the advanced services. They may just settle for comparable services offered by this provider or by other providers in the market. Suppose that customers like the advanced services and a sufficient number of them are purchasing the services, the higher prices asked by the provider can be sustained. In the end, both the patients and the healthcare service provider gain. The patients gain the additional value from the advanced services that no other providers can offer, and the healthcare provider gains the additional return from the risky investment. But suppose that not many patients pay for the new advanced services, the service provider may have to write off the investment. Clearly, the potentially greater profit through higher price is the incentive to entrepreneurs to innovate and take risks to offer something of potentially greater value to consumers. Greater value can also be delivered to patients through other ways such as short waiting time, comfortable ambience, friendly and helpful staff, fine and well-equipped amenities, high professionalism, better reputation, and so on.

Bear in mind that higher asked price can only be sustained if there are enough customers who are actually paying at that high price for that greater perceived value. Otherwise, the provider has to lower price and hence profit margin. The higher value and higher price not only incentivises entrepreneurship and innovation, but also solves the question of allocation and ensures the upkeep and consistency in the quality received by each paying customer, particularly in the initial stage of that newly introduced innovation. At the initial stage, the provider may have limited resources, skilled manpower, and capabilities because the entrepreneurial team would not have known the actual demand and purchase by customers once the advanced services are offered. During this phase, not many customers can be served at the same time without compromising on the quality of service. For this reason, it is perfectly logical for the price to be higher at this time, commensurate with the consistently higher quality received by each customer at each time. On the contrary, without the high price to ration the number of customers, there will be more demand than otherwise, and the provider with their limited capabilities in the beginning phase may have to stretch their resources and manpower, and as a result consistently high quality per customer per visit can be severely jeopardised. As with any other business or trade, such as that of electronics, the initial provider shall have to expand capacities and charge lower prices while other competing healthcare providers that are attracted by the high profits catch up with the innovation. In this phase, more customers can consume the advanced services which can now be relatively affordable and commonplace in the market. In a nutshell, the greater value, price, and entrepreneurial profit incentivises innovation and value creation and extends the value to the masses as competing providers react to the profit signal.

If price control stifles valuable innovation and quality, what about bringing in the government to fund or subsidise the lower prices that providers offer? First of all, politicians and bureaucrats do not really know what the market wants. Even if they could recruit healthcare professionals to help, these perceived experts are rarely impartial and selfless. Even if the team of experts hired by the government to innovate is genuinely knowledgeable, skilful, credible, and unbiased in any manner, the bureaucrats and the team of expertise are not in any way spending their own money or are in any way investing, sacrificing, and risking their own time, effort, wealth, and reputation to obtain the necessary funding for new investment projects. Apparent research and innovation projects are funded by taxpayer dollars. Quite the contrary, these people and their associates often benefit directly from new projects through various compensations and funding.

Secondly, since taxpayers' money is the ultimate source of funding and there is no way that taxpayers can refuse to pay taxes for certain government spending, the spending will never be optimally effective and efficient. The allocation of funds of the treasury to the health department for research and development will be bound to pressures from political and interest groups. The prospects of a re-election are also a critical consideration when the health secretary decides whether to carry on with certain research and innovation. To illustrate, if the majority of voters of their constituency are made up of the LGBT community, research and development of healthcare products and services may be dedicated to the needs of that group. Hence, funds can be channelled towards researching products that are not really demanded by most consumers. In that case, innovation in healthcare cannot be optimally effective as the genuine needs and preferences of most consumers can be sidelined to make way for those of special interest groups and associates that are important to elected officials and bureaucrats in the respective government departments and agencies. Investment in the wrong places is the norm as bureaucrats and politicians are not risking their own money. If their research turns out to be a market failure, they can always blame various external forces and downplay the failure. They can even increase funding, citing insufficient funds as the reason. Quite the opposite, if private competitive companies fail to meet the needs and preferences of customers, they can go bankrupt. Even if the publicly funded innovation projects turn out to be somewhat effective, namely meeting certain demands of the consumers, the usage of resources is hardly efficient, and wastage is the norm. The spending cannot be as efficient because again no one is risking their own money. Overpricing, overspending, over-employment, and low productivity will be true for government-funded healthcare projects as that in any other government activities.

Besides the impediment to innovation resulting from price control, under a single-payer system what is deemed to be important and hence must be funded and paid is determined by a group of bureaucrats and experts that need not necessarily represent the choices of a multitude of individual patients and consumers.

Free Market the Best Guardian

As with many other industries, the government wreaks havoc when it holds monopolistic power through coercion and force. By regulating and nationalising the healthcare industry, the government stifles competition and restricts the supply of healthcare and medical services to consumers. Besides directly owning and controlling the healthcare providers, the government also interferes through licensing laws. Under licensure, medical schools, hospitals, pharmacies, physicians, healthcare personnel, and other healthcare service providers must obtain valid licenses to practice or sell their services to consumers. Obtaining a license is not only financially costly but also cumbersome. The time, money, and effort expended in overcoming various tests, examinations, and bureaucratic hurdles could have been put into productive use.

To increase supply and hence lower the price of healthcare services, compulsory licensure should be eliminated. Thus, there should no longer only be one national and permissible standard of healthcare, but many competing standards, schools, and methods. If assurances of quality are really needed and demanded by customers, healthcare service providers can voluntarily obtain accreditations from competing accreditation agencies run by the government or the private sector, should the government decide to still meddle in the healthcare business. Quality and value to consumers will improve due to greater competition amongst a greater number of service providers and accreditation bodies. Not only that healthcare service providers have to compete for end customers, but accreditation firms also have to compete in the market of standard and reputation for business customers, namely healthcare service providers. In addition, there will also be greater innovations in healthcare technology and methods once the national standard is abolished because providers are free to innovate to create value to consumers.

Besides that, the government regulator that purportedly protects the safety of consumers is actually prohibitive to value creation. The US Food and Drug Administration that is supposed to test drugs and medical products and devices is in fact hindering innovation, raising prices, and delaying introduction of vital drugs and medical products into the market. Innovation is hindered because scientists and pharmaceutical companies are held back by the cumbersome, time-consuming, and costly red tape that must be overcome before a pharmaceutical product is approved and allowed to be sold and marketed legally. Since time to market is delayed and additional effort and costs are spent to obtain approval, the costs of production are increased, and this certainly raises final prices to consumers. Not only that, delays in approval and hence sales and marketing of drugs and devices can be very harmful because timely adoption of new and effective drugs, devices, and methods could save lives.

Without government authorities that regulate and approve pharmaceutical products, methods, and services, competing private firms and providers are still subject to product liability suits and the test of the market. Existing laws such as laws of tort and negligence are already in force to ensure due diligence of providers. In fact, the very reason why the adjudication process is so costly and burdensome is because it is monopolised by the government. Nevertheless, private arbitration and hefty compensation to victims, not to mention the damage to reputation, are already forbidding enough to deter negligent behaviour of healthcare product and service providers. Only in countries where freedom of speech and freedom of the press are curtailed by the government, can we find rampant corruption and injustices to victims of negligence of influential crony capitalists. Otherwise, in societies with steadfast adherence to freedom of speech and press, such as those of North America and Western Europe, there is no way guilty businesses escape liability if their products or services are indeed harmful to consumers. In reality, mere rumours of misconduct or negligence by pharmaceutical or healthcare firms are sufficiently destructive to the image and value of their firms. No rational owners or shareholders of the firms will allow their managers or employees to take excessive risks that might hurt the well-being of consumers. In other words, the market is the most efficient and effective regulator. But what about in countries where corruption is high, and accountability and transparency are low? Is there a role for the government to check and balance the healthcare industry? In these countries where the institutions for fairness and justice are weak, there is no reason that the very agency in charge of regulating the healthcare market is impartial, trustworthy, credible, and accountable for its decisions and actions.

On the above, the need to maximise profits and to avoid losses and destructive litigations will ensure that only reliable, effective, and safe healthcare products reach the consumers. Since more innovations can be created, marketed, and sold in the absence of costly approval procedures, consumers can enjoy more varieties of drugs and devices of higher quality but at lower prices. Without the centralised authority that claims to be the sole expert in evaluating and testing of drugs and medical devices, various competing private organisations, including the media and rating agencies will be there in providing information and to assist consumers in choosing the right drugs, devices, and treatments. These rating agencies may collaborate or compete with pharmaceutical firms in building reputation and credibility. Even if the rating services are not free, the rating agencies must compete for consumer dollars, unlike government agencies which are financed by taxpayer funds. The rating and accreditation firms will also be paid if consumers demand their services.

In an unhampered market economy, competition will be stiff and better products and information including product descriptions and guarantees will be delivered to consumers if they are demanded. Information on drugs and other products will be more valid and reliable because firms must compete to earn profits, recoup investments, and avoid losses, unlike government agencies that are not subject to profit and loss. Government agencies will not go bankrupt if they provide shoddy services and inaccurate or false information. Even if a government agency can be held legally responsible for its mistakes and negligence, ultimately penalties are financed by taxpayers. Hence, only under the free market setting minus the interference from the government, greater value per dollar spent can be enjoyed by consumers and it is up to the freedom of the public to choose what is best for them.

Along with the abolition of the regulator of food and drugs, the government should also stop granting patents to drug and healthcare product companies. In the US, not only products but even methods and processes are patentable, and in many countries, pharmaceuticals are patentable. Nonetheless, since the government should not hinder the production and sales of pharmaceutical firms through an authorised regulator, it too should not grant patent privilege to pharmaceutical firms that give these suppliers certain monopolistic power over a certain period of time. The common justification for patent laws is to ensure that the efforts and investments of those who produce new inventions and innovations generate reasonable profits, and this is done through the prohibition of others from selling and duplicating those patented innovations and inventions without permission. Of course, this is far from the full description, but the general motivation is as such. Opponents to patents would argue that patents that grant the monopolistic rights to the patentees actually stifle inventions and competition rather than encourage inventions and competition. When exclusive monopolistic rights are granted, prices can hence be raised.

It is simply not true that without patents, individuals and firms that produce something novel in the market will suffer economically. Consider these points: First, it takes time for competitors to emerge and to imitate or duplicate the novel creation. After all, when an innovation is novel, it must be substantively different from what has already been done, be it the engineering design, the manufacturing process, the work process, the required technologies, resources, manpower, or skills, and so forth. It is completely the responsibility of the producers to make sure their novel inventions are hard if not impossible to be imitated by competitors. It is neither ethical nor logical to use taxpayers' money to help protect the profitability of producers at the expense of consumers.

Second, imitations and counterfeits will not be identical to the genuine ones if the inventors and producers protect their trade secrets properly. If the producers fail to create sustainable competencies, at least they have to secure their valuable properties properly if they think that their innovations are really valuable. If the producers fail to secure the secrecy of their trade secrets, it should not be the obligation of taxpayers to help compensate them. When the innovators make money from their new innovations, the owners enjoy the gains. By the same token, when they lose money for whatever reason, the owners should be the only ones that bear the full costs. Private security of assets and properties should be part of their operational expenses, for not everyone in society regards intellectual property as real property that must be protected by the state.

Third, even if imitations can come close to the originals in tangible aspects as product features, quality, and packaging, it takes much time, if ever possible, for imitators to copy the valuable intangibles that come with the products. Such intangibles include the accompanying branding, reputation, sales, and marketing services, guarantees, customer services, convenience, and other intangibles. The point is that when a consumer decides to purchase a certain pharmaceutical such as a drug, they consider many aspects such as efficacy, reliability, side effects, ease-of-use, credibility, sustainability, safety, and packaging of the drug and the corresponding brand and manufacturer of the drug. Many aspects other than the core drug are considered before consumers make purchases. Prompt and reliable customer service is one of them. Also, consumers will prefer products that are widely available. Hence, the distribution network of a product is also an intangible that is difficult to imitate.

In addition, consumers care about the price, availability, and services supplied by the retailers or sellers of the drug. In other words, the values that have been added from the manufacturer through the value chain to consumers are also important to end-consumers when they decide to purchase a pharmaceutical. In the services sector such as the foodservice sector for example, meals are not patentable. Hamburger, chicken, rice, coffee, and bottled distilled water are hardly practically patentable and it is up to the sellers to capture and retain customers. Whole units of automobiles are hardly practically patentable, but Toyota can still remain as one of the best-sellers even though many competitors are imitating its products. Apple too, can defend against fierce rivalry by continuously innovating, even though many producers are making similar smart phones today.

The government should also not meddle in the market of health and medical insurance. Under Obamacare, for example, insurers are not allowed to charge high premiums, and are prohibited to deny coverage to individuals with pre-existing medical conditions. Any individual without any health insurance must buy insurance or pay a penalty for not being insured. The individual mandate is supposedly to expand the customer base and hence premium revenues so that young and healthy people can finance the medical claims of the sick and elderly and to ensure low and affordable premiums for the risky groups. While all this seems to be good, the objectives are economically contradictory. As a result, the government has promised to finance or subsidise insurance companies in order to achieve the objectives of low premiums and high coverage in the quantity of people and in the scope of medical conditions.

Why are the objectives economically conflicted? One must first understand why insurers charge high premiums and refuse to cover certain risks. First of all, just like any other private business, insurance companies do not have the power to print money and they too need to earn revenues to cover costs and if there is a balance, profits can be made. Otherwise, they must suffer losses, and if this persists in the long run, they have to leave the business. The revenue mostly comes from premiums paid by customers and the costs are mostly made up of payments given to customers who make claims. To make profits and to finance other operational and financial costs, total revenue must be more than the total cost. Hence, it only makes sense if a customer who is riskier, that is, more likely to claim and / or claim a large amount be required to pay higher premiums than someone who is less likely to claim. Naturally, the elderly, who are more likely to be ill and claim, should pay higher premiums if they have not been covered for those risky conditions since young. On the contrary, the young and healthy will pay lower premiums since they are less likely to claim. No rational young healthy adults will voluntarily pay high premiums knowing that they are not likely to claim and that their payments will be used to finance the elderly and the riskier people.

Higher premiums too, ought to be charged for medical conditions such as diabetes and strokes that are highly determined by the lifestyle and diet of individuals. Those who are uncovered and are almost certain to claim and at a very high amount, can be denied coverage if private insurers find them to be too costly to cover. To be clear, a one-time premium payment is just a small fraction of the total claimable amount. Otherwise, insurers will suffer losses, and nobody will buy insurance when they are healthy because they can always buy insurance and get medical treatment paid by the insurer when they are sick and need financing. There will be no concept of insurance, and the insurance business will not exist because under the working of insurance, premium revenue must be more than sufficient to pay for medical claims.

Even if every individual is forced to buy insurance, they would rather pay the smaller penalty than the high premiums to finance the sick and elderly who would claim excessively out of moral hazard knowing that they could enjoy the benefits and somebody else is footing the bill. To conclude, high insurance premiums and refusals of coverage are the natural workings of the free market in the insurance industry and there is no way the government can create low premiums for high-risk people without funding the insurance companies using taxpayers' money.

Cure Worse than the Disease

The role of the government in causing the problems in the healthcare sector can be summarised as follows. First, the government is the cause, not the solution, to rising healthcare costs and prices. The government raises prices by restricting supplies of medical schools, physicians, medical personnel, pharmaceuticals, alternative treatments, and other related goods and services through regulations, licensures, and other rulings and restrictions. As a consequence, competition is suppressed, varieties, innovations, and quantities are reduced, but prices increase.

Second, the government promotes moral hazard and hence excessive demand for medical and healthcare services through various subsidies, financing, and in some countries, nationalisation of healthcare supply. Many illnesses today are preventable and controllable by individuals themselves through better lifestyles and diets, but the public are less likely to maintain good health when the government is providing free or subsidised healthcare. For a certain segment of the population, they are more likely to demand public healthcare as they feel they are losing out since they are taxed anyway even if they do not utilise the service.

The government, through this manner too, promotes moral hazard in couples who will proceed to have children anyway, despite knowing that the chances of their children inheriting illnesses and birth defects are high. With today's screening and imaging technology, accuracies of predicting birth defects are literally reliable. Thus, the excuse of not knowing defects at pre-birth is unreasonable. In the world of no state interference in healthcare, prospective parents will be adequately cautious. Knowing that no one is going to help finance any medical conditions of their children, prospective parents will need to save enough funds or purchase their own insurance for possible healthcare issues of their children. This promotes the noble traits of accountability and responsibility, rather than a free-riding attitude, amongst couples.

Besides moral hazard, demand, and hence prices, of medical services are also augmented by the government through the third-party payer system that prevails in many advanced countries today. The government raises medical costs by compelling employers to provide medical coverage or insurance for their employees. When employers are paying for the bills and there is no way that unused funds can be redeemed by employees, employees will not be mindful of the charges of drugs and procedures by the doctors. Consumers or patients are less likely to question the relative costs and benefits of alternatives when someone else is paying. Therefore, the chances of performing unnecessary procedures and prescribing redundant medication and treatments are greater when a third-party, namely the employer, the insurer, or the government is paying for the patients.

The third-party payer system hence increases demand for medical goods and services more than otherwise. Under Obamacare, the government also increases costs of medical care by subsidising insurance companies. When the costs of insurance companies are subsidised, insurance companies have less incentive to verify the necessity and the price of medical claims or payments to the medical service providers such as hospitals and screening centres.

Third, there are always private charity and religious organisations that help the poor and needy, for which funds are collected from willing givers before being efficiently and effectively channelled to the truly needy ones. Unlike the government, non-governmental charitable organisations are incentivised by the need to help people. Individuals who share the passion of doing charity work voluntarily come together to organise activities to assist the less fortunate. They gain satisfaction from doing charity work, unlike politicians and bureaucrats who may not really be passionate and incentivised to do charity work. Thus, these private charitable organisations are inherently more efficient and effective than government agencies because they have to raise their own funds using their own efforts and persuasion while the government can simply obtain funds from its citizens through coercion. Besides the not-for-profit organisations, private businesses and individuals too will be willing to help the needy, sick, and poor in return for publicity, reputation, and goodwill and in cooperation with the charitable bodies, funds and aids can indeed be channelled to the right persons and at the right time. Otherwise, private competitive media and the general public will expose their insincerities and deceits if they in fact are really helping the poor and unfortunate. While some would argue that it is immoral to do charity work in exchange for publicity and fame, there is no free lunch in this world. Indeed, it is of greater immorality to fund charity work through compulsive taxation and siphoning of private wealth by the government, even if funds can be used to really help the poor and needy.

5. Occupational Licensure

In the United States, it is common to find state governments or even the federal government enforcing licensing laws for various services such as foodservice, medical, and healthcare services, ride-hailing and taxi services, legal services, accounting services, teaching and educational services, cosmetic and haircut services, and a whole lot more (Friday, 2018). Even those providing the services of eyebrow threading, hair-braiding, dog-sitting, and lawn-mowing require a valid license in certain jurisdictions. Contrary to the various benefits claimed by state officials in favour of occupational licensing, the exact opposite of what the bureaucrats and politicians promise will always prevail. Licensing is supposed to establish the standards so that only those who acquire the licenses directly from the government or bodies endorsed by the government can legally practice the corresponding occupations. Those without the valid licenses to practice are illegal to sell the particular services. Simply put, government licensure restricts the freedom of the people to work in certain professions and the freedom of voluntary transactions between consenting adult service providers and receivers. In the libertarian view, it is illegitimate for the government to interfere in the freedom of choice of voluntary persons with regard to whom an individual wishes to transact with as long as the action is not harming an involuntary third party.

These licensing laws are purportedly enacted to protect the welfare and safety of the supposedly gullible consumers and the public from dangerous and harmful practices and to ensure the superiority of the quality of services and products supplied by the sellers and service providers. In certain jurisdictions for certain occupations, individuals can still practice without a license from the authorities, but they are not allowed to use specific occupational titles, namely title regulation or certification. In most cases though, individuals must obtain a valid license before they can practice legally. However, what is peculiar is that occupational associations and special interest groups, rather than consumer groups, are the ones that actually lobby the lawmakers to enact licensing laws (see e.g., Law and Marks, 2013). The reason is obvious. There is little incentive for consumers to fight for licensing laws since if the services rendered by say, a dentist or barber, are unsatisfactory, dissatisfied consumers would simply choose another provider in the future or they may also choose to vent their anger on social media. If consumers are injured by the service providers, consumers would rather report the incident to the police or sue the providers in court, provided there is rule of law. Nevertheless, incumbent practitioners whose income is affected by competition from potential entrants have all the incentive to lobby legislators to enact licensing laws, thereby restricting new entries into the trade in order to prop up their current high selling prices and to restrict competition from newcomers. In fact, the Obama White House report in July 2015 concluded that restrictive licensing laws ambiguously led to higher prices for consumers.

Barrier to Trade

In reality, state occupational licensure creates a barrier on top of other regulatory burdens, that prospective practitioners and professionals must overcome before they are allowed to legally offer their services for sale. As with other kinds of regulations, the question is, who shall determine what kinds of barriers to erect and what types of criteria to be met before someone can obtain the license? The ones who set the criteria are often the perceived experts, bureaucrats, and special interest groups who claim that they are better informed and more knowledgeable and therefore know better than the rest of the market participants in certain professions. Even if the members of boards, who decide on the standards and requirements of new entrants are indeed knowledgeable in their respective fields, is there any guarantee that these incumbent practitioners or their close allies are completely objective and thus have no vested interest at all?

Common requirements for newcomers include special tuition, training, examinations, and practical tests, which are usually not inexpensive for those who aspire to legally practice. This is excluding periodic or annual licensing fees that need to be paid to the relevant authorities. Attending school and training not only entails financial costs, but also foregone income from work had the time been spent on productive work. Those from low-income families are especially affected as they could not afford the time abandoning income-generating work to attend school and training.

Since not every service provider or seller finds it necessary or can afford the time, energy, and money to meet the criteria, eventually not every seller will be licensed. Even if all current and aspirant sellers are willing to apply for the license and follow the tedious process through, there is no guarantee that every candidate will be given the license. After all, the objective of licensure is to ensure that certain strict standards are to be met so as to guarantee a certain high level of service quality which necessitates that not every seller will be allowed to practice. Otherwise, there is no need for licensure.

Licensure inherently restricts the total amount of service providers or sellers than otherwise would have been. Along these lines, it is clear that the quantity of people employed in the licensed occupations and hence the total output produced, will be lower than otherwise. Since only those with valid licenses are allowed to legally practice, there will be reduced competition.

The stricter the requirements to obtain the license, the greater the barrier to entry into the market and, given this protection and restricted supply of people working in the profession, there is reduced incentive for existing suppliers to innovate and to better serve the customers (see e.g., Federman, Harrington, & Krynski, 2006). This creates monopolistic power out of current suppliers at the expense of consumers. In the light of less competition, there is less motivation for licensed producers to increase their quantity of output. Indeed, with less competition, there is every incentive to reduce supply so that prices can be increased. Higher prices mean less affordability for the poor to obtain those licensed services. Licensing medical and legal services means higher prices for these services and less affordability by people to obtain these services. As a result, the poor will be priced out from obtaining these services. In short, licensure discriminates against the poor and deprives them of vital services. This certainly contributes to income inequality since it becomes tougher and tougher for the poor and lower-class to earn higher income, and the higher-income class becoming richer since they can raise their income with higher and higher barriers to entry into their industry.

Total supply will diminish, the number of varieties and innovations will be stifled as well, because there is less incentive to satisfy the varying needs and preferences of consumers. With less competition, there is little reason to improve the quality of service. On the other hand, without licensing laws, competitors will have to find alternative ways of fulfilling the needs and wants of consumers. Without the licensure barrier, more individuals can supply the services legally, promoting more competition so that each individual will better serve their customers. For instance, if more people are allowed to legally practice medicine and treat patients, the supply will be increased, and thus more quality time and care can be spent on each patient at the same or lower costs. Since competition will be stiffer, the lower costs will be passed on as lower charges to patients and customers. Better still, if all people are allowed to sell their own methods of medicine and treatment, greater competing alternatives and innovations can be generated and there will be greater chances of prevention and treatment of various illnesses and diseases. In short, the quantity, variety, innovation, and quality of services and products will fall, but prices will rise when government licensing is in place. The concealed motive of licensing in restricting competition is ever more evident in countries where free services are legal but paid services have to be licensed. If the well-being and safety of consumers is the impetus of licensing, why do only paid services require a license? Indeed, as Kleiner (2006) finds, in the United States, states that license certain practitioners report no fewer complaints than states that do not license them for the same professions.

Who Shall Protect Us?

The million-dollar question remains, without the supposed experts and bureaucrats regulating and licensing the occupations, how can ordinary consumers distinguish quality and safe service providers from inferior and hazardous ones? Information asymmetry is often cited as the justification for the government to intervene to make sure only qualified professionals can practice. According to the information asymmetry argument, sellers often have much more complete information than buyers do and that these sellers are often dishonest and hence take advantage of gullible buyers who lack the essential information. Hence, important services such as legal, medical, and accounting services must be licensed and be licensed by governmental bodies. Ironically, information asymmetry is indeed even greater under licensure. Licensure creates a monopoly out of a group of licensed practitioners who have less incentive to provide quality information to customers. Those who face less competition due to barriers to new entrants are less likely to provide accurate unbiased information than those who always face the competition not only from incumbent suppliers but also new entrants. Undeniably, quality information is part of service quality and the greater the competition, the greater the quality. Moreover, it is untenable in today's digital age if sellers really do know more critical information than buyers do. Also, it is dubious as to why sellers who operate in a competitive environment would want to take advantage of hapless consumers, knowing that consumers cannot be fooled in the long run. Even if we can accept these two premises assumed by the information asymmetry argument, there is no question that information asymmetry is a problem, but as with any other problem or gap in society, the market always has better solutions to offer.

There is a market of information. If service quality is indeed demanded by consumers, as in the case of medical and healthcare services, and there is a market gap whereby information about the competencies of service providers is needed, there will always be certification bodies and accreditation boards that compete in the market of information to provide the most accurate information to consumers (see e.g., Leffler, 1978; Hamowy, 1984). It is logically conceivable to find certification bodies if licensure is removed from currently licensed markets and current and historical data has shown this even in other markets as well whenever government regulation is out of the picture (see e.g., Law & Marks, 2013). Since certification bodies themselves are subject to competition and market test, information and assurance provided by these private bodies and organisations should be superior to the perceived experts and bureaucrats who determine who can practice and who cannot. These apparent experts have not passed the market test. On top of that, even word-of-mouth and data generated by consumers on social media constitute vital and relevant indications about the quality standards offered by a seller or service provider.

Different from state licensure that prohibits non-licensed suppliers from practicing, private certification, accreditation, and endorsement do not preclude non-certified sellers from lawfully selling their services. Therefore, it is up to consumers to choose providers that they prefer, based on their individual cost-benefit calculations. If a consumer prefers a highly certified or accredited provider because they think it is safer or better to use that supplier, even though the prices charged may be higher, it is up to them to choose. On the other hand, if a consumer chooses to obtain a service from a supplier that holds no certification, but to their knowledge can perform the needed job reasonably well at a lower price, it is again up to the buyer to decide. Thus, the free market does provide better solutions in ensuring the quality and safety of services and products than licensure does. Furthermore, in today's digital age, word-of-mouth by consumers can be spread instantaneously through social media with much wider coverage, even reaching the global level, and hence it is up to rational consumers to choose from the multitude of service providers convenient to them. In the United States and parts of Canada, the National Institute for Automotive Service Excellence is a non-profit private organisation that ensures the quality of vehicle service by providing vehicle repair professionals and service shops with tests and certifications. Others providing the same function include Underwriters Laboratories, Yelp, Trip Advisor, and various online sharing apps. Private certification bodies would have mushroomed had the government not crowded out their role, because there is no reason for other occupations not to have private certification agencies if there is demand for such services.

Income Inequality

Licensure also increases the gap between the high- and low-income earners in society besides creating unemployment, underemployment, and misallocation of resources and skills. Besides the training and test fees, hours of productive work have to be spent on the training. The same goes for many other occupations. Hence, the costs of obtaining the licenses can be prohibitive, especially to the very poor and thus licensing actually stifles employment. Occupational licensing therefore suppresses low-income entrepreneurship (Sorens, 2017). It is peculiar that on one hand, the state is embarking on policies to encourage employment and on-the-job-training programmes but on the other, the state makes it more difficult for people to work through state licensing.

Since acquiring and maintaining a valid license is costly, only those who can afford it can acquire the license and stay in business or their occupation. Others who are poor have no choice but to be forced out of the desired professions or risk being apprehended for violating the licensing laws. For those who choose to illegally carry on with their practice, they cannot unleash their full potential and expand their business even if they are adequately skilful in the eyes of consumers. These poor people who cannot afford the licenses cannot optimise their skills and knowledge in the profession they perform best. As a result, they may switch to other jobs that do not require licensure. Nonetheless, they will have to learn the ropes of the new jobs and if their capabilities do not fit the new jobs, they will have to produce less and earn less. Thus, licensure may contribute to misallocation of human capital and associated resources so as to render less efficiency and lower production. Moreover, working in the shadow economy exposes the unlicensed suppliers to more danger since rogue customers may well know that the providers are unlicensed and hence cannot report to the authorities even if they do not pay up. These unlicensed suppliers will also be extra cautious if they want to expand their business, hire workers, and pay taxes, as these actions might expose them as illegal providers.

Jobs that do not require a legal license from the state would see more suppliers than what efficient allocation of labour by the price system would dictate, whilst those that require a legal license would see fewer suppliers than would otherwise have been. Hence, suppliers in the occupations that do not need a license would face unnecessarily stiffer competition and possibly lower wages and profit margins. Since low-income people are more likely to pursue license-free jobs, low-income earners could be the ones that suffer most as a result of unlicensed workers crowding into these license-free occupations.

Meanwhile, those who can afford to obtain and maintain the license will continue to enjoy high income, thanks to protection given by the government. They could raise prices and hence incomes even in the absence of greater value to customers or higher productivity. In other words, labour and resources will be underemployed within those who are protected by the license. In short, licensure distorts the natural allocation of labour and resources in the market that will eventually stifle production and growth.

Proponents of licensing would argue that at least licensing provides additional revenue to the government so that taxation of the general public can be reduced. Nothing could be further from the truth. The higher price paid per unit of value received by consumers is indeed a form of taxation when certain services or businesses are subject to licensure. All taxpayers, regardless of poor or old are subject to this taxation. How can this be? Through the greater prices charged to consumers, wealth is channelled from consumers to the service providers protected by the licensure. This wealth will be channelled, albeit partially, to the government agencies enforcing the licensing laws. Therefore, wealth gained from productive activities from the general public is channelled to the government in the form of licensing revenue. The revenue is then used to finance bureaucrats, officials, and employees to run the various departments including the ones enforcing the licensing laws. Since these seemingly employed government personnel and resources do not really produce any real economic value except disruptions to consumers and the general public, these resources are wasted. These people and resources could have instead been used to produce goods and services that are really demanded by consumers. To summarise, enforcement of licensing laws transfers wealth from the private economy to the government to set up barriers to entry into the licensed occupations, while at the same time creates misallocation and wastage of resources, and destruction of value.

In the United States, licensing laws differ from state to state, which hinders interstate mobility (Boyce, 2019). Similarly, licensing laws in many countries are different to one another. A license from one polity may not be legally usable in another polity. Consequently, a professional with a legal license to practice may not be able to practice in another place without having to go through the licensing process, in whole or in parts, in the new place. This is certainly costly and discouraging, so that most licensed professionals will choose not to move to another place with different licensing authority and requirements even if that place offers better opportunities. This barrier to movement of licensed workers impedes the mobility of labour and thus creates inefficiency and ineffectiveness in the market of licensed workers. If country A and country B have different licensing standards so that licensed workers from country A cannot practice in country B with country A's license, licensed workers cannot move to country B from country A, even though there is a surplus of such workers in country A and a deficit of such workers in country B. As a result, there may be unemployment of such workers in country A and increased prices of services by such workers in country B. Different licensing laws and standards prevent the labour markets of the countries from responding adequately to the price signals. By rights, without the differing licensing requirements, workers in country A that experiences an oversupply of the services will be incentivised, guided, and attracted by the higher prices or payoffs in country B that experiences an undersupply of such services to move from country A to country B. Thus, the chances of reaching equilibrium are greater without different licensing standards.

In many states, qualified persons can be denied a license if they are ex-convicts, regardless of the nature of the offence or the duration of the criminal conviction. This policy denies the right of former convicts of practicing occupations of their choice if the preferred occupations require a state license. Nothing is more discriminatory when the state forbids ex-convicts from being employed and to fully utilise their skills and knowledge that might bring about efficient and quality services to consumers. Besides denying the right of potential consumers to purchase and enjoy the services that the ex-convicts could otherwise offer, the states also inadvertently encourage the ex-offenders to return to their previous illegal acts and probably ending up in prison again. It is therefore not surprising to find ex-offenders and prisoners failing to reintegrate into society even though society, including its members and employers, is willing to accept them. The one that prevents them from reintegrating into society is the state that makes employment more difficult. In that case, if they return to criminal acts that are really dangerous to the public, by preventing ex-offenders from working in the professions of their choice, the state is indirectly putting the general public in jeopardy. Hence, instead of protecting the safety, security, and welfare of the public as what the state licensing is intended for, the government is in effect exposing the public to more danger and denying the public from potentially benefiting from quality services provided by the ex-convicts at potentially lower prices.

6. Discrimination: Part I

There is no role whatsoever for the state to meddle in discriminatory actions and behaviours. The right to discriminate is a basic property right as long as an individual or a group of individuals owns or has the rights to the relevant property and by doing so, they or the group are not harming others or preventing others from exercising their equivalent rights or liberties (see e.g., Laurence, 2017). We as individuals have the rights of allocating our resources based on our personal wills and preferences. Due to scarcity of resources, we always prioritise when allocating the limited resources to things or individuals that, in our opinion, are most important to us.

To illustrate, we will always care about ourselves first before we care about other human beings, animals, plants, living creatures or non-living things. We care about the ones closest to us; for instance, our family first before our friends, neighbours, colleagues, their families, or the rest of society. We care about things, events, and people closest to us before those that are farther away. We care about our species first before other species. We tend to prefer things and people that resemble those of ours and associate with them. By preferring attributes that are similar, familiar, or close to those of our own, we disprefer those that are dissimilar, distant, or foreign to our own.

Due to scarcity of resources and time, we allocate them to closest people first if we have to make a choice. However, dispreference over certain things or people, which are a part of human nature and a result of scarcity of resources and time, is misinterpreted by the mainstream media, some intellectuals, and certain politicians and bureaucrats as an act of discrimination which is unjust and destructive to society and hence should be denounced and prohibited. However, the acts of prohibiting discrimination by the state are indeed violating the people's basic rights and freedom to choose. Since everyone has the right and freedom to make their choice and express their preference as long as they are not harming anyone or denying the basic rights and freedoms of others, anyone should be free to discriminate against any other individuals, animals, or plants based on gender, race, ethnicity, belief, principle, religion, culture, age, skin colour, appearance, physical trait, nationality, status, personality, physical capability, mental ability, talent, sexual orientation, and so forth. While the rest of society has the absolute right to judge, condemn, despise, or discriminate against certain acts as discriminatory, it is simply illegitimate for the state to use physical force against such acts that are deemed inappropriate by them.

Consider a typical scenario where a female visitor is in a department store looking around for an elegant and fitting dress. At the same time, she also looks at some accessories that may match her and her dress. When browsing the dresses, she pays attention to the colour, the fabric, the design, the cutting, and most importantly, the fit with her figure. She tries on a few pieces of attire in the fitting room and picks the one that she likes most and that fits most with her appearance, all based solely on her personal preferences. She also decides not to buy any accessory as no item can match her and her new dress, and that she is running short of money since the chosen dress is more expensive than what she has budgeted for.

In a day-to-day experience like this one, when a consumer browses and selects what to buy and what not to buy, she is actually exercising her basic property right in discrimination. Firstly, she owns the money that she has either in her purse or in a bank account and therefore she has the absolute right of whether to spend or not to spend that money. If she decides to spend that amount of money, she can select which item to purchase, and which item not to purchase. Of course, she also has the right of spending all or part of the money that she owns. She has the absolute ownership on her property, namely her money, and hence she can decide whether to exchange or "buy" any good with her money. Besides money, she also has the right to decide how to use her time, whether to spend time on something that she fancies or otherwise.

Secondly, she owns her own physical body and hence has the absolute right of deciding which dress is fitting and that she has the right in deciding whether a piece of dress should or should not be put on her body. While others can persuade or influence her decision, she has the ultimate say on what to wear and what not to wear. She does not have to succumb to any pressure of any majority in society about which garment to put on. If she makes a right choice, she may gain praise from peers and family. Otherwise, she may suffer humiliation, all benefits and disbenefits resulting from her decision and action are totally borne by her. By favouring a piece of garment over the others, she is discriminating in favour of the former over the latter. By deciding not to buy any accessory to match her dress, she is indeed discriminating against the whole group of accessories. In fact, by choosing to patronise the department store and not other retail stores, she is favouring the department store and discriminating against other stores.

The same analogy can be drawn in other circumstances in which we have to choose only one option against the alternatives. For example, when we make a decision on which college to attend, which career to pursue, whom to associate with, or even in the selection of our life partner; each entails favouring something or someone and disfavouring the others. The truth is, when making our choices, individuals have different priorities and preferences and hence we as individuals select one choice over the others. One man's meat is another man's poison. The most preferred choice will be prioritised over the less preferred options. If the most preferred option is not viable, then an individual will move to the second-most preferred option, and so forth. Hence, if the government forbids someone from making their choices by charging them with unjust discrimination, it takes away their basic freedom of choice. In a nutshell, each option is not equivalent to the other and an individual therefore ranks their options when making choices. A decision-making process typically involves a cost-benefit analysis of each possible option based on a set of criteria determined by that individual.

If an individual has the right and should be allowed to choose what they like and not to choose what they dislike, the same is true for a private organisation that is funded and / or managed by private individuals. The private firm bears all the consequences of its actions. If it is a private firm, then it is answerable to its owners or shareholders. To sustain the business, the management must meet customers' demands. However, if the owner decides not to serve certain customers, they have the absolute right as they are answerable only to themselves. If there are many owners, the appointed manager has to answer to them. For sole proprietorship, it is up to the owner's personal cost-benefit calculation and set of criteria whether they should serve or decline to serve any potential customer. In reality, however, lawmakers and politicians have passed laws that limit the freedom of the owners in their decisions of serving customers. The government declares itself the co-owner of private firms. In 2013 for instance, the Washington State Supreme Court unanimously ruled against a florist who refused to sell flowers for the purpose of a same-sex wedding. As a matter of fact, many developed countries and states today have enacted anti-discrimination laws prohibiting, for instance, perceived discrimination against customers and workers by private enterprises.

Discrimination against Customers

The fundamental question is, why is it that owners or managers of private enterprises have the legitimate right to discriminate against certain potential customers? Consider the case where an individual owns a property such as a house. The owner has every right to deny access to anyone to their house as they wish, without any need to justify. The owner can choose to deny access to men, women, the elderly, children, gays, lesbians, Indians, Jews, Muslims, Asians, white people, black people, the disabled, foreigners, thugs, pets, politicians, and the list goes on. In a pure libertarian world, they can also deny access to police officers. The owner may feel happier or less unhappy if they deny someone or a group of people that they dislike from entering their house. The same is true for an individual who has absolute property rights over their own physical body. Unless permitted by the owner, no one shall have any physical contact with a person's physical body. Similarly, the owner of a business has every right to their business including the premises, resources, equipment, inventory, and goods for sale. Even if they do not own a property, they can obtain the right to control or manage that property from the owner. If they lease the premises from the owner, they are granted the right to use, occupy, and control the property through a contractual agreement. A manager who does not own a business can be granted the right to manage or run a business by the owners of the business.

Along these lines, a manager of a business or private entity, more so if they are the owner, can refuse to sell to anybody any goods or services that their business offers for sale. The business can choose not to trade its goods or services in exchange for money with anyone, just the same way that an individual can choose not to trade their money in exchange for goods or services with any business. An individual has the right to discriminate against any business entity because they are the owner or the legitimate manager of that sum of money. So does the business, being the owner or the legitimate manager of the business and goods that it sells, have the absolute right to discriminate against any potential customers. If the rights of consumers are legitimate, so do the rights of businesses.

In the strictest sense, a competitive strategy employed by a business is also discriminatory. A business that sells women's clothing is discriminating against men. A German restaurant that offers only beefsteaks is discriminating against Indians. But we all know that this is just a result of division of labour and work specialisation, since no individual or group of individuals can satisfy all segments of customers at the same time. In marketing, this is customer segmentation, whereby a business chooses to compete in the marketplace in ways that it can most efficiently and effectively serve the targeted customers. In economic terms, a business will serve a customer as long as the marginal benefit gained is greater than the marginal cost of serving that additional customer. If the needs and preferences of the minority of potential customers are not economically efficient to fulfil, the business has no choice but to forego that segment. Sometimes the business may choose to serve anyway, despite it being uneconomical doing so, but generally the choice of serving an additional customer is based on a marginal cost-benefit calculation.

If the state is legitimate in prohibiting discrimination by sellers, to be logically consistent, any anti-discrimination law should also be applicable to buyers, not only to sellers. Henceforth, any buyer should not be allowed to discriminate against any seller. A woman who is looking for a pair of shoes must trade with the seller who approaches her and chooses to trade with her. She must give up her cash in her purse or bank account in exchange for the goods that the seller sells. She cannot look for other sellers for better deals. If she refuses to sell her cash and buy the products sold by that seller, then she will violate the anti-discrimination law and may be brought to the authorities. The problem is that we all know that this is completely ludicrous!

In the United States, famous court cases of alleged discrimination by restaurants against black patrons can be found in Riesch & Kleiner (2005), in which restaurants had been accused of maltreating black patrons through denial of service, long waits, seating segregation, inattentive table service, racial taunts, non-delivery to predominantly black neighbourhoods, and so forth. Whilst these allegations might have been true, the critical question is, however, is there a need for the government, the police, or the judiciary to get involved in such issues? Are there no better ways to handle them? Are there not market solutions to these problems?

Before we consider the solutions, it is persuasive to figure out what causes such reported cases if they are indeed true. First and foremost, we know that private businesses, including private restaurants, are accountable to their owners for - and their main concern is nothing but - profitability, not only for the short term, but also in the long term. To maximise payoff, managers of the restaurants must meet or exceed customer expectations, attract new customers, retain current customers, and bring in more sales. Resources including labour are organised and directed towards these goals. Hence, it is highly likely that actions of employees and managers of the restaurants are shaped in such a way to maximise sales. If indeed such discriminatory acts had been used only on black patrons for no apparent reason except for their skin colour, then it is probably due to the demand and preference of the bulk of the existing customers who might have induced the managers and employees to act in such ways. Of course, the restaurant managers could have chosen to put up signage refusing black patrons, if possible, but this is clearly in violation of the Civil Rights Acts and various state and federal anti-discrimination laws.

The problem could have been avoided if restaurants were allowed to display signs indicating their preferences of types of customers and hence who they will serve. In certain countries, the "halal" sign is put up if the foods and beverages served are permissible by Islamic law and hence can be consumed by Muslims. Clear signs depicting "whites only" or "non-blacks only" would have prevented such conflicts. Alternatively, this indication can be placed on mobile applications or on online platforms so that the general public can be informed before they arrive at the doorsteps of the restaurants.

Then again, this solution is assuming that these restaurants do indeed deliberately discriminate against people of colour and only for this reason, nothing else than that. If such allegations are indeed valid, probably not only black people are faced with such situations and perhaps other races also face the same predicament, except that other races have relatively not complained or reported to the authorities and media. Black people and minorities are more likely to file lawsuits against businesses knowing that various anti-discrimination laws are intended to protect and defend the rights of minorities. Other times the perceived discriminatory acts might not be deliberate but just random occurrences as a result of many factors other than intentional racial discrimination. Causes such as employee burnout and personal misbehaviour are not uncommon in the workplace, including that of the foodservice. The "negative" reactions by the employees might also be driven by other factors such as body odour or pets that accompanied the black patrons when they visited the restaurants.

Nonetheless, how would the free market react if restaurants or any businesses indeed, refuse to service, maltreat, or erect signs forbidding people of certain gender, race, age, language, region, nationality, religion, sexual orientation, or disability from entering their premises? The answer is straightforward. Everyone has the right to discriminate against another person as long as they are not harming anyone in the process, and they are not denying others their rights. While businesses can choose their target customers, consumers too can choose their desired sellers. As long as consumers have something valuable to trade, namely money that is demanded by sellers, there will always be entrepreneurs in the unhampered market who will find that niche to serve.

If indeed all white people are so racist as to refuse to sell anything to black people just because of their skin colour, there are still black people and other races that are willing to trade with black people. If under the extreme case that all other races are so racist as to blindly discriminate against the black people, in what sense can we expect government officials, police, and judges who are mostly white people, to be just and impartial in apparently defending the rights of the black people? The bureaucrats, politicians, enforcement, and other government officials are not angels either and they have even less incentive than profit-making players in the market to serve the black people.

At this moment, we shall assume that those who are really discriminated against possess sufficient money or purchasing power to purchase goods and services. Presumably, most people should have no objection to for-profit organisations that discriminate against and hence refuse to serve those who have insufficient funds to pay for their purchased goods or services.

Besides ethnicity, one demographic group that has often been cited to be prejudiced against in many societies, is women. Despite the claims, nothing is further from the truth, at least in modern and open societies today. As most people are aware, various services and products are openly and specifically targeted at female buyers. These products and services include clothing and accessories; maternity products and equipment; feminine hygiene products; online sites; salons, spa and beauty centres; clinics and medical centres; automobiles; phones and gadgets; and a lot more that are specially designed and marketed to women as the purchasing power of women rises to a level comparable to men. Some shopping malls, either willingly, pressured by social groups, or required by laws, do allocate parking lots for women. But no one seems to grumble about this, or else the media does not seem to take the complaints seriously.

Nevertheless, isn't a women-only parking bay a prejudice against men? That most men are assailants? Aren't those goods and services catering for women-only discriminating against men? Shouldn't the businesses and services catering for women be opened to men and transsexuals as well? The answer is obvious. These businesses are certainly not discriminating against men. As the law of division of labour suggests, these entrepreneurs are just trying to maximise profits by specialising in certain goods and services catering for a particular segment of the population. These businesses choose to serve the female population efficiently and effectively. Provided that their actions are voluntary and not compelled by the state, they are merely exploiting niches to add value when serving women, their targeted customer segment.

The mindset of the general public can change so as to offer women equal opportunities and status in society, without the need of any government meddling. Various privately organised feminist and activist groups, funded and managed by private individuals, are more effective and efficient in bringing about the change. Owing to their efforts, education institutions that were once open only to men have today enrolled at least as many female students as male students.

What about discrimination against age? Suppose a private business, say, a restaurant, refuses to serve the elderly, or allows its staff to maltreat them. First, all consumers including the elderly, always have a choice of not patronising that restaurant, namely boycotting or discriminating against the proprietor or its management. On top of that, as consumers, they can spread the negative news about the poor service. The same thing goes if the management does not provide facilities catering for the elderly at its premises. The aged can always go to other restaurants or foodservice stores with pleasant staff, quality services, and ample amenities to cater for the needs of the elderly.

The critical question is, in the unhampered free market, will there be entrepreneurs that cater for the aged group? Absolutely, yes, as long as the elderly as a whole have sufficient purchasing power, which is quite apparent today. For current argument, let us assume that the aged possess sufficient purchasing power so that the question is of discrimination. In the unfettered market, there is no reason for entrepreneurs to constantly overlook a potentially profitable customer segment. In fact, a myriad products and services ranging from healthcare, tourism, to gaming are made available, tailoring to the needs and preferences of the elderly.

But what if the elderly are too poor to afford patronising any restaurants or coffeehouses? Then, the question is no longer about age discrimination but the ability to purchase, and economic wealth. Sellers do not typically sell to children that do not have money to pay. The same is true for the elderly, and indeed for everyone else. The simple answer to this is that the world is no utopia, and every person should be responsible and save enough money or assets for their children and for their own future when they retire from the workforce. The question of diminishing purchasing power, poverty, and charity is dealt with elsewhere in this book.

Discrimination against language actually also exists, and is prevalent in society and the marketplace but the general public, media, politicians, and activists rarely grumble about it. Most people do not even realise if language preference can also be labelled as discrimination. Indeed, preference for a certain language is nothing unlike preference for a certain race or gender, but the latter is labelled as wicked discrimination and hence should be denounced.

Certain restaurants prefer white people over other ethnic groups and minorities. Certain businesses and governments prefer certain languages over other languages. Both actions are nothing but manifestation of preference. Both actions respectively inconvenience other races and those who do not converse in the preferred languages. Besides being proud of their own language and culture, the state also plays a substantial role in compelling the use of the national language in many contexts, including labelling of products.

Many European, Japanese, and Korean companies provide only their own national languages in the labelling of products and services that they offer, since the bulk of their customers are their own nationals, even though they also export the same goods overseas or sell them to tourists visiting their countries. Most Germans, French, Italians, Scandinavians, Koreans Japanese, and Chinese use and speak little English in tourist locations in their own countries even if it is obvious that they can afford to learn and converse proficiently in English.

Meanwhile, most multinationals offer only English and perhaps a few other common languages in their product information. Minority languages are seldom given in product and service information. It is probably uneconomical to provide minority languages that are used by relatively few customers. Nevertheless, regardless if there is a reason, akin to individuals, firms and organisations should have the inherent right to choose their preferred languages.

Thanks to technology, innovation, and competition, many online services such as YouTube, Facebook, and Google applications offer users the choice of selecting their own preferred languages. Languages on websites can be translated using online applications. Tourists can use translation and various other tourist applications when travelling abroad. This vividly shows that the private market, through competitive forces and information technology, can work its way out of the language "discrimination". The private market and entrepreneurship is the real solution to discrimination, not the government.

Lawsuits

In the United States, litigations against private businesses for alleged undue indiscrimination are not uncommon. For instance, Domino's Pizza faced many lawsuits alleging that its local stores had refused to deliver to neighbourhoods of black dominance (Riesch & Kleiner, 2005). By the logic of libertarian principles, this kind of lawsuit is unwarranted, and the courts should not have accepted any kind of lawsuit of this sort. The reason is simply that every individual and business has the liberty or freedom of choosing to whom or to what areas to serve and who or what areas not to serve.

To a profit-maximising entity, if certain areas or regions produce net benefits, be it in the short or long term, it is foolish for its owners or managers not to serve those customers. On the other hand, if those areas produce net losses, a private business has the full right of deciding not to serve them. Logical reasons for not serving or delivering pizzas to certain neighbourhoods include operational inefficiencies, high crime rates, and past undesirable experiences. In any case, the proprietors or the managers have full discretion even if they do not have hard facts or data to support their decisions of not serving certain areas. If certain customer areas turn out to be profitable but are overlooked by a supplier, under a free market, competitors will persistently not miss those profitable opportunities. If you happen to live in a dangerous or secluded area, it is logical that you have to pay a premium to have your orders delivered to you. Should the government step in to subsidise the costs? No, it should not. It is immoral to use taxpayer funds to subsidise those who choose to live in dangerous or remote areas. When those people chose to dwell in those areas, they would have already weighed the benefits against the costs. Hence, no public money should be expended to relieve the costs of voluntary actions of rational individuals.

Take the example of certain taxi and bus drivers and their operators that serve only certain routes in the urban areas. These private managers have the right to serve only areas where they think they can do it most efficiently and effectively. They have to maximise gains and minimise costs. This practice is not new. The rationale can be traced to the concept of division of labour and work specialisation. Each individual or business specialises only in certain areas or regions to achieve optimal cost-benefit trade-offs. In fact, most multinationals have offices or operations in major cities in the world, of which the city dwellers possess high purchasing power and openness to new innovations than their rural counterparts. Urban areas also provide the needed manpower and skills to run the operations of the firms. Transportation hubs, theme parks, shopping malls, hotels, hospitals, universities, and bars are almost always situated close to large cities or airports, hence neglecting the lower-income residents of suburban or remote areas.

Are these entities including the public ones discriminating against people of nonurban regions? Certainly not. If rural and remote regions are worth serving, many entrepreneurs will not wait to tap into these segments. For this reason, we can still find smaller-scale entertainment and shopping outlets in the suburban and rural areas. Businesses do not simply discriminate by region with no valid reasons, but they segment by region based on economic calculations.

Costs can be easily observable and quantifiable but can also be obscure, unobservable, and nonquantifiable. Cultural conflict can constitute a cost that is difficult to observe and quantify. If a business thinks that it is incapable or incompetent to adapt to certain culture, it has full right of not serving that segment of customers. It can choose to concentrate on serving the segment of customers that the management finds no problems with or avoids potential conflicts of culture. Many international firms opt not to venture into some Muslim countries that are highly conservative. For instance, due to employment, business, property, or education limitations on women in Saudi Arabia, many businesses have chosen not to serve this market.

By the same token, customers also "discriminate" against certain regions or areas when making decisions on where to purchase. Due to convenience, time, and costs of travelling, it is up to individual customers to choose nearer places to visit or farther places to make purchases. Those who prefer convenience and speed would likely choose nearer stores while those who enjoy travelling would likely choose farther stores providing all other factors are the same. Of course, in reality, other factors such as product availability, price, quality, facilities, and so forth do play important roles in deciding whether to shop at closer or more distant locations. Besides tangible factors like price, products, and facilities, intangible factors such as culture familiarity and comradeship play a significant role too. It is natural for us human beings to choose to associate with persons or beings that are most similar to us first. Caucasian visitors may prefer the majority of white-run places due to familiarity in language, food, and culture when visiting foreign places. Chinese customers may prefer shopping arcades with a majority of Chinese shops due to language spoken and culture practiced. Chinese people may also feel relatively safe and comfortable when visiting Chinatowns in Western nations than white-majority cities. So do Japanese, Koreans, Persians, Indians, and other ethnic groups. These actions are just a manifestation of personal and cultural preferences and in no way constitute any prejudice or discrimination.

What about traders who refuse to sell to people of certain nationality, religion, or sexual orientation? Shouldn't their actions be condemned? Should they be prohibited by laws from discriminating or choosing not to serve these groups of people? Rational profit-maximising sellers will not turn away any patron just because of their nationality, religious belief, or sexual orientation. First, it is extremely difficult if not utterly impractical to segregate customers by nationality, religion, or sexual orientation. Consider a group of patrons who enter a retail outlet. How can the store manager accurately identify which patron belongs to which nationality, religion, or sexual orientation? Even race can be ambiguous. By trying to identify and isolate certain customers from others, the manager risks irking others if not all of the patrons that visit the store. But suppose for argument's sake that it is completely easy to identify and segregate those that sellers disfavour and by doing so does not produce any negative publicity or disturbance to other customers, is it still alright for sellers to refuse to serve those disfavoured people?

The answer is yes. Traders can refuse to serve a particular nationality because of political and social reasons, just the same way that customers can choose to boycott certain companies for the same reasons. Sellers lose the opportunity of earning certain profits when they turn away certain customers, while buyers lose the opportunity of gaining certain value from products or services when they shun certain sellers. Rational sellers and buyers will only act if net benefits are perceived to be gained, and the net gains are not necessarily financial or quantifiable. No rational sellers will sell to certain people if net losses are perceived or expected.

For instance, Chinese businesses and traders can refuse serving the Japanese as a way of expressing disapproval and contempt over the war crimes committed by the Japanese during World War II, or the reluctance of the Japanese government to compensate the victims of aggression and abuse. To these sellers, the gains are perceived to be greater than the losses. It does not matter if that stance or belief is really true and valid; every individual can set their own standard and preference based on what they believe as being true. Individual consumers can boycott a company that allegedly pollutes the environment, emits greenhouse gases, or tortures animals as an expression of condemnation even if there is no known valid evidence or proof that company indeed commits such acts. Similarly, amidst an epidemic anyone is free to choose to refuse to mingle with anybody suspicious of carrying the contagious disease. Likewise, businesses too can boycott customers of certain countries whose governments purportedly have aggressed against their own citizens or committed crimes or immoral acts. In the same vein, this argument applies to discrimination of people of a certain religion or sexual orientation.

Individual consumers can refuse to associate or transact with certain groups as a means of expressing disapproval, and thus firms which are made up of individuals should also have such right and freedom of refusing to associate or transact with certain groups of people as a means of expressing censure. The freedom of expression and association is an inherent right of human beings. For instance, organisations and individuals have the right of not associating and transacting with those believed to be associated with or from countries of terrorists. Yes, they may make mistakes ex-post in identifying exactly the people that they want to discriminate against, but mistakes in no way justify any legal prohibition of such actions just because people make mistakes when exercising their rights *ex-ante*.

Traders should also be free to choose to serve only people of a particular nationality, religion, and sexual orientation. Germans can choose to serve only Germans, Jews can choose to serve only Jews, and gays can choose to serve only gays if the managers of the businesses wish to do so. Proprietors who choose buyers would have already calculated the non-economic gains against the loss of profit opportunity and potentially lower economies of scale due to lower output produced. Indeed, anyone in the marketplace can choose to serve only transsexuals or other perceived marginalised groups of people. Hence, in the unfettered market, there will be people who favour certain groups and there will also be people who disfavour certain groups. Liking and disliking is just a natural phenomenon that exists even in the animal world and should never be viewed as hateful as long as one does not aggress against another person, or prevent others from enjoying the same rights. Hence, there is no sound argument to enact laws that apparently profess to protect the interests of one group against those of the others.

Anti-discrimination laws and enforcement are also detrimental to society in other ways. The process of law-making and the various bureaucracies and procedures that go into the process are not free. All the resources, personnel, and expenses are paid for by taxes and other revenues collected from society in one way or another. Moreover, regulations will lead to more regulations and in turn, lead to more costs. The enforcement of the laws and the following litigation all entail costs, and these expenses are not trivial. The enforcement of anti-discrimination laws may entail deployment of officers to restaurants and other business premises to make sure that they are not violating any terms stipulated by the laws. When someone lodges a police report alleging acts of discrimination, the resources and personnel who accompany the investigations, the litigation, the prosecution, and the judicial proceedings, are all costly. Hours of productive labour of all the manpower involved are lost in the process of settling the lawsuits. The resources that are used up for the litigation are just a deadweight loss to society. All these expenses would have been avoided if the government lets the free market handle the apparent problem of discrimination. Less expenses by the government means less reasons for the government to take from the taxable public so that the freed-up funds and resources in the private hands can be put to better use by society. Otherwise, less money in the pockets of the private sector means less resources for the free market to channel resources to overcome problems that arise in society.

Defending the Unfortunate

What about the disabled people? How would the free market react if businesses refuse to service or sell to this disadvantaged group of people? Are laws warranted to protect the rights of the disabled? Before we jump to the conclusion that nobody takes care of the unfortunate and hence the role of the government is warranted, is a huge fallacy.

First and foremost, besides charitable organisations, profit-making owners and managers of private businesses also have every incentive in serving the unfortunate or disabled group. Most of the time, these disabled people are accompanied by able-bodied people, and it is clear that to deny the disabled patrons is to also deny the able-bodied patrons, and rational businesspersons will not deny able-bodied customers. Even if the disabled patronise the outlets all by themselves without able-bodied companions, the facilities such as ramps and handlebars that have already been installed in the washrooms can also be used by disabled individuals that have no able-bodied companions.

Second, suppose that the disabled people make up only a very tiny fraction of revenues and those selfish business owners and managers do not want to invest extra money in catering for the needs of the disabled, in the unfettered market there will always be entrepreneurs who will notice this untapped customer segment and will find ways to meet their needs to make a profit. Still, some businesspersons will exploit it as a form of publicity. If catering to the disabled is a virtue appreciated by the general public, firms that cater for this group will gain positive publicity and reputation. More of this is presented in the fourth point.

Third, aspiring entrepreneurs can provide, for instance, catering services to the homes of the disabled or deliver goods and services right to their doorsteps. The market has also provided personal assistants, caretakers, and nurses to the disabled. Of course, these services are not free. Our current discussion at this point is on discrimination, questions about poverty and affordability are discussed elsewhere, but in general, there are always private charitable organisations and philanthropists who can better serve those who are both disabled and poor. Still, the question is, how do we know for certain that the unregulated market will not persistently discriminate against the disabled?

A long time ago, myopia had been considered a major disability, but the market, through scientific discoveries and private incentives, came out with corrective lenses. The wheelchair is another example of an invention of the free market in alleviating the mobility challenges of disabled people. Various medical products and devices have been invented and marketed to relieve the pain and suffering of the elderly and disabled. While scientists laboriously produced new inventions, the private entrepreneurs were the ones who produced them in large quantities and delivered them to the masses. Private proprietors also bring nursing homes and healthcare services to the convenience of the general public. In addition, as we are aware, many businesses perform charity work as a way to gain publicity and goodwill. Even if these businesses are insincere, they nonetheless help to provide for the disabled.

Fourth, even if businesses do indeed hate and refuse to serve the unfortunate for whatever reason, various private charitable organisations are still there to help the poor and disabled. These private organisations are inherently efficient because those running them are driven by the passion to help people. For these genuine charitable persons, profitability is not their priority. What they gain is fulfilment from spiritual and religious grounds. While truly benevolent people may not be common, everyone has a certain measure of benevolence, and if the government stops taxing and taking away wealth from the general public, more people should be willing to help promote the welfare of the less fortunate. In short, it is clear that the market serves the needs and preferences of the disabled, and hence there is no case for the government to enforce ruling in providing for the disabled. Compelling private entities to allocate parking bays and other facilities for the disabled is not warranted.

Intrinsic Market Mechanism

The free market has an inherent mechanism that will solve the problem of unjust discrimination against potential buyers. This mechanism is seen as the interplay between sellers and buyers, namely the demand and supply forces and the resulting agreed price in which transactions take place (Block, 1998). In the free market, it is the bargaining process between sellers and buyers that leads to many closed deals in the marketplace. When sellers refuse to sell their goods, the agreed price may have to be raised; when buyers refuse to buy from the sellers, the agreed price may have to be lowered.

Without realising it, consumers are taking part in the bargaining process when they compare prices between sellers in search of the lowest prices possible before making purchases. Some consumers take part in the direct bargaining process with sellers. If a consumer is keen to buy something but that good is rare in the marketplace, they will be willing to offer a higher price to any potential person that could sell it. Sellers can also be involved in the bargaining process, either directly or indirectly. Sellers would always like to raise prices to the highest levels possible but knowing that buyers can opt to buy from their competitors who may offer lower prices, the sellers will lower the asking prices to levels that are acceptable by buyers. In some cases, sellers bargain directly with buyers.

If a seller is keen to sell a good or service but there is little demand from buyers, they may be willing to reduce the offer price. When a seller offers to sell a good at $100, they are actually discriminating against all those buyers who are buying only at prices below $100. For instance, the seller can choose not to sell to anyone at price $99. However, they can also choose to sell at $90 to their close friends, family, and loyal customers. Some sellers only accept cash payments, discriminating against those who pay with a credit card. Some sellers are willing to accept delayed payments only from certain customers, and still other sellers require buyers to become members first before making purchases or before becoming eligible for any discount. All these actions are possibly discriminatory.

However, do we need the government to enforce anti-discrimination laws or price controls in these situations? Setting the ceiling for every offer price in the market? Absolutely, no. Not obvious to many, the market mechanism can in fact automatically resolve all these forms of discrimination. When certain sellers refuse to sell or choose to discriminate against certain buyers, the desire to sell by all sellers, nonetheless, will rise when the buyers offer higher prices. Similarly, when certain sellers refuse to sell or discriminate against a certain race, say, the black people, the black people may be willing to buy at higher prices if they are keen to purchase. When the black people offer to buy at higher prices, the desire by all sellers to sell, including the racist sellers, will rise. The black people will get to buy their desired goods when there is an agreed price between sellers and buyers. In short, the forces of demand

and supply and the resulting clearing price can automatically resolve any kind of discrimination initiated by the sellers in competitive free markets.

The above market solution, however, may not adequately satisfy market sceptics and proponents of government intervention. While the market does provide solutions to businesses that do not serve certain groups of people or minorities, would it not be better if the government intervenes and imposes regulations so that the unserved groups can be better served? The answer is categorically, no.

Laws and regulations prohibiting and restricting alleged discrimination by private proprietors and businesses are not only irrelevant, but detrimental to society (Newman, 2016). First and foremost, back to the reasons why businesses ignore certain niches or segments of potential customers. Let us ponder on the case of restaurants in the US that allegedly refuse to serve black people. The likely reason for this is that these restaurants may find it more efficient and effective when they concentrate on or serve only a certain customer segment, for instance, the Caucasians. The managers may possess the know-how, skills, capabilities, and resources that are specifically useful in meeting the expectations of white people. More so if the owners or managers are themselves white people so that they are relatively knowledgeable in the culture of white people. Hence, they can offer menu items and services preferred by the white community. While the managers can also offer dishes and services to meet the tastes and preferences of black people, doing so may not be effective or efficient, since preparing the dishes and training the staff to meet the expectations of this group may not match the capabilities of the owners and thus it may incur greater marginal cost than marginal revenue. Another reason for choosing to serve only white people is the demographic of the populace surrounding the restaurant. It might be the case that the locale is mostly resided by white people. These restaurant managers would have liked to put up signs indicating that their foodservices cater only for white people, but of course existing anti-discrimination laws would not allow them to do so.

Along these lines, if these restaurants are required by law to serve, cater for, and meet the expectations of the black community, they may not be effective in doing so given that their capabilities and competencies are in serving white people. If the businesses take measures such as inviting black business partners or hiring chefs and staff that are effective in serving the black community, the original white entrepreneurs might not be able to work along well with the black people due to differences in culture and preference. If the businesses are compelled by law to also offer menu items and services catering to the tastes and preferences of black people, even if the restaurant managers may be effective, the operation will not be efficient, since the marginal costs will exceed the marginal revenues because the potential customers are primarily made up of white people in white neighbourhoods.

Certain ingredients in dishes for black people and training of employees to serve the needs and preferences of black people will be wasted if there is insufficient patronage of black guests. The end result could well be business failure, and this is a net loss to society. Without the perceived anti-discrimination laws and regulations, the chances of survival of these restaurants would have been greater. Customers from the locales would have more options in their choices of restaurants had such laws not been enforced.

Unnecessary business failures caused by government intervention incur significant opportunity costs as resources would have been put to better use if not because of the government restrictions. Employees of the restaurants, be them black people or otherwise, would not have lost their jobs. The resources and time of the entrepreneurs who were forced by the government to be used to serve black people would have been invested in providing better foodservices to the communities. With greater production and wealth creation, even if wealth is confined to the white community, the black people will also benefit as individuals, regardless of race and creed, trade and exchange voluntarily in the free market.

In reality, not all eateries, retailers, or businesses choose to serve only the white people. Indeed, if there were no compulsion from the state forcing businesses that do not intend to serve the minorities to serve the minorities, more resources would have been freed up so that these resources including labour and capital could be utilised more efficiently and effectively by aspiring and competent entrepreneurs who genuinely and naturally find the minorities a profitable niche segment to target and serve.

7. Discrimination: Part II

The preceding chapter pertains to general discrimination and discrimination of customers by businesses. It argues that it is unwarranted for the government to meddle even if there is indeed such discrimination. State meddling is not only unhelpful, but ironically costly and potentially more harmful than the problem. On a related issue, discrimination in the job market and in the workplace is ever more sensational. Various studies have shown the prevalence of racial and gender discrimination in the workplace, especially when employers recruit new candidates. For instance, as discovered by Bertrand and Mullainathan (2004), differential treatment by race still seems to be common in the American job market. In conducting their study, the authors sent fictitious resumes to help-wanted advertisements in Boston and Chicago newspapers. At the end of their study, they found white-sounding names receive 50 per cent more call-backs for interviews than those of African American-sounding names. In addition, call-backs were also more responsive to resume quality for white than for African American names. The racial gap was consistent across occupation, industry, and employer size.

Race, Minority, and Work

Nonetheless, even if the above findings are indeed true, there need not be any government intervention as the free market provides the fail-safe mechanism that helps those subject to undue discrimination in a more efficient and effective manner (Block, 1998). The intrinsic market mechanism in the previous chapter discusses this. For simplicity, consider this hypothetical scenario. Restaurant ABC and other competing restaurants are in the process of recruiting new servers. The restaurants operate in a competitive market. No one restaurant enjoys special privilege from the state. The restaurant managers receive job applications from white and black candidates. After looking at their resumes and having interviewed all the applicants, the managers believe that both black and white applicants are equally capable and could produce the same marginal revenue for each hour of labour paid.

These further assumptions have to be made. The projected marginal revenue is determined by looking at the applicants' demeanours, qualities, experiences, communication proficiencies, other capabilities, health, and so forth. Most importantly, the applicants are equally capable of attracting more customers that commensurate with the restaurants' annual targets and it is equally convenient to hire either black or white servers. The costs of hiring are also assumed to be identical as both black and white applicants are demanding the same remuneration and benefits. This subsumes that patrons of the restaurants are favouring neither white nor black servers. The guests, managers, and staff of the restaurants are all assumed to be indifferent to the physical, cultural, and other characteristics of both white and black people. The numbers of white and black job applicants are also equal at that particular time, implying that the supplies of black and white servers are equal. The number of servers required by competing restaurants are also equal at that particular period of time.

Now suppose that the manager of restaurant ABC is a true racist and he discriminates against black people in favour of white people for no obvious justifiable reason whatsoever. How would the fail-safe mechanism of the free market work? Black applicants who are turned down by restaurant ABC will now try their luck at other restaurants. Since they have been refused before, they are ready to demand lower wages and less benefits. Since no black applicants have been hired yet, the supply of black applicants is the same as before, but the demand is slightly lower because the manager of ABC does not want to employ black people. Hence, the expected salary, i.e., the asked price by the black job seekers may go down and the offer price by the employers may also go down. Meanwhile, the supply of white applicants is now lower since restaurant ABC has already hired a number of the white job seekers hence the number of applications sent by white applicants to other restaurants will be less.

Since the remaining white applicants may not be aware that their supply has decreased, they will not demand higher compensation because of this reason. Nonetheless, the remaining restaurants as a whole will now receive more black applications than white ones. Depending on the distribution of the applications, the remaining restaurants may need to relatively compete more for white than for black applicants because there are now more black applications than the white ones.

Employers who insist on hiring only white applicants may need to offer higher remuneration to white applicants if these employers are simply racist. Given these circumstances, the black applicants are now more competitive in terms of price because everything else being equal, the costs of hiring black applicants are potentially lower. Given that the restaurants are competing against each other for profits, the remaining restaurants will tend to hire black applicants because of their lower requested wages. Those managers who hire black applicants can enjoy lower operating costs due to lower wages of employing black servers.

Thus, they can enjoy higher profits, or lower their selling prices to customers. If they lower the prices of their foodservices, they will enjoy a competitive edge over the restaurants that are purely racist in hiring. Consequently, racist restaurants will tend to gain less profits or even suffer losses and face higher risk of being driven out of business.

But why do the black applicants need to unfairly endure the humiliation of rejection and lower wages just because they are physically different or deemed to be inferior to the white applicants? Why do they need to pay additional "costs" just because of their black skin colour? First and foremost, note that racist employers can be of any race including the race that is purportedly disfavoured or maltreated. The root factor here is physical appearance and people naturally do have preferences for certain physical attributes over the others.

Skin colour is just one of the many attributes. Most people favour good-looking people over unattractive ones. Most people also prefer to be taller and slimmer than otherwise. Most people would like to keep their thick hair than to be bald. Most people want to stay young and wrinkle-free. Most people prefer individuals with pleasant personalities. Most people also prefer beautiful automobiles, houses, sceneries, clothes, watches, and jewellery. Very few people like unappealing, nasty, or distasteful things, people, animals, insects, and places.

For this reason, most celebrities, artistes, singers, television hosts, flight attendants, models, and even elected representatives are pleasant and good-looking. Today, dentists and oral hygienists also need to have beautiful teeth and smiles to impress customers and compete in the market. Individuals who are tall and possess attractive qualities enjoy obvious advantages in many professions. You need time to evaluate the true personality and attitude of someone, but you can immediately know the outer appearance of a person.

Likewise, most beautiful places with most pleasant people gather the most tourists. Best-selling cars, garments, and jewellery must all have stunning looks. We all prefer people and things that are physically attractive. This is human nature. The world is no utopia and individuals are born different. Individuals have different tastes and preferences. Should the state prohibit individuals from "discriminating" against what they perceive to be unsightly people, places, rocks, plants, flowers, animals, insects, and other things? Should the government interfere and forbid people from choosing their friends, associates, partners, and pets according to their preferences? If some people think white people are more beautiful and would like to employ them, should we prohibit it by law? What about those who prefer only good-looking people regardless of skin colour? And, what about those employers who prefer only candidates with good attitude, personality, and performance regardless of physical appearance? What about employers who favour physically unattractive applicants who may be more committed to work? Should we prohibit employers from making these choices that are deemed best for them and their businesses? Freedom to choose is a basic human right that should not be taken away from anyone, including employers by any means and for any reason by the state.

Since so many kinds of preferences or "discrimination" do exist, it is impractical if not outright impossible to architect, enact, and enforce laws pertaining to each kind of discrimination. Anti-discrimination laws targeting race discrimination alone are not enough since many employers do prefer good-looking candidates over average-looking job seekers. Amongst the white people, there are ugly people too. Likewise, amongst black people there are attractive men and women. Moreover, many job interviewers make conclusions based on first impressions of job applicants. These interviewers are potentially biased against the candidates because a few meetings with the candidates may not be sufficient to predict the candidates' future performance. Similarly, some employers discriminate by favouring certain personalities during interviews.

Amongst white people, there are individuals with discourteous character. Within the black people there are gorgeous and well-mannered persons. If we are born physically unattractive, we can improve our attitude and character to compensate for the physical deficiency. Should we enact laws forbidding discrimination by employers against bad attitude people? Plenty of jobs require skills and abilities rather than good physical appearance. Chefs, pilots, engineers, lawyers, and doctors who, on average earn higher incomes do not need to be physically attractive. On the other hand, other professions may require attractive physical appearance. The employers know best what is best for them.

In a word, discrimination, which is a manifestation of personal preference, is prevalent in our day-to-day life and in our relationships with other people (Block, 1998). On this logic, if anti-discrimination laws are indeed beneficial, why not extend them to other facets of our life as well? It is just not enough to restrain their scope to the employment and trade. Consider the case of a man who seeks to gain affection from a woman, a typical phenomenon in our life. A man who possesses the physical characteristics that the woman desires is likely to be accepted by the woman as her partner. On the contrary, a man who does not possess the physical qualities that the woman favours is unlikely to be accepted by the woman as her partner. However, this does not follow that he has no chance at all of gaining the affection of the woman. This man could spend extra efforts polishing other attributes and, in the process, incurring additional costs than the man, who on the outset, already enjoys the required attributes. If luck is on the man's side, he can still gain the affection of the woman and be accepted as her partner even though he originally had not possessed the physical characteristics that the woman prefers.

Then again, why should the latter man be discriminated against by the woman in the first place? Should he be given equal opportunity by the woman to be her partner regardless of his appearance? Isn't it unjust for a woman to select somebody as her partner based on physical appearance? Isn't it unfair for the latter man to incur additional costs and go the extra mile just to gain the same affection from the woman? When a woman decides who should be her partner, she is essentially "recruiting and employing" the right candidate and probably for long-term tenure. She has every right to choose anyone based on whatever criteria that she deems fit as long as to her, the person is the best match for her preferences and circumstances. Similarly, an employer should have every right to select any job candidate based on whatever criteria that they deem fit as long as to them, the person is the best match for the job vacancy and the company. If the managers of a firm fail to meet what the owners of the firm want, they will have to face the music. It is up to the owners to monitor the behaviour of the managers so that they hire the right people. Hence, if anti-discrimination laws are indeed warranted, they should also be applied to those who are "recruiting" candidates to be their romantic partners. Success and failure of these women depend on their voluntary actions and circumstances surrounding these women. Likewise, success and failure of businesses depend on the voluntary actions of the managers and owners and circumstances around them.

Women at Work

Besides race, discrimination against women at the workplace is an intensely debated topic. One contested issue under this umbrella is pay inequality between sexes. Egalitarian politicians and bureaucrats have always used this as justification for more regulations at the workplace. These politicians and bureaucrats have often used false economic analyses and statistics to justify for government intervention in the labour market (see e.g., Ritenour, 1999). They have failed to recognise or pretend not to recognise that those working women have made their choices voluntarily when they decide to work with an employer amidst the dynamics between demand and supply of labour in that particular competitive job market.

Rational men and women work for their chosen employers without coercion, making their choices that are deemed optimal based on their circumstances. On this alone, the government is clearly illegitimate when it tries to meddle in the terms and conditions of voluntary contract, exchange, or cooperation between consenting adults. Unless the underaged, who are clearly immature and irrational, and the disabled, who are strongly proven to be irrational are involved, the government has no right to get in the way of consenting individuals if they are not harming any non-consenting third party in the execution of their contract. For current purpose, we assume that the government is a legitimate entity, even if it is not the only one arbitrator proposed in the literature, in adjudicating disputes or conflicts involving non-consenting or helpless individuals. Freedom of contract between individuals and entities is just a basic human right that everyone, including the government, ought to recognise and uphold.

To justify for more regulations on wages, salaries, benefits, and other terms of employment, politicians and government officials often rely on fallacious statistics. The most popular metric is annual income averages. For instance, there are reports by the US Department of Labor and the President's Council of Economic Advisors saying that the average woman in the US earns a fraction of a dollar for every dollar the average man makes. Politicians, leveraging their arguments on law of one price, claim that the same goods should be sold at the same price in the market. Along this line, since men and women are the same or should be equal, if employers do not discriminate, men and women workers should fetch the same pay.

Nevertheless, the key question is: who decides whether two goods are indeed equal? The one who decides if two goods or things are the same is the demander or the purchaser, not a third party such as the politicians. Two identical goods with exactly the same characteristics can be perceived and valued differently by different individuals. Even if the politicians or the general public opine that a male and a female worker are the same, the ultimate determiner on whether the two persons are really the same is the one who demands or buys their labour service. By the same token, a buyer or consumer shall determine whether two products are indeed identical or otherwise, not any third party. Therefore, when the employer who purchases the labour service views that the male worker is different from the female worker, then the male worker and the female worker are indeed different. When the male and the female worker are different, the employer has the right to pay them differently even for exactly the same job just like the way a consumer does. If a consumer thinks a service is worth the asking price offered by the service provider, they will pay for the service but if they think the service is not worth that much, they will only pay at a lower price. The view of a third party is not relevant. If the seller refuses to sell at a lower price, no deal or exchange is made. So does a job applicant, if they cannot accept a lower-offered wage, no deal is closed.

Problem with Statistics

Another problem lies in the statistics. Statistics can be misleading. Using the general average, income discrepancy between men and women appears large but when the data are filtered by a certain category, one finds significantly smaller gaps. In fact, as one learns from critical thinking, we must always look for precise data rather than general ones. The more precise the data definition, the better. When the US income data are filtered by marital status, education background, age, or profession, one will find little differentials between men and women (Ritenour, 1999). Generally speaking, those with greater age should have more experience and hence earn more. Thus, without controlling for age, men can easily appear to earn more than women just because the male group consists of more people of higher age than that of the female group. What explains the income equality here is actually age, not gender.

The same is true for other dimensions such as marital status, education, or type of job. In other words, these factors can explain most of the income variances between men and women. However, politicians and the government will still find this little gap to be disturbing and blame gender discrimination for the discrepancy unexplained by the above factors. The politicians, bureaucrats, and activists just ignore the fact that random errors do exist in statistics. On the other hand, these very same people tend to play down statistics that show that women with certain degrees are earning more than men in certain occupations. In certain sectors, women really do earn more than men do. If averages are really indicative of discrimination, then the sectoral data that shows women earning more than men should also be indicative of discrimination against men in those sectors.

Why is marital status or marriage and childbirth especially important in explaining the difference in pay? It is just natural that mothers are relatively closely attached mentally and physically to family and their children. Since men cannot get pregnant and deliver babies, women are absolutely advantageous in this regard, namely procreation.

Following this absolute advantage, it follows that women are also comparatively advantageous in childcare and upbringing. Generally, mothers understand better the physiological needs of babies. Given the net benefits of division of labour and work specialisation in both effectiveness and efficiency, it is logical for mothers to concentrate on childcare and child nurturing whilst fathers focus on financing and providing the needed resources for the family. Nevertheless, it should not be mistaken that fathers have no role to play at all in raising and nurturing children. For this reason, mothers are likely to participate less in the labour force, perhaps through reduction in hours worked per week while fathers would have to work longer hours. Given this circumstance, it is expected that fathers would earn more income from work than mothers do because the total hours worked for mothers would be less when they have to take care of children.

In other words, mothers shift part of their productive time from working officially to working unofficially at home and they may derive their most economic income from the fathers. Since mothers tend to work unofficially at home, the location of work is not so important. Hence, housewives tend to follow their husbands when the husbands manage to find higher-paying jobs elsewhere. Even if mothers do work officially, their participation in terms of hours is significantly less than their husbands. Hence it is completely rational for these women to follow their men should the job or greater pay be needed and the job or greater pay entails relocation. Alternatively, the working mothers can stay unmoved while the men move for better pay. In any case, the earnings of husbands will be higher. Had the hours spent by women on family and childcare been considered as economically productive as other occupations and officially accounted for, women would have earned more statistically, and the income gap between men and women would have been narrower, if not completely eliminated.

Due to family and childcare commitments, women are disadvantaged in terms of earning power, skill, and know-how development in the long run because they have less uninterrupted years in the workforce. When they have to take months or years off their work to take care of their children, their efficiencies may decline, or their skills and knowledge turn obsolete by the time they return to their jobs. Lower efficiencies and currency in the relevant field undermine their pay growth over their lifetime when compared to men who stay uninterrupted in the workforce. It is completely rational for employers to pay returning women employees at lower or previous wage rates because they need time to regain their previous efficiencies and to catch up with current efficiencies, and if the women's skills, knowledge, and competencies are out-of-date, employers need to retrain them and, in the meantime, employers may need to bear the costs of ineffectiveness and inefficiencies more than otherwise.

During this period of adapting to the current environment by the returning women workers, employers risk losing customers' satisfaction and revenues as a result of reduced quality of service and efficiency. Knowing that obsolescence of skills, knowledge, and competencies can undermine career progress, some working women prefer to choose jobs of which an absence of a couple of months or years would not render them too obsolete. Many women who aspire to be mothers hence choose to work as teachers at government schools that may provide them with more time flexibility, less work burden, and less need to be up-to-date with the current environment. On the downside, this kind of job often offers lower remuneration and smaller pay growth. Besides, women who aspire to be mothers may choose to invest less in education and training than men because they expect to be full-time mothers one day, nurturing children and hence less rewarding to invest so much in higher education. Therefore, with lower education and training, it is not surprising that young women are earning less than young men in the early years of their working lives.

Businesses are for-profit organisations. They are not charitable organisations. Entrepreneurs and managers make economic calculations as to maximise revenues and at the same time minimise costs on the trajectory to meet customers' demands. Hence, it is no surprise that when hiring new recruits, business managers take serious account of the net contribution of each job candidate. One cannot blame managers for refusing to hire women, knowing that they will leave the organisation soon to nurture their children. Businesses need to expend substantial resources on training and adapting new recruits to the job, culture, and workplace. Newcomers need some time to ride along the learning curve and achieve the needed effectiveness and efficiency. All this requires substantial investment from the firm. For this reason, firms expect a long-term employer-employee relationship with every employee. Turnover or absence from the job is costly not only for the reason for investments made but also the risks of undermining quality and customer satisfaction. Absence from work to care for family and children by women has the potential to reduce revenues and increase costs. Thus, logically, women who aspire to be working mothers are usually paid less because companies discount the potential loss of net profits to the firm when the women have to absent themselves from work. Perceived laws and regulations that protect women workers from these "prejudiced" employers only make employers more cautious when hiring. Indeed, past records in the US have shown that when the birth rate rises, there are fewer women in professional and technical jobs that yield higher income (Ritenour, 1999).

To conclude, no rational profit-maximising companies and employers will persistently discriminate against certain groups of job candidates and employees except only for their net contribution to the bottom line of the respective departments and ultimately the entire organisations.

8. Global Warming

Economists and scholars have argued that negative externalities created by the free market provide the most legitimate reasons why we need government intervention. According to the mainstream and pro-Keynesians, the free market has time and again failed to resolve this problem, resulting in what they call as market failure. A common example of market failure that creates negative externality is the production of pollution by businesses, factories, and individuals, which is harmful to other members of society and thus a third party, namely the state, should step in to regulate and bring to justice those who produce this negative externality.

Externalities and Pollution

The reality is however, without many of us realising, each of our actions does produce positive and negative externalities to other individuals in society through chains and networks of actions and reactions (Rajsic, 2011). For every decision and action that we make, it is impossible to evaluate if the ultimate positive results to the entire society of mankind do outweigh or fall behind the negative consequences. We may know the direct consequences of our actions on members of society who can be closely linked to our actions, but beyond that we have little to no knowledge about the effects on welfare of the rest of the members in society. For example, if we choose to drive during rush hour, we are essentially worsening the traffic congestion if the roads have already been congested. The direct effect of our action is known, namely greater congestion, and it is certainly a negative externality because other drivers and road users have not consented to accept the greater congestion that we create. We, and the owner of the road, the government, may have agreed on us accessing the roads during rush hour but other users who are badly affected by our action may not have consented. The same is true for any other driver on the roads. While the direct negative externality can be accurately predicted earlier, namely greater congestion; the consequences of the greater congestion to each of the other road users are impossible to be estimated accurately.

The subsequent consequences to each individual road user are different, and can be perceived as positive or negative, depending on each individual. For drivers who happen to be late for work and consequently get chided by their superiors, the externality can be negative. The same might be true for those who meet with traffic accidents and worse still, if they suffer injuries. On the other hand, some might actually be better off being stuck in that traffic jam longer. Those who are supposed to catch a flight that later turns out to be ill-fated will actually be grateful that they have missed the flight due to the traffic jam. This is certainly a positive externality.

Meanwhile, if we do not join the traffic during the rush hour and choose instead to drive during non-peak hours, the traffic flows might have been smoother if a substantial number of drivers act as we do. Hence, our choice of not adding to the congestion is certainly a positive externality to many of the road users. However, without us and others delaying those who are supposed to catch the ill-fated flight, the result is definitely a negative externality to the victims and their families.

In the above illustration, the negative externalities caused by additional vehicles that enter already-congested roads can be substantively reduced, if not totally avoided if roads were owned by genuine private entities, rather than the government. Hence, in this case instead of being the solution to a societal problem, the state is actually the cause of negative externalities. The details of this issue are reserved for the next chapter on roads.

In other respects, a person's mere existence, their appearance, and their demeanour can create positive and negative externalities not only to people around them but also to the rest of society. To some people, they may feel happy seeing that person or being with them. Yet, others may feel disgusted or unhappy. In a person's family and at the workplace, some may find their existence helpful and desirable, whilst others see them as a threat or competitor to limited resources. These other people or third parties in the respective circles, all have not consented to a person's existence, and hence the effects of their existence to them are all externalities. To society and the rest of the world, if they happen to be a great inventor, the positive externalities produced by them may far surpass the negative externalities. Quite the opposite if they happen to be a notorious criminal or terrorist, the negative externalities to the rest of the world may be far greater. But even if they are a great inventor such as Enrico Fermi, the Italian physicist who helped discover nuclear energy, the outcomes of their contributions can be both beneficial and disastrous, so that the externalities can be both positive and negative to great extents.

While the above unintended consequences of one's mere existence or actions can be indirect and hard to trace or prove concretely, the problem of pollution is a question of property rights violation that is relatively straightforward (see e.g., Rothbard, 1982). When a factory produces fumes or smoke that chokes someone, it is clear that the factory, through the dirt particles, is violating the property rights of that individual. The factory is transferring the particles to the surroundings of the individual and ultimately to the lungs of that person through their nostrils without prior permission. The same is true when the particles settle on the face and eyes or any other body part or asset of a non-consenting person. In our current state of affairs, the arbitrator that a dweller can think of is none other than the government and particularly in this case, the local government is the party that the victim will approach to seek restitution and compensation. As with any other monopoly though, being the monopoly for adjudication service in the local area or district, the services rendered by local governments, including adjudication are rarely efficient or effective. This is more so if the local government officials are not subject to appointment by election by the local population. Hence, a truly private competitive market of adjudication is clearly more efficient and effective (see Hoppe, 1999).

Carbon Dioxide, The Culprit

The claim that higher carbon dioxide emissions by mankind causes higher average global temperature is still dubious while the climate modelling methods and their results that support such claim are still spurious (see Soon, 2007; Green et al., 2009; Connolly et al., 2019; Independent Institute, 2019, Aug 16). While global warming scientists have used the annual size of forest area burned in the US up until 2017 to indicate rising temperatures over the past decades, when the whole dataset including the period of 1926 to 1960 is examined, the area size has actually gone down. Satellite data have shown that since the 1990s the atmospheric temperature has not experienced rising trends (a.k.a. global warming hiatus) even though carbon dioxide density has risen persistently. Scientists critical of global warming have also shown no increasing trend in daily hottest temperatures in the US for the last hundred years. Various evidence has also refuted the notion of rising frequency or severity of extreme weather conditions such as snowstorms, tropical storms, tornadoes, and hurricanes. Conclusions about future warming are also dubious, as they are based on flawed computer-based climate models that suffer from poor representation of water to solid, liquid, and gas. To support their agenda, agencies under the purview of the US federal government and some scientists have actually misrepresented deviations from averages, namely temperature anomalies, as actual temperature units so that they can show that human forces have caused an increase in global average temperatures over the past decades. Meanwhile, studies that link increased sea acidification and corrosion of shells of sea life because of higher carbon dioxide in the atmosphere are prone to procedural or methodological defects. Contrary to popular belief, water vapour in the troposphere, through the greenhouse effects and radiation from the sun, rather than carbon dioxide, probably play a dominant role in the atmospheric temperature on the earth.

Despite the above doubts and criticisms against global warming, even if global warming resulted from increases in carbon dioxide emissions is indeed true and that the entire planet experiences a gradual rise of temperature in small percentages over time, it does not necessarily follow that human beings, animals, plants, and other living organisms are worse off. Yes, some people may be worse off, but yet some other people may be better off (see e.g., Hülsmann, 2020). For instance, lands and places on the planet which are currently too cold to be arable and populated can be utilised if the climate gets warmer. If global warming is indeed true, previously inarable lands can now be cultivated. This is certainly beneficial not only to farmers but also to the entire mankind because more food and agricultural produce can be produced. As long as trade is relatively free, the benefits can be disseminated globally. Similarly, some plants and animals on land and in the sea may perish but yet some other species may flourish.

Also, certain sectors of economy may decline, and some other sectors may thrive. For instance, the manufacturers of air-cooling devices will no doubt prosper when temperatures rise, so will the producers and providers of trees and plants, because as the climate gets hotter, more and more people will demand for trees and plants to cool down the surroundings and to remove the excessive carbon dioxide from the atmosphere, if indeed carbon dioxide is the domineering culprit to warming. On the whole, it cannot be concluded that global warming is indeed detrimental to all peoples and living organisms in all places at all times.

In fact, projections of the social costs of global warming are unconvincing. The statistical model used by the US Environmental Protection Agency to estimate the social cost of carbon emissions is highly susceptible to small changes in the estimated parameters. Amongst the estimated or projected parameters used are GDP growth, the amount of carbon dioxide emitted per dollar of GDP, amount of carbon dioxide in the atmosphere in the future, and so forth. To make matters worse, the projections of the social impacts of increases in carbon emissions extend beyond hundreds of years from now into the future. The question is, who will know what kinds of technologies mankind will be using in the future? And, how would the changes be in other factors that can impact on the global temperature? Predictions of the impacts of human actions made today on society three years from now, let alone tens or hundreds of years. will be inaccurate.

To the surprise of many, increases in carbon dioxide may actually produce a net benefit to mankind (Ritenour, 2018). Proponents of global warming and supporters of carbon tax have rarely talked about the benefits of increased carbon dioxide concentrations in the atmosphere over the last three decades. The benefits include flourishing of vegetation and crops under higher concentrations of carbon dioxide as found by many scientific studies including those published by the *Nature Climate Change* journal.

Carbon Tax and Impacts

Certain economists in the US have proposed to levy a special tax on foreign imports, targeting countries that do not impose carbon tax on their producers and exporters (Murphy, 2019). Meanwhile, American exporters that have to pay carbon tax and are thus rendered less price-competitive in foreign markets will be given tax refunds so that they can maintain their export prices as that before the carbon tax. The rationale, according to these economists, is that if the US government imposes carbon tax on producers in the US that emit carbon dioxide in their production processes, the costs of production of US manufacturers will go up. The increased costs of production as a result of carbon tax will raise prices of American-made products in domestic and foreign markets, including goods that are exported to the rest of the world. In short, the imposition of carbon tax hinders US exporters vis-à-vis foreign exporters not disadvantaged by any carbon tax.

According to this border adjustment proposal, producers in the US will not be rendered price-uncompetitive against foreign producers in the domestic and global markets should carbon tax be imposed on US producers in the move to reduce carbon emissions. In addition, this proposal will also prevent shifting of production facilities to the rest of the world that do not impose carbon tax because goods from those places will be levied a special tax when they are brought to the US. According to the proponents, carbon emissions in the US will be reduced while at the same time other nations will be incentivised to cut their carbon emissions.

At first glance, this plan looks good with a good motive in reducing carbon emissions that are harmful to our environment and at the same time cancelling out the damaging effects on domestic producers. Nonetheless, conditions apply. Firstly, this proposal builds on the assumption that carbon dioxide emissions cause or expedite global warming, which is harmful to living creatures on earth, including mankind. Nonetheless, as discussed earlier, many studies have debunked this belief as a hoax (see Bell, 2011). This proposition assumes that global warming is detrimental to the well-being of humans, but the very existence of a systemic and constant rising of temperatures around the globe is dubious. While reliable statistical climatic data may exist and be retrievable in certain places monitored by the advanced countries over a long period of time, probably over decades, the same reliable information may probably not exist in the rest of the entire globe over the same span of time. Without consistently valid and reliable observable and measurable data, the mere proposition of the phenomenon of constantly rising temperatures all over the globe is questionable.

Even if we can accept that global warming does indeed happen and is really harmful to mankind, it is still almost impossible to pinpoint to rising carbon dioxide emissions by man-made technologies and equipment as the predominant cause (Pearce, 2005). The earth and outer space are made up of innumerable matters and variables, including the sun and water vapour that might, by themselves or in combination, cause rising temperatures on earth. These matters and variables might not be constant in their influences, or even be observable over time. Correlations between rising carbon dioxide and rising temperatures can merely be just correlations. One cannot establish an air-tight reliable causal relation between rising carbon dioxide and temperature. Matter in outer space and on earth can hardly be accurately identified, let alone controlled by scientists as they always do in laboratory experimentations. Despite all these uncertainties, even if we can accept that carbon emissions by human activities contribute most to global warming, the next thing to analyse is the cost-benefit analysis of having carbon emissions from those human activities, not only on quantifiable grounds but also on qualitative bases.

If mankind is to continue to procreate, inevitably in one way or another, they will use up resources on earth and may in many ways harm the natural environment and other living creatures on the planet. Unless human beings cease to produce children, they will continue to "harm" the environment. Hence, the question is whether the harm to the environment is perceived to be greater or worthwhile given the good of birthing and raising another human being on the planet as perceived by mankind.

In other words, if indeed carbon dioxide and other emissions are causing global warming, and global warming is indeed harming mankind, it boils down to a marginal cost-benefit calculation as to whether the good of bringing another human being into the world outweighs the bad that is produced by raising that additional human being. This marginal cost-benefit analysis is complex as it involves different cultures, values, principles, and preferences of different groups of people. On top of that, the dimensions of the analysis go beyond observable, measurable, and quantifiable facets which makes the analysis an indeterminate one. The scope of the analysis is beyond current discussion, but the gist is that every human action will inevitably be perceived to be harmful to the environment by people, and therefore it is a question of striking a balance of the good against the bad of any human action. Back to the policy of taxing carbon emissions and border adjustment: do the perceived benefits brought about by the policy really and clearly exceed the resultant costs?

Under that proposal, the first step is to tax companies that emit certain levels of carbon dioxide. The threshold of quantity of emitted carbon dioxide per company before the tax rate is graduated of course is determined by bureaucrats and environment agencies. The "right" amount is impossible to calculate because the atmosphere of the planet is shared by all the countries and even if scientists can figure out the proportion of carbon dioxide in the entire atmosphere, bureaucrats and scientists will never know the actions of other countries in the system. Not to mention that in other countries, even within one's own country's borders, there are natural and non-natural activities that take away carbon dioxide from the atmosphere and activities that add carbon dioxide into the atmosphere, and these variables are rarely constant.

Despite the above, suppose the "right" amount can be determined, just like any other kind of tax, carbon tax will certainly add to the operational costs of firms. To prevent escalating tax expenses, firms would have to reduce their quantity of output, increase efficiency, use cleaner technologies, raise selling prices, and / or shift production facilities to places with no or lower rates of carbon tax. Certain firms may even be tempted to bribe officials or attempt to manipulate the carbon emission readings. Reducing the quantity of output seems unlikely unless the tax rate is forbiddingly high when higher levels of output are produced. Otherwise, reducing supply might frustrate customers.

Meanwhile, the alternative of raising selling prices is obviously undesirable as it will irk customers and dissatisfied customers may shift to competitors or just replace the firm's products with substitutes. Nonetheless, some companies may decide to pass on a certain portion of the carbon tax to customers, but the percentage should be minimal, depending on how competitive the industry is and how substitutable the products are. If firms really raise prices, then general prices in the economy may increase due to pass-through and network effects.

One firm's output can be another firm's input, and so forth. Workers may also ask for higher wages due to decreased purchasing power. With general rising prices which can be short-term or long-term, the purchasing power of the entire population in the economy will shrink. The harmful effects of rising prices do not discriminate between consumers who do not use any carbon-emitting products and services with those who heavily consume carbon-emitting goods and services. Even if you are not in any way contributing to more carbon emission, your purchasing power is taken away regardless due to general price inflation. Taxes take away wealth from the productive private sector. Even if every American consumer is compensated by the government in a certain way, the amount will not be sufficient to cover the compounding effect of price inflation in the economy.

Besides that, even the rest of the world will be adversely affected if there is a general rise in prices in products and services from the US as many products and services are inputs, capital goods, or consumer goods to the rest of the world. Holders of dollars and dollar assets in the rest of the world too will be worse off when the prices of goods in dollars rise in price. In other words, part of the wealth or created value from the private economy in the US and the rest of the world will be transferred to the federal, state, and local governments in the US, should carbon tax be imposed on the American industry. Those who hold dollars will get to purchase less goods and services, but the government will gain dollars without having to invest or produce valuable goods or services. Just like any other kind of taxation, it is a net transfer of wealth from the private economy to the government. Worse still, if the government uses the additional tax revenues to purchase certain goods or to invest in certain industries that would not have been invested in by voluntary private investors, the genuine allocation of resources in the economy will be distorted.

In addition to raising selling prices, which is undesirable to competitiveness, firms may also opt to increase efficiencies, either on their own or together with an increase in prices. In this regard, most firms in the competitive markets would have already run their production capacities at optimal levels, obtaining the greatest levels of output at acceptable quality at the lowest production costs possible without damaging long-term effects. If firms are already at optimal levels of efficiency, attempts to increase efficiency further may jeopardise performance and productivity. For instance, firms might request employees to work for longer working hours or to run the production facilities for longer hours to increase outputs to offset the additional cost of the carbon tax. Nonetheless, while the immediate straining of human and real capital might bring about greater outputs and hence greater efficiency in the short term, distressed employees and machinery will produce lower levels of outputs in the future if no compensatory measures are taken. But then again, compensatory measures such as hiring more workers, increasing training, increasing automation, or repairing and upgrading machinery does all entail additional investments.

Henceforth, in response to the imposition of the carbon tax, increasing efficiency for firms in the competitive industry is unlikely to be a viable option. As for firms that are not at the optimal levels of efficiency, such as utility companies that are granted monopoly privileges by the state, they have little to no incentive to increase efficiency after all, as they can easily pass on the additional carbon tax cost as higher prices to customers. Monopolies, if they are ever subject to carbon tax, face no competition and thus have no incentive to offset the additional costs from carbon tax by increasing efficiency. Given the monopolies' close ties with politicians, increasing prices is likely to be granted by the state. Otherwise, these monopolies can even be exempted from carbon tax in the first place, or have their production costs subsidised by state coffers.

The last of the options in response to the imposition of carbon tax are shifting to cleaner technologies and / or moving production facilities to overseas where carbon tax is not in place. However, the proposed carbon tax with border adjustment penalises firms from moving production abroad by levying a special duty on imports from countries without a carbon tax. With respect to replacing or upgrading current equipment and technologies to those that produce lower levels of carbon dioxide, it would incur not only financial costs but adaptation and training costs. Certainly, moving to newer technologies, even if they are as efficient as current ones, shall entail additional financial costs, but then again, it is unlikely that green technologies can be more efficient than current systems, otherwise entrepreneurs would have long ago shifted to green ones.

The costs of shifting to cleaner technologies can be financed by increasing selling prices; reducing remuneration to personnel; using up retained funds; and raising funds from shareholders or firm owners or through borrowing. The former two options are certainly more undesirable. The latter options may be more viable but, in any case, the funds used to change to perceived cleaner technologies will render other investments impossible because funds that are already used cannot be used again. If it involves borrowing, then the firms need to bear additional interest costs in addition to what the firms are already paying. These investments in newer technologies due to carbon tax that otherwise can be avoided increases capital investments and hence prolongs the payback period and reduces the return on investment to the owners who have invested in the firms. Since these additional investments in the lower carbon emission technologies are not demanded or preferred by the firm's customers in the first place, they do not create additional value to the customers, and hence they also do not add additional value to the firms. Since the resources used to upgrade to the newer equipment can otherwise be used in other productive ways that create value, value is thus transferred from other actors to the sellers of lower carbon emission equipment. Since there is no genuine demand for those lower carbon emission technologies, value and resources in the economy are arbitrarily transferred to the industry for cleaner technologies. This industry for reducing carbon emission hence flourishes at the expense of the rest of the economy, thanks to the imposition of carbon tax. No wonder critics and sceptics are questioning if politicians supporting carbon tax are direct or indirect beneficiaries of the boom in the industry.

On the outset, the proposed carbon tax with border adjustments looks good, as it reduces carbon emissions by firms and at the same time prevents firms from escaping the tax by moving production abroad and prevents foreign imports from undercutting firms in the American market by levying a special tax on those from countries without equivalent carbon tax. In addition, exports from the US are entitled to refunds so that their prices will not be greater in foreign markets and thus their competitiveness will not be affected. In other words, firms that derive most of their revenues from exporting to other countries will be relatively less harmed by the carbon tax because their markets are outside the US, and they can obtain refunds of carbon tax that they have paid.

But then again, if carbon emissions are really bad for the environment, then these firms that get refunds have less incentives to shift to cleaner alternatives. Indeed, with the refunds, firms may even be incentivised to concentrate on the export market because they can employ their current methods of production without having to incur unnecessary costs of carbon reduction. As a result, this carbon tax with border adjustment in a sense is a mercantilistic trade policy in disguise as it protects exports from foreign competition, and it undermines imports.

Just like any other mercantilistic trade policy, tariffs or levies on imports not only increase the prices of imported materials, inputs, capital goods, intermediate goods, and consumer goods to local businesses and end consumers but also distort the optimal reallocation of resources and the method of production. Suppose an input material to a production imported to the US is now levied a certain percentage of special tax because the origin country purportedly does not impose any carbon tax on its industry. This unfair trade policy erected by the US government cancels out the price competitiveness of foreign products and penalises foreign firms that can be more efficient in their production. It is overtly immoral to penalise foreigners who pursue price leadership strategies. One shall find this barrier, tariff, or tax on imports absolutely absurd when the same measure or policy is imposed within national boundaries.

If this trade barrier is in any way logical and valid, then it should also be true for domestic trade. States that do not impose carbon tax should incur a special tariff. Yes, the motivation is to reduce carbon emissions, but not every county, province, state, or country produces an equal net amount of carbon dioxide, assuming carbon dioxide is really bad. While the burning of fossil fuels produces carbon dioxide, plants and trees take away carbon dioxide from the atmosphere when they carry out photosynthesis. In fact, a study by Bastin, et. al. (2019) shows that large-scale tree planting is by far the cheapest and most effective way to tackle global warming. Hence, the ultimate question should be the net result on carbon emissions to the atmosphere rather than just the addition of carbon dioxide. Not all countries are equal in the addition and subtraction of carbon dioxide and hence it is unjust to impose a sweeping tax to countries that do not have carbon tax. Suppose that China does not impose any carbon tax on its factories and producers, but China, through its massive forests, takes away an enormous amount of carbon dioxide from the atmosphere so that instead of raising the temperature and harming the environment, China may even be cooling down the planet and helping the environment in comparison to other countries with fewer trees and plants.

Having said that, this more precise method of using the net amount of carbon emissions does also pose a problem. Not only that countries are different in terms of their roles in the net increase or decrease of temperature; regions, states, counties, districts, and localities within a country are also unequal in their net contributions. In fact, every individual is different in their net contribution of carbon dioxide. If they plant a lot of trees, on net, they may be helping the environment even though they burn gasoline that emits carbon dioxide when compared to someone who does not plant any tree but produces an equal amount of carbon dioxide anyway. In conclusion, while the policy of penalising importers from nations without any carbon tax may sound logical and fair in the first place, the very argument becomes untenable, unjust, and impractical if the same logic is extended further.

Suppose that carbon emissions are indeed damaging, and taxing imports from countries without carbon tax is completely justified, it is still difficult to pinpoint which foreigners produce what levels of carbon if their production facilities are back in their home countries, even without considering the net contribution to carbon dioxide in the atmosphere. If their carbon emissions are insubstantial, it is unreasonable to impose any carbon tax on producers because it is an additional tax burden. If a special tax is levied on imports into the US or if the foreign governments do indeed impose carbon tax on their producers, in any case, the selling prices of the imported goods and services might go up unless of course the producers or sellers can successfully reduce unit costs so that selling prices can be lowered to offset the special border tax or carbon tax.

The lowering of unit costs is possible by increasing production efficiencies or by producing in greater volumes to reap the benefits of economies of scale. This, however, may take time and may not be able to be executed in the short run, especially if investments and shifts in capital goods, methods of production, and technologies are involved. So, at least in the short run until producers find their ways to reduce costs of production of each unit, unit prices of imported goods will rise, given the border adjustment policy. Thus, given that previously cheaper imports are now more expensive, business and end consumers in the US may choose to tolerate, absorb the higher costs, and continue to purchase now-dearer imports, maybe in lesser amount, or switch to substitutes.

When the private sector pays tax, value in the form of wealth is transferred from the private economy to the government. When businesses and consumers switch to alternatives following the carbon tax with border adjustment, value is lost because these buyers must now switch to the less-preferred alternatives which produce less value than their preferred choice that they chose in the first place. The original choice of imported goods should convey the greatest value, either to the firms or to the consumers. For instance, a particular brand of imported input material may be key in meeting the expectations of customers. If that component is substituted with that of another brand or kind, the value to customers will diminish. Alternatively, if the producer retains that component in production, the selling price may need to be increased. In this case, value to customers is also reduced. If the producer wants to retain both the original imported ingredient and the selling price, it can increase efficiency to reduce unit cost, but this is also not free. The producer could opt to increase working time of machines and employees, or earn less profit margin, each of which entails loss of value since the increased work time or reduced profit would have not incurred had the carbon tariff not been put in place.

Private Individuals - The Actual Solution

For the sake of argument, suppose that all the preceding arguments that carbon emissions cause an increase in average global temperatures are valid, and suppose also that the carbon tax policy by the government is indeed problematic and brings about more harm than good; what should be done by the public to stop global warming and to save the environment? Should we all just stand by and do nothing about it? How would individuals, society, and the private economy react in a world with no government meddling? To begin, let us assume for a moment that the politicians and the government persist to do nothing about carbon emissions despite pleas and pressures from environmental groups and other interest groups such as producers of renewable energy.

In a society in which private individuals and groups are free to express their views and put across their cause and agendas, there will be groups of individuals who believe that carbon emissions cause or exacerbate global warming and hence advocate for a reduction or outright elimination of carbon emissions. There will also be groups and individuals who disbelieve that idea and oppose that movement. Yet other groups neither believe nor disbelieve, and some other groups will believe other causes to global warming. Still others just do not believe in anything at all.

Hence, just like that in any other trade, industry, or facet in society, these groups compete against each other to sell their ideas. Under these circumstances, it is thus up to the members of society to decide whether to believe and support the movement for cutting carbon emissions. It is up to the competencies of these groups to come up with persuasive arguments and evidence in order to lead more people to support their respective agendas. The public shall decide whose arguments are more valid and sound given the sponsors behind those movements. Those who support the carbon reduction movement can put pressure on manufacturers to switch to cleaner methods of production and to persuade consumers to switch to alternatives that produce less carbon dioxide. Since these activist groups are not government, they cannot use coercion.

If supporters of cutting carbon emissions are themselves businesspersons, they can initiate their own efforts in doing so besides pressuring other individuals or businesses to cut carbon emissions.

Pressure on producers can be in the form of boycotting products and services supplied by firms that emit high levels of carbon dioxide and purchasing from producers and suppliers that emit low levels of carbon emissions. Pressure on consumers can be in the form of not selling to customers that do not reduce consumption of products and fuels that produce high amounts of carbon. These pro-carbon reduction groups can of course persuade the public through mass and social media in alienating those who do not reduce carbon emissions.

In any case, the costs and risks of advocating their cause should be financed by themselves, not by all taxpayers, some of whom may even oppose the movement. Hence, the use of government media and staff in promoting carbon reduction is illegitimate, as those who pay taxes may not even support that movement. Just like any other entrepreneur in the free market, the anti-carbon activists should spend their own money, time, and effort and face the risk of failure and losses. If their ideas are worthwhile and persuasive enough, a substantial number of people in society will join the fray in pressuring and boycotting organisations and individuals who continue to produce carbon dioxide. Businesses and producers will then have to fulfil the preferences of their customers in order to continue to survive in the market, regardless of the scientific validity of the carbon emission and global warming claim. In a free society, if sellers refuse to sell to consumers who do not reduce or eliminate carbon emissions, consumers too will have to yield if most sellers are reluctant to sell to them. Even on an individual level, those who cherish friendships will have to succumb to the anti-carbon movement as a result of alienation from their anti-carbon friends.

On the other hand, if the majority of society do not support the carbon-reduction movement, businesses and individuals will carry on with their daily activities as usual with only a little to no irritation from the anti-carbon group. In a free society, everyone including groups and firms should be allowed to choose what to believe and what to act upon that belief. There is a private and competitive market for ideas, and no one should be compelled to believe or act in certain ways if they do not harm anybody in any way. The idea that carbon dioxide emissions cause or exacerbate global warming or bring about harmful climatic changes should first be subject to the market test of ideas. The market in question, is the market of knowledge, science, and ideas. Only deductively sound or inductively cogent arguments can withstand rebuttals and survive over time in this market.

To conclude, no one single person or group of experts knows for complete certainty how true or valid is a new argument or finding. That finding has to be tested and retested in the competitive knowledge market and if most people time and again believe and accept the findings, it is likely that the argument and its findings are true and valid. It is illegitimate to compel by laws and regulations or forms of coercion anyone in society to accept and act in accordance with any argument, finding, or conclusion that is politically endorsed. Just like any scientific discovery or medical finding, arguments for carbon reduction, if they are good, will be accepted by the majority of the public without the need for state meddling. So, in a free society, it is up to individuals to decide whether to accept that the negative externalities brought about by carbon dioxide emissions are greater than the positive ones; or that the positive externalities brought about by them are greater than the negative ones; or to accept neither of these two stances.

9. Road

Everyone knows what roads are. Public roads today create lots of problems to users, from surface bumpiness and congestions to accidents and even deaths. But even the worst-performing roads are never driven out of business. Have you ever wondered why?

Tyranny of Monopoly

If any of the other goods in the economy, such as hotdogs, shirts, internet connectivity, or air transportation causes problems to customers, its seller would either correct the problems immediately or have its customers switch to other sellers or substitutes. The worst-performing seller will eventually be driven out of the market by its competitors and substitutes. In the land transportation sector, however, except for a handful of private roads that run on private lands, virtually all roads and means of public transportation are in one way or another owned or run by the government. Since the government owns and / or manages the roads, the owner or the manager or the service provider of the roads will never be driven out of the business (Friday, 2019a). At most, the management may change, but the system, structure, and bureaucracy remain the same.

These public road systems are supplied by the government and being the monopolist ultimately backed by the armed forces, this supplier that earns its revenue through nothing but taxation, will never have to suffer losses. This roads monopolist also does not need to attract customers, revise its products or services, answer to shareholders and other stakeholders, and correct its inefficient and ineffective method of production. It will certainly not have to leave the industry no matter how much inconvenience to consumers and other stakeholders is created and how many casualties the poor roads directly or indirectly cause.

To put this into perspective, imagine a poorly engineered passenger car or aeroplane that causes numerous injuries and deaths: the producers will immediately be investigated, denounced, and brought to justice. And, if the producers are found guilty, they must compensate the casualties and most of the time have the top managers and engineers who are responsible step down from their position. The same applies to private builders, developers, and managers of private premises. In private businesses, when the products of certain companies fail to meet the expectations of customers or when their services or personnel cause harm or inconvenience to users, the management, the employees, the product engineers, designers, architects, and so forth would have to shoulder the responsibility and take prompt corrective measures because otherwise the reputation of the firm, the profitability of the business, and the remuneration to employees would suffer.

If the accountable ones still fail to rectify the problems and meet the expectations of customers and users, they would have to face penalties such as demotion, lower pay, and even outright dismissal. For private firms that cause injuries and deaths, in many cases their CEOs and top management would have to make public apologies. They may even have to face prosecution and court charges. When it comes to roads, however, the supplier does not have to cater for the needs and preferences of consumers. The supplier also is not liable for any inconvenience and harm suffered by users when using the roads. Its owners, managers, and employees that run the roads do not have to really shoulder the responsibility and do not have to take prompt corrective actions when there are problems with the roads. The profitability, the reputation, and the compensation to the managers and employees running the roads are not directly linked to the satisfaction of road users. The remuneration of the roads' managers and personnel do not derive directly from revenues paid by customers. Even if for turnpikes where tolls are charged, road users often have no other alternatives. Thus, if there are problems with the roads, the management of the roads are unlikely to be replaced or face any negative consequences from unhappy road users.

Indeed, the compensation and rewards to the managers of the road systems may even be increased in spite of failure to meet the expectations of the roads' customers. The supplier of roads in most countries today is local, state, or federal government and the bureaucrats and politicians who manage the roads are not directly liable for the performance of the roads. They are not directly incentivised to provide roads that maximise profits and hence the satisfaction of customers. Even if the roads cause "economic losses", the rewards and compensation to the bureaucrats and politicians are not affected. Their status and position in the government and likelihood to be re-elected are also unlikely to be affected by shoddy and dangerous roads.

The reasons are twofold. First, these bureaucrats and politicians are appointed or elected based on many other reasons, most likely not including the performance of roads. In an authoritarian regime, the bureaucrats do not have to face public elections. They are robustly backed by the establishment and armed forces. Unlike other private businesses, these managers do not have to rely on the profitability of the business for their pay and compensation. The funds used to pay these managers and their staff are taken from taxes linked to road users and also all sorts of other taxes and revenues derived from the resources of the country. Even if the top officials are subject to election in a democratic society, many bureaucrats, also known as the "deep state" hold tenure positions and hence are immune to public outcry and grumble of the electorate.

Second, with the government being the state monopolist of roads supply, consumers have no other suppliers to choose from. Consumers will either have to use the shoddy roads or stop using roads altogether, since private roads are highly limited. Even if consumers switch to other means of transportation such as rail, the owners and managers are also most likely linked to bureaucrats and politicians and again the same problems faced by users of roads are also present in other transportation systems.

Blaming Consumers Not the Cure

Due to the above reasons, unlike in the private competitive sector where the blame of deficiencies is placed on the shoulders of a firm's managers and employees, in the public monopolistic sector, the fault of insufficiencies in the road systems is shifted to consumers, namely the road users. Whenever there are increases in the rates of accidents and deaths, the drivers or road users are to be blamed first and probably prosecuted for causing damages and casualties. The apparent solutions provided by the authorities include stricter rules, heavier punishments, tighter surveillance, more speed cameras, greater presence of traffic police, and so forth. Virtually no bureaucrats will reproach the owner and management of the roads, at least publicly, for deficiencies in quality, design, and safety features of the roads. In countries where the media are repressed by the state, they too cannot denounce the top officials behind the shoddiness of public roads.

When road users complain of congestion, drivers are to be blamed for using the roads during rush hour. Drivers should also carpool, according to politicians. When there are potholes, which are common even in advanced countries, trucks and heavy vehicles are the culprits. Only the arrogant state monopoly of roads can blatantly disregard the needs and preferences of customers.

On the contrary, under a competitive private system of roads, the market price resulting from the interplay between demand and supply will ensure the most effective and efficient method of production and allocation of resources with minimal wastage, redundancy, and inconvenience, leading to maximisation of satisfaction of the roads' consumers. A relatively recent instance of a private road can be found in the UK where a private citizen constructed their own bypass toll road in response to prolonged road repairs by the government on public roads that inconvenienced road users (Friday, 2019a). The private road was a success and attracted many customers despite the charge.

Under a free-market price mechanism, only buyers who can afford and who are willing to pay the market price can get to use a particular road at a particular time. Everything else constant, different roads should fetch different prices depending on demand. Other than that, the time of the day also plays a great role in determining the asking price. If a road is generally more accessible, convenient, and comfortable, there will be greater demand, and the price charged would be higher than others.

For this road, the charge would also be greater at the time of the day when demand is higher because the supply of the road is constant in the short run. In the long run, however, the market price of that road can be driven down if there are alternative roads to this one. Even the prospects of the formation of alternative roads are sufficient to make sure that this roads supplier provides good quality service at reasonable price. If this supplier charges too high a price and enjoys excessive profits, competitors will be tempted to enter this particular market under a free-market setting where there are no entry barriers or special privileges granted by the state. The higher price signals to entrepreneurs to move unemployed resources and resources from other uses to provide more roads. The higher the market price, the greater the supply. Hence, in a competitive free market, the level of quality will be maximised per unit of price paid by customers even if there is only one roads supplier at a particular period of time.

Suppose for a moment that there is only one road from point A to point B and this road is in great demand. Suppose also that this road is owned by a purely private entity, it can be an individual or a group of individuals. In this scenario, the government does not meddle whatsoever in the roads market and in other productive sectors in the entire economy. Politicians and bureaucrats have zero influence on roads. In addition, there is no catastrophe or any dramatic change so that all other factors that affect the demand and supply remain constant. Given this setting, the price mechanism can work its best at allocating resources through the most effective and efficient method of production.

Since the supply of the road is fixed in the short run, whenever demand increases, the price charged increases. In this manner, during times of high demand, charges will be higher, and during times of low demand, charges will be lower. The movement of the price is critical so that only those who can afford to and are willing to pay the higher price can use the road during peak demand so that traffic can run smoothly.

This is effective as it meets the preference of customers who prefer to use the road with ease during peak periods. Meanwhile, those who pay lower prices can also use the road with ease during off-peak hours.

Similar to the ticketing of aeroplane and cinema seats, the same road at a peak period is not the same good as that of a trough period. Since demand is greater than supply at that particular point of time, the best way to allocate the scarce supply is by giving the limited road spaces to the high bidders, namely those who can pay the higher prices. It is a fair method of allocation because these consumers are willing to sacrifice other present consumption or have in the past accumulated enough savings to afford this higher price. In a free society, they may also have earned higher income due to nothing other than greater value that they produce to other members of society.

This mechanism is efficient so that at any time of the day, week, month, or year there is sufficient traffic flow on the road that does not overuse or underuse its capacity; the number of vehicles on the road can be distributed relatively evenly and the stress on the road surface and structure can be spread out, thus reducing maintenance costs. Congestion is prevented, so are unnecessary fuel consumption, wear and tear of tyres and vehicles, pollution, and other wastages. Frustration of the roads' users can also be avoided. Satisfaction can be maximised.

Laissez-faire Roads

Now, suppose that there are alternatives to this road and other modes of transport are available. Effectiveness and efficiency are also achieved even when there is low to no demand for this private road under a freely competitive market system (Carnis, 2001). When the demand is low, the price will fall. This will motivate consumers to use this road more. This is effective as those who previously could not afford the service can now use the road at the lower price. In addition, to return to the previous level of profitability, the management of the road would have to find ways to increase sales through, for instance, quality improvement, promotion, additional services, rewards, and so forth. The owners and management are incentivised to bring back or enhance sales because their return on investment, and remuneration and employment respectively depend on the number of purchases made by customers. The more road usage by paying customers, the better.

In the face of competition from rivals and substitutes, the only way to entice customers is to create more value for them. Since increases of price are unfavourable, the management must find ways to enhance value and at the same time monitor the usage of resources to minimise costs. In this regard, efficiency in the usage of labour and other resources is achieved and wastage can be minimised. Services that do not fetch sufficient demand such as cycling lanes and other redundant and underused amenities will be removed.

Quite the opposite, if the municipal government provides the road and related services, these redundant or unnecessary features are unlikely to be removed because the government is not driven by profit and loss. On the other hand, under-demanded features such as cycling, and food truck lanes may even be increased by municipal councils in the face of certain hype in the media. On the other hand, in a private system, even the road itself can be closed, demolished, and replaced if there is insufficient demand to generate the revenue to finance the operations and to bring about profits to the owners. When there is lack of demand, the current labour and resources used by this roads company can be redirected to businesses and activities that are more valuable to consumers.

Sceptics of private roads often doubt the connectivity and consistency of road features if ownership and management of roads are diverse, independent, and distributed entities in a private system rather than centralised and unified under the present system owned or run by the government. Opponents to private roads are concerned about the myriad standards and rules and the lack of cooperation and consistency if there are myriad competing roads suppliers, each with its own set of road features, standards, algorithms, and traffic rules. According to these critics, even if the current public roads bring about inconveniences and problems to consumers, at least under the present centralised system users can expect the same set of road conditions and rules whenever road users commute within state or national borders. The consistency of quality and features makes navigating and commuting easier, since road users do not have to constantly adjust or adapt to different sets of standards when traveling across roads of different suppliers.

While at first glance this criticism seems justified, the question of inconsistency and incoherence when there are multiple private suppliers in the market is unfounded. In the marketplace, one can easily find how different private agents and firms promote standardisation, consistency, and connectivity of goods and services across multiple platforms that function seamlessly, effectively, and efficiently in solving problems of society. Take the simple example of language that we use daily. No one central authority dictates the vocabulary, syntax, and structure of language for a particular society. Out of voluntary collaboration and the incentive to facilitate communication and trade, members of society work cohesively to produce commonly acceptable words, terms, rules, and forms of the language through exchanges and experiences over time, and to facilitate communication between societies that use different languages, intermediate language that is universal is chosen and used along with translation by translators. These intermediary languages were selected primarily based on their relative richness and dominance in trade, knowledge, art, science, and technology.

Another historical instance of voluntary cooperation that resulted in consistency and coherence was medium of exchange made up of valuable metals such as gold and silver. Again, no central authority or planner was involved in deciding which commodity should be the medium of exchange trade, domestically and internationally. Recent modern examples of consistency and coherence of standards that enable exchanges, connectivity, and communications between products and services of different producers include mobile applications that can operate seamlessly across operating systems and devices of different brands. Even document files generated by Microsoft can be edited using Google applications. In previous times, standard videocassettes could be played by VCRs of different brands. Other examples include phone and online communications between different private networks, nationally and internationally. Common funds transfer and payment systems such as American Express, Visa, and PayPal are also chosen by the private sector without compulsion or dictate by governments.

It is therefore not difficult to conceive that even without the government, private businesses and developers will build roads anyway. Roads are actually complementary goods to private premises and destinations. The providers of the destinations will also provide roads to ensure accessibility of customers. In the marketplace, various analogies can be found. For example, the makers of smartphones also supply the earphones and batteries to complement the products. People who sell food will also make sure drinks are sold. Foodservice outlets normally provide parking lots, bathrooms, and internet connectivity. Various complementary stores and facilities can be found in a shopping mall, and by the way, shopping malls do provide parking spaces within their premises. As a matter of fact, governments do not actually build roads, railways, and bridges anyway. It is private contractors and builders who build the infrastructure. Even in today's world, where practically all roads and bridges are owned and managed by the governments, one can still find private roads and bridges on private premises and lands. On the premises of private offices, dwellings, parks, hotels, malls, schools, colleges, resorts, restaurants, and so forth, we can find private roads that function relatively well, both efficiently and effectively. Traffic flow is smoother, utilisation of space is maximised, and wastage is minimised.

The quality of private roads would have been better had the regulators not imposed a multitude of regulations that supposedly promote safety. No private entities would want to be known for hazardous premises that harm employees, customers, and other users.

It is apparent that any rational entrepreneur, businessperson, or just about any layman should recognise the significance of accessibility and connectivity to buyers so that goods and services are reachable, saleable, and conveniently purchased and consumed by customers. To illustrate, a private housing developer would make sure that people from nearby townships and cities can reach its housing estate to ensure the saleability of its house units. The developer might also build shop lots nearby the residence to enhance the value of the houses. For this reason, the private developer has to build roads, as a complementary good just like shop lots do. The management knows that any rational buyer would want to access the housing estate easily from other places in that area. Hence, this private builder will make sure roads are built connecting its new housing estate with other nearby established residences, shops, townships, and other places of interest.

The ownership and management of the new roads can be discussed with other private firms that manage the nearby townships. The nature of the ownership and management depends on the agreement and collaboration between the private entities if they belong to independent companies. Different private firms are incentivised to cooperate, knowing the potential mutual gains to all parties that cooperate. Other than that, since potential buyers would also want to conveniently access shops, eateries, hospitals, gas stations, schools, parks, beaches, and so forth, the private developer would also ensure that its housing estate is linked with these facilities. Otherwise, the private developer will invite these businesses to run their operations on its land. To attract buyers to its houses and to attract businesses to come to its place, the developer must build good roads and ensure the persistent high quality of the roads. The developer or manager of the roads will try their best to offer the highest quality at the lowest costs and then transfer the value to buyers because it is running in a competitive market where there are various private developers who are attempting to attract the customers.

The finding that some government roads are broader and provide better traffic flows can be explained in the following ways. Firstly, many public roads and highways are built even if there is no or little potential demand in the usage. Not driven by profits, public planners who spend taxpayers' money on behalf of road users, have little incentive and knowledge about potential sufficient demand for new roads. Even if potential demand is insufficient, roads and highways can be constructed anyway, because the bureaucrats are spending somebody else's money and they face little to no risk of negative consequences if demand and hence revenue from road usage is scant. Quite the opposite, these bureaucrats may even enjoy political gains when they build roads connecting rural towns with little potential usage.

Secondly, since the government owns every piece of land that is not privately owned, the government planners and associates do not really have to pay for the cost of land on which the roads are built. Even if payment is involved, public funds will be used anyway. The officials do not have to expend their own money. The government also does not have to seek permission or undergo various red tape and regulatory checks before building the roads. Even if there are checks and safety tests, in many countries, favourable results will almost always be given by government or selected private agencies. On the other hand, private builders would have to make sure that any new road or highway reaches sufficient demand to ensure break-even within a certain period of time. Besides profits to shareholders, revenues from toll collection or other indirect sources would have to cover for cost of capital, operational costs, and all other expenses. Since the shareholders or owners risk their own money, they will have all the incentive to ensure good management of the invested money. Even if these investors fail to ensure good management of the business, no taxpayers' money is used and hence nobody is forced to pay for any losses if demand turns out to be insufficient.

In a nutshell, even if sometimes roads and other kinds of infrastructure undertaken by the government appear to be effective and efficient at the outset, one has to examine the counterfactual outcome of what would have happened had roads, railways, bridges, and others been provided by competing private entities. Under genuine private initiatives, roads would have been much better, providing higher quality of services, safer, and more connectable and at the same time completed and managed with far less resources.

10. Money and Life Cycle

Money, and in particular fiat money, affects every single stage of our life, from cradle to grave. On the planet today, the industry of money is virtually dictated by the government. Unlike commodity money, which generally enjoys rising value over time, fiat money suffers diminishing value year after year (Quah, 2016). In brief, fiat money is the legal tender or medium of exchange that is decreed by the government within a currency area, usually demarcated by a political entity, to be circulated and used legally in any transactions that involve payment and receipt of money. In some places, foreign currency is used for domestic transactions. Fiat money loses value over time because it is created out of thin air by the central bank and the fractional-reserve banking system. In other words, fiduciary media such as paper money and bank deposits are created without the need for a corresponding increase in real production of goods or services. Since no real valuable outputs are necessary in the creation of fiat money and in the expansion of bank credit, the value that can be claimed by each unit of money hence is diluted and diminishes as more and more money is created. The vital role of the store of value of money hence dissipates. In a barter trade system, the output of a person is exchanged for the output of another person. In a monetary system, unused output or value is stored in money and can be exchanged for output anytime in the future.

Often the status of monopoly of fiat money within a polity, state, or country is granted and maintained by the government through coercion, backed by armed forces, not the voluntary will of members in society. Any member of society, citizen of the country, or person within that geographic boundary who violates the law may eventually be detained and charged. Unlike commodity money that is backed by precious metal such as silver or gold which contains intrinsic value, fiat monies of many countries today are actually backed by other fiat monies such as the dollar, euro, pound, and renminbi. These reserve currencies such as dollar, euro, and renminbi are not directly backed by anything that contains intrinsic value. These reserve currencies are supported by their respective national outputs, since outputs of a country are usually denominated in the currency of that country. Hence, the greater the production of a country relative to world output, the more dominant the corresponding currency as reserve currency. In addition, monetary policy which determines money supply also affects the relative value of a reserve currency over time. Finally, military prowess that backs the monetary institution and security of the economy also plays a crucial role in the demand for a currency as reserve currency.

Unlike commodity monies, governments through their central banks have a tendency to inflate fiat monies over time, mainly to win political support or to bail out ailing crony companies. Hence these fiat monies suffer diminishing value and falling purchasing power over time. More importantly, but not overtly observable, expanding the fiat money supply redistributes wealth to those who receive the newly created money first at the expense of those who receive the same money later, known as the Cantillon Effect. Succinctly, those who receive the money later would enjoy less value in their money because prices of goods and services would have inflated by the time they receive the money, assuming every other relevant factor has not changed.

In short, governments and central banks reduce the value, and hence the purchasing power of fiat monies over time and this obviously means a falling quality of life in terms of the ability to purchase and consume goods and services of previous quality and quantity. On top of that, the government and central bank take away wealth from the rest of society to those who receive the newly created money before the next round of general price inflation sets in. These privileged groups of people are often those connected to those in power and those in the finance and banking sector. Hence, for the vast majority of society, they tend to be poorer through their life because the money that they gain and save at any age will diminish in value over their lifespan and they will also be poorer because they will likely receive the money later when the recent round of general price inflation has already taken effect. The povertisation effect of monetary inflation is magnified and exacerbated by fractional reserve banks that create money and expand credit which are only slightly backed by fiat monies and other fiat-money-based assets that the banks keep in their vaults.

The povertisation of individuals by the government through the above two mechanisms actually affects a person's life even before they are born. While the notion of coming into existence and the timing of being birthed can be debated in terms of desirability to the person being born, the close family, and the larger society; thanks to the povertisation effect of fiat money, the odds of someone being born are lower. Even if they are finally born, the timing will be later rather than sooner.

The likelihood of being brought into this world is lower simply because couples, both men and women, have to earn more monthly income to finance obligations including instalments, while at the same time accumulate a comfortable stock of wealth for emergency and future use. While various factors are at play in determining the timing of birth of a human being, the wealth of potential parents and the leading determinant of wealth - fiat money - certainly plays a predominant role. Even if individuals begin early to save for marriage and child-raising, they would have to work for a longer period of time before they could confidently establish a household. All this is simply because the saved portion of income will definitely lose value over time. Meanwhile, the alternative of investing the funds entails a substantial amount of risk that investors might even see their principal perish in the process. Investing in stocks, real estate, mutual funds, start-ups, and others all involve significant risks whilst lending in the form of time deposit and others, not only brings little interest income but also requires refraining from usage of that money over a long period of time.

Gold-based Money

How would the situation differ had commodity-based money still reigned today? First of all, commodity-based money cannot be created simply out of thin air but must be substantially backed by gold, silver, or other precious metals. The extraction and production of these precious metals entail real resources and costs, unlike the creation of fiat or virtual money that can simply be done by keystrokes. Since the production is costly and the amount of precious metal produced at a given time is highly limited, owners of one of these metals, say gold, will only give up their ownership of gold if they are given goods that are of greater value as perceived by the owners. Once exchange has taken place, the gold now contains the value of the goods that have been exchanged. Hence, money based on gold must also contain the value of goods that have been exchanged and stored in the money. A token money that is partially backed by gold is still better than a fiat money that is practically backed by nothing of economic value. Since the amount of gold is limited and gold-based money must contain the real value of goods and services produced, the value stored by gold-based money is sustained over a long period of time. Even if there is a great discovery of gold, or even if the token money is only partially backed by gold, gold-based money is still a lot better as a medium of store of value than fiat or fiduciary money.

The benefits of gold-based money are obvious. Individuals and couples who intend to have children and start a family will find it much easier and faster because saved money in the form of gold-based money not only retains value that has been produced in the economy but may also appreciate in purchasing power as goods output grows more rapidly than gold output. In this gold-based money economy, couples also need not take the risky paths of investing their savings if they are unwilling to take those risks. Rather, couples can more rapidly have their children and start investing in them instead. While couples may still choose to invest in risky assets, they now have more options along the risk-return spectrum. Risk-averse couples can just save their money in deposits and see their money grow in value whilst risk-lovers can have more of their funds invested in risky endeavours and potentially earn higher returns. The number of choices is definitely greater in the gold-based money economy.

With a safe and predictable rise in value of saved money in the gold-based system, women and expectant mothers can dedicate their time and effort providing for their families and children, at which women are naturally more effective and efficient, than spending their energy on other work at home or at the workplace. Households and children can be better taken care of by women while men can concentrate on earning income and funding the families. Indeed, before the modern era of inflationary fiat money, mothers concentrated on family affairs. Of course, nothing prevents women from participating in the workforce while raising children, but the gold-based system provides a better environment if they choose to focus on nurturing children. The value earned by them would certainly be greater if they choose to work. As a result, family institutions are stronger and stabler under gold-based money than under fiat money.

Affordability of Housing

Another important factor in determining the likelihood and timing of having children is the affordability of housing. The presence of a conducive and independent dwelling is often a key consideration when couples decide on marriage and setting up a household. Just like many other goods, the affordability of housing is becoming lower and lower in many urban areas. The key ingredient to this problem is nothing else but fiat money. Since fiat money can be created out of nothing by the central bank, no corresponding real production is needed when the supply of fiat money is expanded, and usually in large quantities. Since no real production is necessary, no new resources, goods, and values are created to offset the monetary expansion and the ensuing price inflation.

The creation of base money by the central bank and credit expansion by banks fuel the price hike of housing and the corresponding costs of constructing houses which include labour, materials, and land. Of course, there must also be high demand for housing in the first place. While the demand may be genuine demand for dwellings, it can also be driven by investment and speculation motives. Many people buy houses for investment or speculation, hoping that the price will rise enough to compensate for the purchase price, interest payment, duty, legal fees, and other costs. This activity of investing and speculating is facilitated by mortgage loans from commercial banks. Credit and deposit creation by commercial banks will always be excessive because banks just have to keep a fraction of the dollar amount of total deposits in the form of notes and coins. The largest portion of virtual money in the economy is actually created by commercial banks.

Once again, no real production of goods or value is needed in order for the banks to expand credit and deposit. Worse still, moral hazard is created by many governmental deposit insurance agencies and central banks that stand by to bail out banks that expand credits precariously. A great amount of loans can be extended to borrowers to buy houses than otherwise would have been under a commodity-based system which enjoys no backstop by any government agency. Had the government never backed up the financial sector in any form, private banks would have to restrain themselves when lending to house buyers. Reserve ratios that are set by the central bank cannot be efficient because they are not really produced by the interplay and competition amongst competing private banks. Banks that are close to top government officials are bailed out anyway.

As a result, the housing bubble is often produced and prices of dwellings skyrocket in comparison to income and other goods. The often influential and powerful banks know too well that politicians and the government would step in should they face great troubles such as illiquidity and insolvency. In short, fiat money and fractional-reserve banking backed by the government lead to accelerating housing prices and low levels of housing affordability in many cities today, where demand for land is usually much greater than the supply of land. Lower housing affordability in turn leads to less formation of households, lower birth rates and / or delayed births.

The abovementioned financial problems aggravated by fiat money and the government-backed fractional-reserve banking also precipitate or even bring about divorces or separations amongst couples. While various other factors are at play in determining the sustainability of relationship and marriage, financial distress is nonetheless a non-negligible factor. Since stability of the relationship between partners is also a factor in the decision whether to have children and the timing of having a child, the likelihood and the timing of a new-born are also linked to the robustness of the relationship between prospective parents. This lower birth rate is on top of the social problem of rising divorce rates today, particularly in urban areas. While the question of whether divorce and separation is a real problem to society is debatable, societies and governments that regard a high divorce rate as a problem should look at the critical factor, namely financial distress. Quite frequently, financial distress is brought about by devaluation of savings and diminishing purchasing power. Partners who are busy at work, some of whom taking more than one job, who chase after more income to replenish devalued savings and earnings, have little quality time to spend with each other, not to mention empathising with each other's feelings, needs, and problems. Fatigue and burnout from excessive work and lack of communication and empathy can often lead to misunderstanding and conflict, the seeds to breakups amongst married and unmarried couples.

Since the chances of being born into this world are lower under the diminishing value of fiat money, the chances for a person to acquire a sibling, either sister or brother, are also lower. Due to financial constraints, parents limit the number of children they can have so as to provide the best quality of life they could to the family, in particular the present child. Many couples in the urban areas where the effects of monetary and price inflation are the greatest, have only one or two children. Being the only child in a nuclear family when both parents are working full-time can be challenging, especially when the child is being taken care of by a domestic helper or maid, such as those in advanced and congested cities.

Firstly, the child will gain less time, care, attention, and knowledge from his parents and this may retard the development of the child during their childhood years. It may lead to sour ties between the child and the parents when the child has grown up. On the other hand, the only child in the family can also be doted on materially by their parents and be spoilt when both parents can afford material wealth but not idle time with the child. Secondly, the lonely child cannot learn from interactions with any sibling, which can be essential in the development of their adult character. A child living with siblings can learn the importance of sharing, tolerance, compromise, teamwork, leadership, accountability, and other values that are essential in their growing-up process. While finding a good elementary and subsequent schools may help in building the character of the child, enrolment into a good school is often expensive. Once again financial constraint, aggravated by the falling value of money greatly hinders the plausibility of this option. Moreover, spending more time looking for income to finance this elementary education expense by the parents can mean even less quality time spent with the child.

Thirdly, when both parents are occupied with chasing after additional income to offset the falling purchasing power, once the child reaches their teenage years, they can even be more rebellious and defiant than otherwise. No surprise that juvenile delinquency is relatively rampant in urban cities than in rural areas. In a nutshell, the upbringing of a person is vital in determining the character and personality of that person and their subsequent net contribution to society. Poor upbringing can lead to low morality and a belligerent character that can be disastrous to the public. Unquestionably, many social problems are caused by poor parenting and weak family institution, which are either ultimately caused or exacerbated by fiat money and fractional-reserve banking.

Perpetual Misery

As an individual grows up to reach adulthood, other things equal, they gratuitously face greater competition, enjoy less leisure time, and sacrifice a more memorable childhood in an economy with fiat money, fractional-reserve banking, and diminishing value of money. Why is this so? In a world with persistent general price inflation, one way of offsetting the negative effect of decreased value of money, income and revenue is by raising the value of outputs from production through greater efficiency. Besides advancement in ways of doing things and in the production process, producing more with less input is one effective strategy undertaken by many businesses and entrepreneurs to succeed in controlling unit costs in the competitive marketplace of rising prices. While competition is good, the decreasing value of money and accumulated savings forces members of society to be increasingly more productive and efficient, which often imposes excessive demands and stress on the working population. Not to mention that this working class who receives the newly created money later is enslaved by the elites, bureaucrats, politicians, borrowers, and other associates of banks that receive the created money earlier.

Even the non-working members of family can be badly affected since conflicts and health problems can more easily arise when working members are burned out. Parents who themselves have been brought up in this kind of environment and society and who are currently struggling to survive, in particular those from the middle-class, will try to nurture and train their children from very young to be ever more efficient, competitive, grasping, and selfish, knowing the fact that average members of society and employers and businesspersons have to constantly make more money and revenue not only for profits but also to offset the loss from falling purchasing power of both earnings and savings. Thus, parents would attempt to equip their children from a very young age with skills and knowledge that are deemed essential for their future well-being, even if their predictions and chosen paths for their children may be highly inaccurate.

As a result, average youngsters tend to suffer greater misery and have less enjoyment in their journey to adulthood. Unlike their forefathers who had better quality of money in terms of store of value, and hence could better accumulate their wealth, today's generation see their monetary wealth decline day by day. Yes, while investments in real estate, financial assets, and other valuables may hedge some of the price inflation risk, these pursuits are themselves highly risky. Investors may find their principals perish. Nonetheless, youngsters with parents who in the past have saved and invested when the value of money declined at a much slower rate are better off as they can live on the accumulated wealth of their parents. In the past, the whole industry that created credit and virtual money based on fractional-reserve banking was much smaller in proportion to total output of the economy than what it is today. Better information technology and globalisation have expanded the financial sector greatly especially since the collapse of the Bretton Woods System in 1971.

To summarise, due to fiat money, fractional-reserve banking, and falling value of money, the marketplace and society are constantly becoming more graspingly and selfishly competitive than otherwise. In the light of a greater need for efficiency and stiffer competition, youth are being moulded and trained starting from ever earlier age and far more intensely, in the hope of earning income more rapidly later. Consequently, these youths tend to have less blissful and memorable childhoods and poorer health, but tougher school and college life than what their parents and ancestors had in the past.

When the children and youth reach their adulthood, they will likely face what their parents have faced before, namely persistent price inflation and falling purchasing power. They may even suffer generally lower quality of products and services due to increased costs of inputs, labour, and factors of production as businesses struggle to control the rise of selling prices by choosing less expensive inputs and ingredients in production that often lead to lower quality of the final goods. This is besides the constant growth of governmental regulations that stifle innovation and creativity in the ingredients used and the method of production.

Meanwhile, those school- and college-leavers who have borrowed money to finance their studies will find it even more difficult to make ends meet when they leave the college. On top of study loans, they also may need to pay their car loan instalment or transportation, rent, food, and other bills if they get to enter the workforce. Besides general price inflation produced by the fiat-money-based monetary system which inflates the price of education, the price of education is also escalated by licensure and subsidy, both the product of government meddling. License requirement restricts the number of suppliers in the industry while subsidy through student loans by government agencies helps to sustain the rise in the price of education. While the fiat money and fractional-reserve banking system may help those who borrow because by the time the principal is paid back to the government, the real amount would be much smaller since student loans offered by the government impose little to no interest charge. After all, student loans and subsidies are financed by none other than taxpayers' funds.

On top of that, due to the defective monetary system, the real income earned by the young adults also declines day by day. Actually, the need to borrow and pay back later could have been avoided had the government never helped to sustain the rise in the price of education. Under a competitive free market, sellers will have to lower the selling price if the majority of buyers cannot afford that asked price. To survive competition, sellers will have to increase efficiencies or accept less profits to lower the selling prices. However, with the help of government subsidy through student loans, sellers of education services can now sell more and at higher prices than otherwise. As a result, not only that graduates have to bear more financial burden, but more graduates are also produced than otherwise, and hence the value of each graduate becomes less and hence the lower average pay for the average graduate.

Consequently, the life of an average young adult who graduates with a degree becomes more stressful and miserable with less leisure time to be spent with family, friends, and loved ones since they have to find ways to make more income to sustain living and to pay back debt. They also have little motivation to invest in further studies that could add value to their résumés because of financial burdens and rising cost of living. Consequently, less investment in human capital in society today means lower productivity and output in the future. An average working adult can easily be trapped in a debt-laden spiral when they finance their expenses resulting from more work with more debts that necessitates them working even more. In sum, an average working adult has to finance various items of which the burdens are aggravated by the inflationary monetary system.

These adults will likely face the same predicament faced by their parents when they reach the age of parenthood if they ever aspire to have their own households. The financial distress will likely be more severe as the growth of money increases more rapidly than the growth of goods, meaning that money loses value at a much faster rate than in the past generation. A large part of growth of fiduciary media is due to the need to finance an ever-growing government. Planning for family and saving for old age and retirement become ever more challenging. The coverage of insurance and pension plans will never be sufficient, forcing individuals to work longer into old age and delay retirement. Mandatory contributions to government pension or retirement funds worsen the affordability of goods and services.

Living in one's old age becomes tougher and tougher with skyrocketing costs of healthcare, aggravated by licensure and regulation of the healthcare industry and price inflation in every aspect of the economy. Similar to that in the education sector, government licensure and regulations in healthcare restrict the supply of every healthcare good and service, making healthcare far more expensive than otherwise. This is on top of the inflationary effects brought about by the fiat money and fractional-reserve banking system that is backed by the government. Moreover, subsidies in various forms also encourage people to neglect maintenance of personal health and to rely on subsidised healthcare services provided by the government.

On the other hand, under a freely competitive healthcare industry, producers will compete with each other to lower the costs of healthcare and at the same time increase the quality of their products and services. Planning and saving for old age and retirement becomes easier and hence the well-being of the elderly can be better taken care of under a commodity-based monetary system where the value of money rises over a period of time, not declining as what it is today. When the elderly are well taken care of under this *laissez-faire* healthcare system with quality money, they are no longer burdensome to their children and society. As a result, society and the children of the elderly can spend their freed-up time and resources on other valuable and productive activities.

In conclusion, the livelihood of every individual would be far better with quality money that sees rising value over time. Unfortunately, this dream will never be achieved when the government monopolises the money industry through the central bank. Only in a competitive environment with many suppliers of money will the quality of money be upheld. Whether it is gold-based money, fiat money, or bitcoin, consumers should have the freedom to choose which product by which seller fits their needs and preferences. If consumers can choose which food to eat, there would be no reason for consumers to be denied the right to choose which money to use.

References

Bastin, J-F., Finegold, Y., Garcia, C., Mollicone, D., Rezende, M., Routh, D., Zohner, C.M. & Crowther, T. W. (2019). The global tree restoration potential. *Science, 365(6448),* 76-79. https://10.1126/science.aax0848

Bell, L. (2011). Climate of Corruption: Politics and Power Behind The Global Warming Hoax. Greenleaf Book Group. ISBN-10: 1608320839; ISBN-13: 978-1608320837

Bertrand, M. & Mullainathan, S. (2004). Are Emily and Greg more Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination. *American Economic Review, 94(4),* 991-1013. https://doi.org/10.1257/0002828042002561

Block, W. (1998). Compromising the Uncompromisable: Discrimination. *American Journal of Economics and Sociology, 57(2),* 223-237. https://doi.org/10.1111/j.1536-7150.1998.tb03275.x

Block, W. & Callahan, G. (2003). Is There a Right to Immigration? A Libertarian Perspective. *Human Rights Review*, *5(1),* 46-71. https://doi.org/10.1007/s12142-003-1004-y

Boyce, P. (2019). Occupational Licensing - An Unnecessary Evil. *Mises Wire*. Retrieved from https://mises.org/wire/occupational-licensing-%E2%80%94-unnecessary-evil 4 May 2019.

Carnis, L. (2001). Management versus ownership: The road privatization debate. *Quarterly Journal of Austrian Economics, 4(2),* 51-59.

Connolly, R., Connolly, M., Soon, W., Legates, D. R., Cionco, R. G., & Velasco Herrera, V.M. (2019). Northern Hemisphere Snow-Cover Trends (1967–2018): A Comparison between Climate Models and Observations. *Geosciences, 9(3),* 135. https://doi.org/10.3390/geosciences9030135

Deist, J. (2018). Immigration Roundtable: Ludwig von Mises. *Mises Wire.* Retrieved from https://mises.org/wire/immigration-roundtable-ludwig-von-mises 14 August 2018.

Federman, M.N., Harrington, D.E. & Krynski, K.J. (2006). The Impact of State Licensing Regulations on Low-Skilled Immigrants: The Case of Vietnamese Manicurists. *American Economic Review*, 96(2), 237-241. https://doi.org/10.1257/000282806777211630

Friday, L. (2018). The Problem with Government Licensing Schemes. *Mises Wire*. Retrieved from https://mises.org/wire/problem-government-licensing-schemes 14 June 2018.

Friday, L. (2019a, Feb 19). Government Road Management: Is There a Better Way? *Mises Wire*. Retrieved from https://mises.org/wire/government-road-management-there-better-way

Friday, L. (2019b). The False Promise of Canada's Health Care System. *Mises Wire*. Retrieved from https://mises.org/wire/false-promise-canadas-health-care-system 20 September 2019.

Furtado, D. & Hock. H. (2010). Low Skilled Immigration and Work-Fertility Tradeoff Among High Skilled US Natives, *American Economic Review: Papers and Proceedings* 100: 224–228. https://doi.org/10.1257/aer.100.2.224

Green, K. C., Armstrong, J. S. & Soon, W. (2009). Validity of Climate Change Forecasting for Public Policy Decision Making. International Journal of Forecasting, 25(4), 826-832. https://doi.org/10.1016/j.ijforecast.2009.05.011

Hamowy, R. (1984). Canadian Medicine: A Study in Restricted Entry. Vancouver. British Columbia: Fraser Institute. ISBN: 0889750629, 9780889750623

Hoppe, H-H. (1999). The Private Production of Defense. *Journal of Libertarian Studies, 14*(1; SEAS WIN), 27-52. Available at: https://mises.org/library/private-production-defense

Hoppe, H-H. (2009). A Four-Step Healthcare Solution. *Mises Daily*. Retrieved from https://mises.org/library/four-step-healthcare-solution 14 August 2009.

Hülsmann, J. G. (2008). What Causes Moral Hazard? *The Free Market* 26, no. 4: 1–6. Available at: https://mises.org/library/what-causes-moral-hazard

Hülsmann, J. G. (2020, Oct 17). Toward a Political Economy of Climate Change. *Mises Wire*. Retrieved from https://mises.org/wire/toward-political-economy-climate-change

Independent Institute. (2019, Aug 16). *Global Warming: Fact or Fiction? Featuring Physicists Willie Soon and Elliott Bloom* [Video].YouTube. https://www.youtube.com/watch?v=1zrejG-WI3U

Kleiner, M.M. (2006). Licensing occupations: Ensuring Quality or Restricting Competition? W.E. Upjohn Institute. https://doi.org/10.17848/9781429454865

Laurence, M.V. (2017). The Right to Discriminate Is a Basic Property Right. *Mises Wire*. Retrieved from https://mises.org/wire/right-discriminate-basic-property-right 24 March 2017.

Law, M.T. & Marks, M.S. (2013). From Certification to Licensure: Evidence From Registered and Practical Nurses in the United States, 1950–1970. *European Journal of Comparative Economics*, 10(2), 177-98.

Leffler, K.B. (1978). Physician Licensure: Competition and Monopoly in American Medicine. *The Journal of Law and Economics*, 21(1), 165-186. https://doi.org/10.1086/466915

McMaken, R. (2019). Single-Payer Healthcare Is the Worst Kind of Universal Healthcare. *Mises Wire*. Retrieved from https://mises.org/wire/single-payer-healthcare-worst-kind-universal-healthcare 17 May 2019.

Moran, A. (2019). The Steel Tariffs Have Failed. Ludwig von Mises. *Mises Wire*. Retrieved from https://mises.org/wire/steel-tariffs-have-failed 24 July 2019

Murphy, R. P. (2019, Jan 31). The Economic Argument for a Carbon Tax Is a Work of Fiction. *Mises Wire*. Retrieved from https://mises.org/wire/economic-argument-carbon-tax-work-fiction

Newman, J. (2016, July 26). Discrimination Against Discrimination: Why We Don't Need Anti-Discrimination Laws. *Mises Wire*. Retrieved from https://mises.org/wire/discrimination-against-discrimination-why-we-don%E2%80%99t-need-anti-discrimination-laws

Pearce, F. (2005). Climate change: Menace or myth?. New Scientist, 2486, 38-43. Available at: https://www.newscientist.com/article/mg18524861-400-climate-change-menace-or-myth/

Quah, C. H. (2016). Eccentric Views on Money and Banking. UM Press: Kuala Lumpur. ISBN: 978-983-100-880-5

Quah, C.H. (2020). "Pandemic" in a Stateless Society, *IntechOpen*, DOI: 10.5772/intechopen.93373. https://doi.org/10.5772/intechopen.93373

Rajsic, P. (2011, Mar 11). Accounting for the Unaccountable: The Case of Externalities. *Mises Wire*. Retrieved from https://mises.org/library/accounting-unaccountable-case-externalities

Riesch, C. & Kleiner, B.H. (2005). Discrimination towards customers in the restaurant industry. *Equal Opportunities International*, 24(7/8), 29-37. https://doi.org/10.1108/02610150510788259

Ritenour, S. (1999, Feb 1). Women and Work. *Mises Daily*. Retrieved from https://mises.org/library/women-and-work

Ritenour, S. (2018, Mar 8). What's the "Social Cost of Carbon? *Mises Wire.* Retrieved from https://mises.org/wire/what%E2%80%99s-social-cost-carbon

Roberts, T.J. (2018). Sorry, "Medicare for All" Won't Save the Taxpayers Money. *Mises Wire*. Retrieved from https://mises.org/wire/sorry-medicare-all-wont-save-taxpayers-money 18 August 2018.

Rothbard, M.N. (1978). For a New Liberty: The Libertarian Manifesto. *Ludwig von Mises Institute.* Available at: https://mises.org/library/new-liberty-libertarian-manifesto

Rothbard, M.N. (1982). Law, Property Rights, and Air Pollution. Cato J., 2, 55. Available at: https://www.cato.org/sites/cato.org/files/serials/files/cato-journal/1982/5/cj2n1-2.pdf

Soon, W. (2007). Implications of the Secondary Role of Carbon Dioxide and Methane Forcing in Climate Change: Past, Present, and Future. Physical Geography, 28(2), 97-125. https://doi.org/10.2747/0272-3646.28.2.97

Sorens, J. (2017). Who does Occupational Licensing Protect? The Evidence on Occupational Licensing. *Learn Liberty*. Retrieved from https://www.learnliberty.org/blog/who-does-occupational-licensing-protect/ 21 April 2017.