

Fri. Jan. 23 - Might want to combine this lecture with Topic 04

Review: Why do we need a Government? What might it do that we cannot on our own? (15 min)

Discuss Part I of Rothbard's *Ethics of Liberty* (5 min)

Discuss Ayn Rand's "The Nature of Government" (25 min)

Compare to later parts of Rothbard's *Ethics of Liberty* (10 min)

Daily Question: Why do we need the penny? Do we need the government to mandate the form of monetary exchange that we use?

Discuss Part I of Rothbard's *Ethics of Liberty*

On pg 24 at the end of Chapter 4, Rothbard writes, "We will contend that it is a man's right to do whatever he wishes with his person; it is his right not to be molested or interfered with by violence from exercising that right. But what may be the moral or immoral ways of exercising that right is a question of personal ethics rather than of political philosophy" What kinds of controversial issues might need to distinguish between rights and what is moral or immoral? Think abortion, suicide, or sex changes. Is homosexual marriage one of those rights? Continue to consider these issues. They will resurface in Part II of *The Ethics of Liberty*.

The Nature of Government

If taxes were voluntary, how much would you give (as a % of annual income)?

What person or group in society (excluding thieves and robbers) gathers income through involuntary coercion? The State---it's called taxation, which is a compulsory seizure of property. What happens if you don't pay? Rothbard clever writes about this in Ch 22.

After establishing that taxation is a form of theft, he continues on to state the following:

"Murder is murder, theft is theft, whether undertaken by one man against another, or by a group, or even by the majority of people within a given territorial area. The fact that a majority might support or condone an act of theft does not diminish the criminal essence of the act or its grave injustice. Otherwise, we would have to say, for example, that any Jews murdered by the democratically elected Nazi government were *not* murdered, but only 'voluntarily committed suicide'..."

What functions do we need the State to perform? To supply police and firefighters? Building and maintaining roads? Delivery of mail? For education?

Does the State even perform these duties well? Wells Fargo used to deliver the mail. Founded in the 1850s, Wells Fargo used steamers, river boats, railroad cars, freight wagons, mule trains, celerity wagons, pony express and men on skis to deliver mail.

What happens when the State does not perform duties well? Private groups and clubs develop. They also thrive off of taxes, which are contingent about membership.

What happens if you do not agree with how the State is spending your taxes? If they are building a road or school that you do not approve of, can you do anything? If taxes were voluntary, would you give to such causes?

How do Rand's ideas of the State differ from Rothbard? See "The Role of Government." While Rothbard argues for the abolition of the state based on it being a criminal entity, Rand claims that the State is needed to protect the rights of individuals because, without its presence, chaos will ensue. Which viewpoint do you think is more reasonable?

Discuss later parts of Rothbard's *Ethics of Liberty*

Need to develop this section.

Daily Question

In "The Nature of Government," the article for next class, Ayn Rand writes that "a government is an institution that holds the exclusive power to enforce certain rules of social conduct in a given geographical area." Rand goes on to question whether we need such an institution to guide our daily behavior. She says that the only condition man requires is "the freedom to think and to act according to his rational judgment." Let's test your ability.

In April of 2006, Floyd Norris wrote in the *NYTimes* that it costs the U.S. Mint more than one cent (1.4¢) to make a penny. What's the purpose of having the penny? Can we get rid of it or does it provide some sort of stability for our government and economy? Do we need the government to mandate the form of monetary exchange that we use?

Proposed Answer: The purpose of the monetary system is to facilitate exchange. The penny no longer serves that purpose. When people start leaving a monetary unit at the cash register for the next customer, the unit is too small to be useful. It is just wasting peoples' time--the economy's most valuable resource. The fact that the penny is costly to make only adds force to the argument.

Source: <http://gregmankiw.blogspot.com/2006/04/get-rid-of-penny.html>. Mankiw also has a [WSJ article](#) that mentions the penny.