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Book Reviews

Andrew Koppelman, *Burning Down the House: How Libertarian Philosophy Was Corrupted by Delusion and Greed* (St. Martin's Press, 2022).

Today, many libertarians invoke the twentieth-century economist Friedrich A. Hayek as their patron saint. These present-day free-market advocates frequently claim that Hayek was a thoroughgoing antistatist scholar and influential thinker who abhorred all government intervention in the economy and society. Constitutional law scholar and political theorist Andrew Koppelman fervently disagrees.

With his new book, Koppelman seeks to set the historical record straight. His central claim is that modern libertarianism has been transformed over time. While certain critiques of government action—on both the political left and the political right—can be traced back to the Austrian economist, Koppelman persuasively demonstrates how the core ideas of Hayekian libertarianism have been altered, modified, or, to use his term, “corrupted” over time—corrupted both in the sense of being inadvertently muddled and in the sense of being invidiously reinterpreted by intellectuals and political elites to further their own agendas.

Koppelman shows that Hayek was not opposed to all government intervention. Reacting to his times, Hayek sought to convince others that central planning was not the appropriate solution to the economic crisis of the Great Depression and global poverty. “Hayek’s view did not entail minimal government,” writes Koppelman. “It rather imposed strict conditions on intervention in the economy” (15). As an economist, Hayek was concerned about “externalities, side effects on third parties that aren’t reflected in price such as pollution” (15). The modern state, thus, had an important, albeit limited, role to play. “It should prohibit fraud and manipulation; it should fund public goods that the private sector will not adequately provide such as roads, education, social services and basic scientific research, but the state should act only on a clear showing of market failure” (15).

These core Hayekian ideas were hijacked, Koppelman contends, by other libertarian thinkers, most notably Murray Rothbard, Robert Nozick, and Ayn Rand. These intellectuals either misunderstood Hayek (Nozick) or have used the economist as cover for their own libertarian fantasies of a world without a modern state (Rothbard and Rand). Other influential scholars are equally complicit—Milton Friedman and Richard Epstein are mentioned—but it is Rothbard in particular who is Koppelman’s main villain.

Though *Burning Down the House* is mainly a work of political philosophy, it makes many contributions to other literatures and should be of great interest to scholars of American Law and Political Economy. Indeed, one of Koppelman’s most significant insights is about the law’s relationship to libertarian thought. He contends that contemporary libertarians—contrary to Hayek’s views—have elevated property rights to a sacrosanct level unimaginable by Hayek and others. Koppelman shows that Hayek had “no account of what our rights are, or why we have rights in the first place” (72). This conspicuous absence in Hayek’s political philosophy, Koppelman writes, “may be the main reason why he has been displaced by a more uncompromising, rights-based libertarianism” (73).

Antidiscrimination law is another area, Koppelman argues, where today’s libertarians have gone awry. Hayek was rather reticent about race and discrimination, though he harbored his own racial

biases. Still, in opposing antidiscrimination law, contemporary libertarians have not only betrayed the core ideas of libertarianism; they have also oddly become obstacles to the philosophy's fundamental goal: the promotion of human liberty. "The core of liberalism is neither rights nor limitations on state power nor the protection of property," Koppelman writes. "All of these are instrumental to the larger goal of creating conditions in which people have the power to decide for themselves what they want to do with their lives. In its actual operation in American politics libertarianism has ironically become an obstacle to that goal" (186).

To create the conditions for individual freedom, libertarians ought to embrace antidiscrimination laws and policies. Using an anthropological lens, Koppelman argues that "anti-discrimination law is generally understood to be part of a larger project of cultural transformation, aiming to eradicate prejudiced attitudes such as racism" (179). Those who oppose antidiscrimination laws fail to see how "the availability of some transactions affects not only the parties but the broader pattern of social and political relationships—between employers and employees, between spouses, between parents and children." Although these are not economic externalities, Koppelman convincingly argues that they are "*cultural externalities*" frequently ignored by libertarians. "Once more, the fundamental failing of post Hayekian libertarianism is its inadequate attention to the cultural preconditions of freedom" (183, emphasis in the original).

Burning Down the House will also be of great interest to political economists. Hayek, after all, was a Nobel Laureate economist. Although Koppelman does not stress this point, one of Hayek's main contributions to post-WWII American neoclassical price theory was his persistent focus on information. Hayek admired markets because they provided information—information that no central planner could gather, process, and analyze on their own. In many ways, Hayek's preoccupation with market-generated information has had a lasting influence on postwar American economics. From the works of Ronald Coase to George Stigler to George Akerlof, postwar American neoclassical economists have moved away from the assumption that markets are perfect; instead, they have tried to explain and understand the role that markets play in processing and conveying information. Much of that thinking goes back to Hayek.

Ultimately, Koppelman's main goal with this book is not only to set the historical record straight about Hayek and his ideas. The larger aim is more pragmatic: Koppelman wants to redeem the "Hayekian forgotten middle way" (8) for our own times. As a self-proclaimed "pro-capitalist leftist," Koppelman wants to show the American political left and right that "libertarianism need not, and originally did not, take the reprehensible form that looms so large in the imagination of the left, and that has captured the souls of so many on the right" (9). This is an admirable goal, and one that Hayek himself would have embraced.

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