Part 6

Miscellaneous Essays

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The Use of Private Property in a State Culture

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Philipp Bagus is professor at Universidad Rey Juan Carlos a Fellow of the Mises Institute, an IREF scholar, and the author of numerous books including *In Defense of Deflation* and *The Tragedy of the Euro*.

I encountered the Austrian School through books published by the German Akademia Verlag. These books included Rothbard’s *Ethics of Liberty* as well as Mises’s *Liberalismus* and *Bürokratie*. *Liberalismus* has an outstanding preface on Mises’s life and work written by Hans-Hermann Hoppe.

Mises’s life inspired me, and I decided that his path was worth following. I found Hoppe’s e-mail address on the internet and wrote to him. I asked him where I could best study the Austrian School. He promptly replied that I should come to the one-week Mises University in Auburn Ala. It was a decisive moment in my life. I had just recently graduated from high school and was looking for what to do. I was accepted to Mises University 2001 and since then I have followed the path of liberty and the Austrian School.  And I have always been supported by Hans. So, I am eternally grateful to him.

Hans, however, is not only a great and generous supporter of the cause of liberty and a brilliant scholar. Perhaps the quality I admire most is his uncompromising and fearless defense of the truth. Against everyone and everything. He doesn’t care that he is defamed, or that he is attacked. Liberty and truth are above all else for him.

The fact that this uncompromising radicalism is particularly attractive to young people and is the right path towards a free society is something I have discussed in my contribution to the 2009 *festschrift*. My current contribution deals with the problem of state culture and is, thereby, related to the topic of the culture a libertarian should defend, a topic that has earned Hans many enemies and defamation.

**Natural Evolution or State Culture**

Public opinion and culture have dramatically shifted to the left in recent decades. Some people believe that this shift is not the result of a cultural war waged consciously and successfully by the left, but the result of natural development. In this line Pina (2023) argues that the decline in the importance of the traditional family and churches, the rise of same-sex marriages, and sex changes are the result of a normal social and cultural evolution and have to be accepted to the degree that they are freely chosen by companies and individuals.

However, this cultural development is anything but natural. As Rothbard (2000, p. 290) puts it: “Culture separate from government? Don’t make me laugh.” For we do not live in a free society, but in a society in which all areas of life are massively influenced by the state, through taxes, regulations, subsidies, state education, and the media. We live in a hybrid society. Private property exists, but the way in which this private property is used is directly and indirectly influenced by the state. Therefore, the cultural development is not natural, but artificial. We live in a state culture.

The very existence of the state has a massive influence on culture, i.e. on the customs, traditions, ideas, values, beliefs, norms, and language of a society. The state influences culture through public educational institutions and their structural promotion of the ideas of statism. Time preference rates and work ethic are influenced by state redistribution programs and the fiat money system. The welfare state subsidizes   
a hedonistic lifestyle since the costs of such a lifestyle are partially externalized. The state has increasingly taken over the tasks of the traditional family, churches, and civil society influencing the societal values. Companies and individuals are replicating and reinforcing the values of the state culture.

The state cannot remain on the margins of culture even if it wanted to. Just take the example of the language employed by state institutions. Do they use inclusive language? Shall inclusive language be forbidden? Whatever the decision is, it is never neutral to culture.[[1]](#footnote-1)

While the direct influence by the state on culture, such as imposing inclusive language, gender education or other woke measures is usually recognized, the indirect influence of the state, the problem of state culture is often neglected. For example, Pina (2023, p. 89) writes that a conservative artist should not complain if private companies don’t want to fund him. He (2023, p. 61) argues that: “the new right mixes *wokeism*, imposed by state decision, with that freely adopted by social movements, commercial enterprises or individuals, which we must respect (just as we must respect the opposite).”

But is that really the case? Can there be free adoption in a society permeated by state culture? The problem becomes apparent when we replace the word “right” with “left” and “*wokeism*” with “*antisemitism*,” transporting us to the era of the Third Reich: “the new left mixes *antisemitism*, imposed by state decision, with that freely adopted by social movements, commercial enterprises or individuals, which we must respect (just as we must respect the opposite).”

Alternatively, we can turn the conservative artist into a Jewish artist. Can a Jewish artist complain if private companies during the Third Reich don’t want to fund him? Quite rightly so, the Jewish artist can complain, and the libertarian must denounce such practice, if the decision to defund the artist is the result of a state culture.

**How the State Influences Culture**

The fundamental problem for libertarianism is this: corporations and individuals are influenced in their decisions by public opinion and the dominant culture. And this public opinion and this culture is influenced and shaped by the state. This influence doesn’t have to be direct or visible. The state does not have to nationalize all newspapers. It can do so indirectly, by nationalizing all printing presses while newspapers remain private enterprises. State control of culture is even more indirect when the state influences people’s minds, their thoughts, their values, their convictions, through propaganda.

Nor is there a need for direct state censorship. It can be elegantly delegated to the private sector. There may be no true freedom of expression when private companies enforce the censorship for the state. Facebook and YouTube are censoring their users. These companies are private, but they are adapting to a culture that has been heavily influenced by the state for decades.

The state does not necessarily dominate culture completely. Its influence depends largely on the size of the state and the time it has been influencing culture. There is a certain threshold and tipping points. Once these tipping points have been overcome, we are in a situation that may be called a “state culture,” where the culture is dominated by the state. There may be a “state culture” although or precisely because most companies are nominally private.

But how do we know we live in a state culture? Where are these tipping points that turn a society in a state culture? These are questions to be answered by the historian. The historian must analyze each case to see if a society lives in a state culture. Today, we may have reached this stage in many parts of the Western world.

There are historical examples of state culture. Take National Socialist Germany. In the Third Reich, social currents and movements were adopted “freely” by private companies and individuals. Imagine a restaurant owner in Berlin in 1938 who hangs a “Jews unwanted” sign in his establishment. This exclusion seems to be justified by the property right of the restaurant owner.[[2]](#footnote-2) Can a libertarian criticize the exclusion? Of course, he can. In 1938 the decision of the restaurant owner is not the decision of a free individual living in a free society, but of an individual who is influenced by the state in his values and must consider the values of his customers. Businesses and individuals are influenced in their actions by a state-dominated culture.

Moreover, to what extent can we speak of genuinely private companies? If the state directly or indirectly determines business strategy, production methods or prices, we are dealing with a hybrid company.[[3]](#footnote-3)  
A business who is heavily dependent on the state can no longer be called genuinely private. Today, many entrepreneurs are intimately connected to the state.

The influence of the state on culture and, indirectly, on companies is manifold. State media disseminate information and propaganda. Private media are also influenced in their practice by licenses, regulations, state advertisements, access to state information, access to press conferences, and exclusive state interviews. A lot of media outlets don’t want to mess with the state.

There is a sort of “anticipatory obedience” on the part of companies and individuals without the need for direct state intervention. This anticipatory obedience causes companies to follow certain lines, for example, of censorship of information, because they anticipate that, if they do not do so, they could be regulated or punished in some way in the future.

Regulations, taxes, and government spending also influence work ethic, philanthropy, social interaction, and time preference rates. Also very important is the influence of the state monetary system on values, fostering a more materialistic, selfish and short-term oriented behavior (Hülsmann 2014; Marquart and Bagus 2014).

Moreover, the influence of state-controlled and funded formal education is very profound. In addition, the welfare state lowers the cost of certain lifestyles, such as hedonism and selfishness, and indirectly influences society’s values. The public pay-as-you-go pension system subsidizes the costs of lifestyles that do not provide for the creation of a traditional family, because families with children are forced to take care of those who do not have children in old age. By taking over the tasks of the family and the churches, the state reduces their importance in society and, therefore, also the values transmitted by these institutions. Thus, over the course of decades, a secular and de-Christianized state culture has emerged.

Human beings are social beings. We don’t want to be socially isolated.  Most human beings don’t want to lose friends or customers for expressing a politically incorrect opinion.[[4]](#footnote-4) Therefore, most human   
beings adapt to state culture and public opinion. In the Third Reich, not only restaurant owners forbade Jews from entering. Jewish businesses were also boycotted “voluntarily.” And today, private companies such as YouTube or Facebook block user accounts that post content against mass immigration or Covid vaccines.[[5]](#footnote-5)

**Private Property in a Hybrid Society**

The problem of the use of property in today’s societies is somewhat like that of immigration. We do not live in a free society. There are public welfare systems and public infrastructure funded by taxpayers. Shall unrestricted immigration be allowed in this context? Some libertarians say so. For instance, Walter Block (1998) argues for unrestricted immigration today. Against this position, Hans Hoppe (1998) points out that short-off a complete privatization of public property and the establishment of a free society immigration must be restricted by the state. Only persons with a valid invitation should be allowed to enter a country. Without invitations, unrestricted immigration leads to forced integration.

Now, let’s have a look on the problem of the use of private property in a society influenced by state culture and manipulated public opinion. In the first place, it must never be forgotten that the consistent libertarian must work for the complete abolition of the state. In this way, the problem of state culture would be solved. However, if this goal has not yet been achieved, a libertarian must address and criticize the consequences of state culture. For instance, the de-Christianization and the decline the traditional family, are worthy of criticism. The libertarian can advocate for a different Christian culture that upholds traditional values and norms.

A (paleo)libertarian[[6]](#footnote-6) defends—counterfactually—the culture that would have existed without the influence of the state. He champions the culture of private property and detests the culture of the state. The culture the libertarian favors, glorifies, and protects is the one that would exist in a free society if all institutions were private. And he also assesses the state’s measures with this criterion. In other words, the point of reference for the evaluation of state policies must be the culture of a free society. If, for example, the state reduces taxes on large families, the paleolibertarian welcomes the measure as a step in the direction of the culture of a free society.

Rothbard tackles a similar problem when he asks how other state measures should be evaluated, namely, the prices at which goods and services produced by state-owned enterprises are sold. What prices should state-owned enterprises charge? Or more specifically, what tuition should state universities charge? Should there be no tuition because public universities are paid for by taxpayers?

Rothbard answer is that prices should not be zero, because at zero price for these services, there would be excess demand and extreme shortages. If enterprises are not yet privatized, the state should charge prices that correspond as closely as possible to those that would have been established on the free market. In other words, state-owned enterprises should charge prices that empty the market (Rothbard 1995, p. 99, p. 146).[[7]](#footnote-7) In this way, excess supply or excess demand is limited. Of course, the prices, which would have existed in a free market, cannot be known. However, understanding the situation leads to the realization that these services are not offered for free in a free market.

The same goes for culture. We cannot know how culture would have developed without the state.[[8]](#footnote-8) But the *Verstehen* of today’s culture leads to the recognition that it is very different from the culture of   
a free society. There are several indications that culture would be different in a free society and that can guide us to understand what culture would be like in the absence of the state.

First, we have knowledge about the old culture. We can simply look back in history. We know what culture was like before the state influenced the media and education, before the welfare state grew, and before the left’s “long march through the institutions.” We know the culture of the time when the size of the state was much smaller.

Second, we can analyze the culture of societies in which the state culture has not yet become so widespread and dominant.

Third, we can analyze the direction in which the state influences and distorts culture. For example, without the culture of inflation that systematically favors debtors, the social time preference rate would be lower. Statism, “social justice,” and state “solidarity” restrict and reduce personal responsibility and private initiative increasing time preference. It follows that, the culture in a free society would be characterized by greater responsibility, greater voluntary solidarity, and longer-term thinking.

Fourth, we can look at the interest of the state and deduce how culture has been influenced in that regard. Culturally, the state fights everything that limits its power. If the state succeeds, and presumably it succeeds at least partially, since it systematically uses violence, then it follows that in a free society, the institutions that limit the power of the state would have greater influence and shape culture accordingly. These institutions include private property, the family, traditions, and the Church.

**Cancel Culture in a Hybrid Society**

A prominent example of how state culture becomes problematic is the issue of cancel culture and freedom of speech in a hybrid society.[[9]](#footnote-9) Imagine that in 1938 a German newspaper had cancelled or fired a Jewish journalist. Perhaps the editor-in-chief did it to improve relations with the government, or not to lose favorable treatment, in a kind of anticipatory obedience. Or he did it to get exclusive access to government information or get exclusive interviews. It is likely that the editor-in-chief in charge himself was influenced in his worldview by propaganda from state media or state schools. He had been brainwashed.

*Mutatis mutandis*, today private Big Tech companies block conservatives or supporters of the “far right.” They cancel politically incorrect opinions. To evaluate the cancellation, the libertarian must ask whether such opinions would be canceled in a free society without state influence. The most likely interpretation is that most of these opinions would not be canceled. This is so, because the culture necessary to maintain a free society often rests on the opinions that are being cancelled.

Thus, when a private company in today’s hybrid and state-dominated society, encourages politically correct opinions or censors conservative opinions, a libertarian must denounce this practice as evil. The libertarian cannot invoke the right to property to defend such an evil practice. Should the libertarian, however, try to use state power to ban censorship of such opinions? That should be only the last option. Rather, the libertarian should wage the cultural war promoting the ideas, values and institutions that sponsor a prosperous society and fight those ideas that destroy the foundations of a free society. As soon as culture changes, a state-imposed ban of private censorship becomes unnecessary.

What is important to realize is that it does matter what kind of opinion is cancelled by private companies. It is particularly problematic when opinions are cancelled that oppose the government, statism, or the excesses of state culture. On the other hand, the cancellation of opinions that are in favor of the government, statism, and state culture must be evaluated differently by the libertarian. In other words, the cancellation of opinions that are directed against the state-sponsored mainstream must be evaluated differently than the cancellation of opinions that support the state-sponsored mainstream.

Cancellation of opinions that support statism are justified and so they would be in a free society. In a free society, opinions that speak out against private property can be banned or sanctioned, and notorious statists must be boycotted to preserve liberty in the long run. A free society must defend itself against notorious statists who conspire against the property of their neighbors. Just as notorious thieves are boycotted, so too are those who call for systematic theft. In the case of an imminent threat to private property, boycott, ostracism, and cancellation is appropriate.

In already famous lines Hans-Hermann Hoppe discusses which views would be permissible in a free society and which culture would be defended:

[Proprietors in a libertarian society] must also be willing to defend themselves, by means of ostracism, exclusion and ultimately expulsion, against those community members who advocate, advertise or propagandize actions incompatible with the very purpose of the covenant: to protect property and family. In this regard a community always faces the double and related threat of egalitarianism and cultural relativism. Egalitarianism, in every form and shape, is incompatible with the idea of private property… And cultural relativism is incompatible with the fundamental—indeed foundational—fact of families and intergenerational kinship relations… A small dose of ridicule and contempt may be all that is needed to contain the relativistic and egalitarian threat… In a covenant concluded among proprietor and community tenants for the purpose of protecting their private property, no such thing as a right to free (unlimited) speech exists, not even to unlimited speech on one’s own tenant-property… There can be no tolerance toward democrats and communists in a libertarian social order. They will have to be physically separated and expelled from society. Likewise, in a covenant founded for the purpose of protecting family and kin, there can be no tolerance toward those habitually promoting lifestyles incompatible with this goal. They—the advocates of alternative, non-family and kin-centered lifestyles such as, for instance, individual hedonism, parasitism, nature-environment worship, homosexuality, or communism-will have to be physically removed from society, too, if one is to maintain a libertarian order. (2002, pp. 216–218)

**Conclusion**

We live in a society dominated by state culture. This state culture is the result of a cultural war that has been successfully waged by the left undermining the values and institutions that sustain capitalism and   
a free society. As consequence, companies and individuals are affected by this state or woke culture. Realistic or paleolibertarians must oppose the actions that undermine the culture of capitalism even though these actions are based on a voluntary use of private property. The benchmark for the evaluation of these actions is the culture and values that would prevail in a free society.

Rothbard argues that short of privatization public companies should charge prices for their products and services that are as close as possible to those prices that would prevail in a free market. In the same way, libertarians must back government policies that lend support to the culture that would prevail in a free society and make it sustainable.

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1. It is true that both politicians from the left and the right are trying to influence culture through state intervention. Left politicians impose inclusive language, right politicians prohibit inclusive language. But there are differences. The first is that culture and the state are dominated by the left. Moreover, the left has been involved in the cultural war for much longer than the right, which has neglected it (Kaiser 2014). The second is that the right is usually trying to promote institutions that are broadly conducive to a free society and that would carry more weight in a free society than they have today, while the left is doing the opposite. [↑](#footnote-ref-1)
2. In my opinion, Rothbard makes a mistake when he writes, “anti-discrimination laws of any sort are evil.” (2000, p. 27). Rothbard is wrong, because discrimination against opponents of the government is perverse in a society dominated by state culture. Discrimination against opponents of the state is a form of enforcing totalitarianism through the private sector. Rothbard, of course, did not foresee the full extent of the development of woke culture and cancel culture. [↑](#footnote-ref-2)
3. Today, the State influences business management through ESG (environmental, social and governance) criteria. The state-favored financial industry, including sovereign wealth funds and state pension funds, pressure companies to adopt these criteria by threatening not to buy their stocks or bonds. Banks are also looking at whether companies are ESG compliant and central banks are starting to consider environmental risks in their monetary policy. Added to this are the revolving doors between the state and the financial industry. [↑](#footnote-ref-3)
4. Elisabeth Noelle-Neumann (1991) argues that the fear of social isolation sets of a “spiral of silence.” As some people fear to pronounce an opinion in public because they might be isolated consequently, this opinion is pronounced less often. Consequently, even less people dare to pronounce it, which leads to even less representation in the public and so on. [↑](#footnote-ref-4)
5. It has also happened that PayPal and some US banks canceled accounts of ideologically undesirable users (Dreher 2020, p. 80). [↑](#footnote-ref-5)
6. Or a “realistic libertarian.” See Hoppe (2015). [↑](#footnote-ref-6)
7. Rothbard has commented on the handling of state operations: “…how to run government operations, within the goals for cutting the budget and ultimate privatization? Simply, to run it for the designed purpose (as a school, a thoroughfare, a library, etc.) as efficiently and in as business-like manner as possible.” (Rothbard 1995, p. 147). See also Rothbard (2000, p. 29).

   Government operations should be run as a corporation would. In this context, Rothbard also touches on a cultural issue. Rothbard argues the following about the admission of homosexuals into the military: “The military should be considered like any other business, organization or service; its decisions should be based on what‘s best for the military, and ‘rights’ have nothing to do with such decisions.” (2000, p. 27) He then gives reasons why the admission of homosexuals into the military weakens combat morale. In a free society, in Rothbard‘s view, homosexuals would not be allowed to join an army, and therefore they should neither today.

   Rothbard similarly at another place points out: “We must try, short of ultimate privatization, to operate government facilities in a manner most conducive to a business, or to neighborhood control.” (2000, p. 41). What Rothbard overlooks in this statement is the problem of state culture. The neighborhood and businesses may have adopted the state culture and internalized, for instance, a woke ideology (or antisemitism). Therefore, Rothbard‘s argument would be more accurate and convincing if we added “within the culture of a free society” after “neighborhood control.” Again, Rothbard doesn‘t see the problem of a comprehensive state culture because it wasn‘t so comprehensive in his day. [↑](#footnote-ref-7)
8. In *The Ethics of Liberty* Rothbard (1982) refers to the problem of the use of state property:

   But what of governmental assemblies? Who owns them? No one really knows, and therefore there is no satisfactory and non-arbitrary way to resolve who shall speak and who shall not, what shall be decided and what shall not… There is no satisfactory way to resolve this question because there is no clear locus of property right involved… The man who demands to be heard at a town meeting claims to be a part owner, and yet he has not established any sort of property right through purchase, inheritance, or discovery, as have property owners in all other areas. (p. 118)

   Similarly, in a hybrid society with a state culture, even if it is clear who owns the property, there are unsatisfactory answers. Which uses of private property are to be welcomed? We only know that the use of property should be as close as possible to the use that would be given without state culture. [↑](#footnote-ref-8)
9. For a libertarian analysis of cancel culture, see also Bagus et al. (2023) [↑](#footnote-ref-9)