

# Parasite Economics

by David M. Levy and Sandra J. Peart

Contemporary anti-market voices characterize market economies as “parasitic” and traders as “parasites”: “Experience has shown that capitalism is the real source of basic evils in society. . . . Social parasites suddenly emerged with billions. Thus, it became clear to all that U.S. capitalism was a big trap and suicide. As a result, the majority of people in eastern Europe went back to fighting capitalism and advocating socialism.”<sup>1</sup>

Those who are sympathetic with the proposition that capitalism creates “victims” and who, with Nobel laureate Dario Fo and others, assign blame for the September 11 massacre on American participants in markets, might do well to consider the intellectual history and the analytical presuppositions of “parasite” economics.

The characterization of markets and those who participate in market transactions as parasites has a long and misunderstood history. In the mid-nineteenth century Thomas Carlyle used this logic to defend the Reign of Terror: “Mammon, cries the generous heart out of all ages and countries, is the basest of known Gods, even of known Devils. In him what glory is there, that ye should worship

him? No glory discernible; not even terror: at best, detestability, ill-matched with despicability.”<sup>2</sup>

No, this is not the ranting of those responsible for the September 11 murders, though absent the difference in prose, it might have been. Instead, Carlyle drew this unfavorable comparison of markets with the hierarchy established by the Reign of Terror in his *French Revolution*. It was also Carlyle who in 1849 gave to economics the name of the “dismal science” for its role in emancipating black people from their white masters wielding “beneficent whips” into the self-direction of markets.

Even earlier, in *Sartor Resartus*, Carlyle contributed the concept of consumer sovereignty, which for him is despicable: “whoso has sixpence is Sovereign (to the length of sixpence) over all men; commands Cooks to feed him, Philosophers to teach him, Kings to mount guard over him,—to the length of sixpence.”<sup>3</sup>

Carlyle and his followers not only attacked markets and defended racial slavery, but his vision of the ruling race also helped deny the right to self-government for the Irish. How could a race of parasites—cannibalism is Carlyle’s term for the Irish condition in Ireland—rule themselves? In the images produced by Carlyle’s friends (reproduced at [www.econlib.org](http://www.econlib.org)) it is all too easy to see the Irish parasite as noxious insects feeding on Ireland. It’s obvious what one does to such parasites.

---

David Levy ([DavidMLevy@aol.com](mailto:DavidMLevy@aol.com)) teaches economics at George Mason University and is a research associate at the Center for Study of Public Choice. He is the author of *How the Dismal Science Got Its Name: Classical Economics and the Ur-Text of Racial Politics*. Sandra Peart ([speart@bw.edu](mailto:speart@bw.edu)) teaches economics at Baldwin-Wallace College.

*For those who have argued that the blame for the September 11 murders rests in part on the shoulders of American capitalists, it's also important to understand the implication of zero-sum trade—of trade without benefit, of stealing—that underscores this position. And the temptation that follows, to find and to demonize a class of victimizers, of parasites.*

The doctrine of zero-sum exchange is an old enemy of peaceful civilization. Cultural accounts of recent anti-market violence rely on the zero-sum notion of trade, supposing a hostility between economic “globalization” and indigenous culture. Here the market economy, running roughshod over local values, acts as an unwelcome agent of cultural destruction. Of the many examples, consider the following explanation of the September 11 murders: “Dario Fo, the Italian playwright and satirist who won the Nobel Prize for literature in 1997, said bluntly in a widely circulated e-mail: ‘The great speculators wallow in an economy that every year kills tens of millions of people with poverty—so what is 20,000 dead in New York? Regardless of who carried out the massacre, this violence is the legitimate daughter of the culture of violence, hunger and inhumane exploitation.’”<sup>4</sup>

In a zero-sum game, there is a loser for every winner. Add to this the supposition that there are systematic winners, that the winners from non-mutually beneficial trades form a predictable class, “parasites.” In nineteenth-century attacks on market exchange we find a colorful cast of such “parasites”: the harpy Jew, the vampire Jew, the Irish cannibal, the Jamaican cannibal, the evangelical canter, the economist canter. All of these take without giving. Their occupation is utility-sucking. They deserve (and are sentenced to) death without redemption.

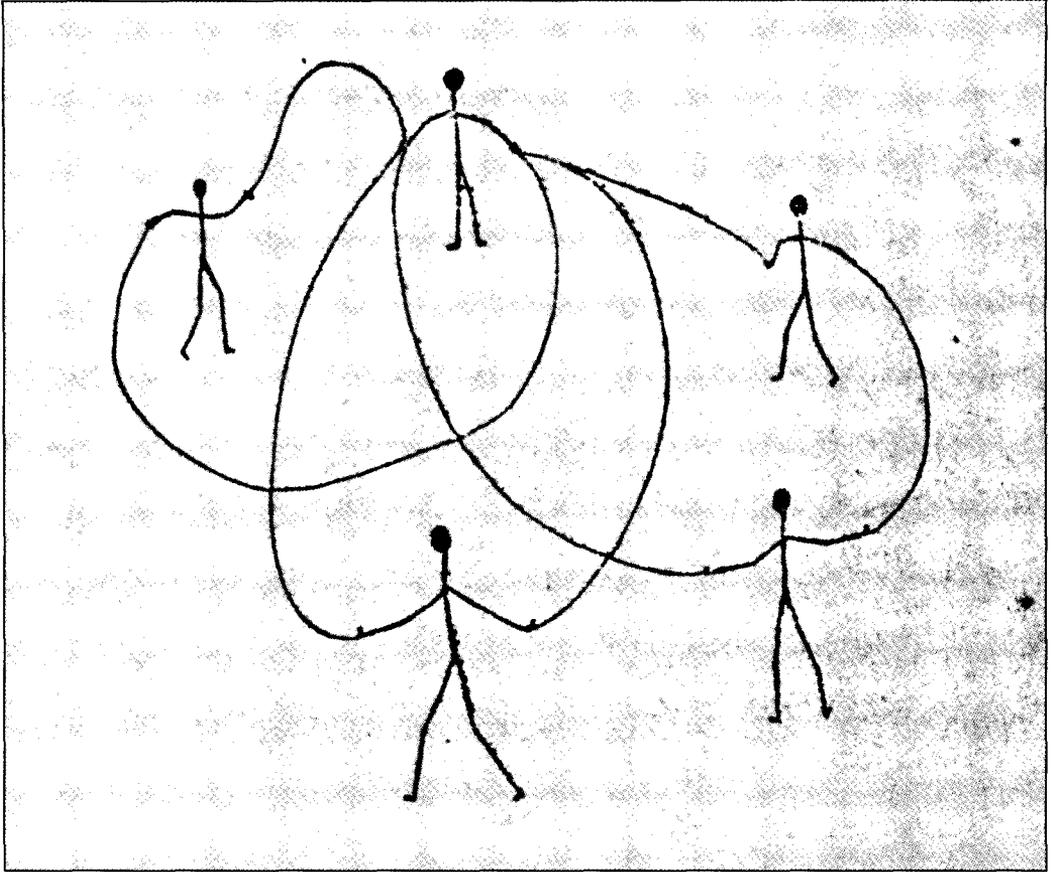
## Parasites Today

Today, Carlyle has many friends who are not racist and certainly do not hold with

slavery. Today, the hierarchy is one of culture and the parasites are beneficiaries from market transactions, beneficiaries who supposedly gain at the expense of others. The demonization of the “parasites” continues: “capitalism in the Islamic Republic of Iran is an ‘ill’ which has emerged outside the framework of regulations, and the wealthy should be considered parasites who have been imposed on Islamic society. . . . The fact that the wealthy in the Islamic Republic of Iran cannot envisage a secure future for themselves speaks of the healthiness of the system. . . . [If not] capitalists would consider this country a safe haven for their plundering. . . . [W]e consider the owners of easily-gained wealth parasites imposed on Islamic society. . . . [T]his sickness has threatened the health of Islamic society.”<sup>5</sup>

The modern defense of the Carlylean enterprise is that while he might have been a proslavery racist, he was at least (and unlike the economists) a paternalist. As such, unlike the “hard-hearted” economists, he was concerned for the “victims” of market transactions. While it may be the case that Carlyle’s concern for the downtrodden was genuine, it is also true that the alternative he favored was hierarchy. For those who have argued that the blame for the September 11 murders rests in part on the shoulders of American capitalists, it’s also important to understand the implication of zero-sum trade—of trade without benefit, of stealing—that underscores this position. And the temptation that follows, to find and to demonize a class of victimizers, of parasites.

When markets enter, hierarchy vanishes. In economics, people are presumed to be competent, so there are no systematic losers



COURTESY, LIBRARY OF CONGRESS

and therefore no systematic victims. The economist Fleeming Jenkin took great pains to confront the doctrine that trade is zero-sum put forward by Carlyle's industrious disciple, John Ruskin. Jenkin drew a picture to show how exchange is actually ordered.<sup>6</sup> The order is circular, each actor in the drama of markets has his or her own goals, and these private goals are revealed in the market order, the spontaneous order. □

1. Salah al-Mukhtar, editor, "What Does Exporting Democracy on Tank Turrets Mean?" *Al-Jumhuriyah*, October 9, 1995, pp. 1, 6, translated by FBIS, Document ID: FTS19951009000003.

2. Thomas Carlyle, *The French Revolution: A History* (New York: Heritage Press, 1956 [1837]), p. 611.

3. Thomas Carlyle, *Sartor Resartus*, ed. Kerry McSweeney and Peter Sabor (Oxford: Oxford University Press, 1987 [1831]), p. 31.

4. Steven Erlanger, "In Europe, Some Say the Attacks Stemmed from American Failings," *New York Times*, September 22, 2001, online edition.

5. Hoseyn Shari'atmadari, editorial, "Parasites," *Tehran Keyhan*, August 10, 1997, p. 2, translated by Foreign Broadcast Information Service, Document ID: FTS19970820000653.

6. Fleeming Jenkin, *Papers, Literary, Scientific, Ec.* (London: Longmans, Green, and Co., 1887), volume 2, p. 150.



IDEAS  
ON LIBERTY

JUNE 2002



## The Bias Favoring Governments over Markets

**T**he thrust of my columns could be summarized as follows: We would be better off increasing our reliance on the voluntary cooperation of the marketplace and reducing our reliance on government commands. This is not an idle assertion reflecting blind ideology or religious zeal, as some would claim. It is based on an impressive foundation of theory and evidence. For over 225 years, dating back at least to Adam Smith's *The Wealth of Nations*, economic theory has explained how markets coordinate the actions of countless people, even when each is motivated by narrowly defined self-interest, to serve the public interest far more effectively than government action, no matter how well intended.

And the evidence is clear that individual freedom disciplined by market incentives is closely connected to widespread wealth. Markets and the freedom they allow are far more important to the prosperity of nations than natural resources. Many countries rich in natural resources have been impoverished by the substitution of government compulsion for market freedom (consider Argentina, Russia, India, China, and any number of African countries). There are also many countries poor in natural resources that have prospered by relying primarily on market forces (Japan, Hong Kong, Switzerland, and Singapore).

*Dwight Lee (dlee@terry.uga.edu) is Ramsey Professor at the Terry College of Business, University of Georgia, and an adjunct fellow at the Weidenbaum Center on the Economy, Government, and Public Policy at Washington University in St. Louis.*

But if the market is so superior to government, why do people respond to almost every problem, real or imaginary, by demanding a government solution? Why have governments relentlessly taken ever more responsibility for their citizens' welfare, and ever more of their paychecks, in unsuccessful attempts to make everyone better off at the expense of everyone else? No complete answer to these questions can be given in a short column. But at the heart of any answer is an irony—markets are criticized for the very reason that they create wealth, and governments are applauded for the very reason that they destroy wealth.

Markets work their wonders by creating in each of us an intense interest in taking actions that increase the welfare of others. Few of us give much thought to the well-being of more than a few of the hundreds of millions of people who in various and indirect ways benefit from our work and investments. But we are vitally concerned with the salaries we are paid and the profits we receive, and in markets our salaries and profits rise or fall with the value of our contributions to others. So by adjusting our efforts and investments to improve our conditions, we also improve the conditions of countless others.

The well-known implication of this is, as Adam Smith pointed out in 1776, that though each person "intends only his own gain, . . . he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention." But immediately before this famous statement,