I should begin by clarifying one point about the Long-Carson thesis: their arguments only implicated government regulations that can be causally implicated in the relevant harms. It seems like the burden should be on them to connect the dots in the causal chain in order to show that any given regulation (or regulatory structure) or state intervention has the undesirable consequences. Or, that the manifestation of power of some corporation in a specific instance derives (primarily? significantly? partially?) from state privilege.

This can be difficult to parse out very neatly, but one reason that it could be difficult is because of the phenomenon of regulatory capture: where regulatory agencies that are created to 'protect people from industry' end up serving the established interests in that industry to the detriment of consumers, potential competitors, and everyone else, but falsely concludes that *more* regulation is the solution to this problem. This has implications for any potential defense of capitalism since the aim is to establish that the cause of the problem isn't capitalism; the cause of the problem is all the deviations from (ideal) capitalism.

Here's a second cautionary point: we need to balance any number of possible *positive* consequences associated with a given regulation (or regulatory structure) or state intervention into the market. One way to reach a conclusion about this is to do a sort of cost-benefit analysis. Recognize the extent and seriousness of the harms but also the extent and importance of the benefits. Only these consequences are relevant for reaching a decision about what to do. This way of proceeding is roughly in line with a consequentialist moral decision procedure. Consequentialism is a moral theory that reaches conclusions about what the right thing to do is by identifying the consequences of the relevant act and determining whether the balance of benefits and harms, or happiness and pain, is favorable.

But many moral philosophers (including Long) deny that this is the appropriate way to determine what the right thing to do is. These deontologists argue that promoting value (benefits, happiness, preference satisfaction) isn't the only basic or foundational way to respond to value. Rather, sometimes the appropriate response to value is to *respect* it. In particular, deontologists hold that persons should be respected and that the value of persons establishes reasons to treat them (or avoid treating them) in certain ways. There are proper constraints on one's pursuit of value such that, for example, it isn't permissible to perform actions that harm others even if that harm in the aggregate is compensated by benefits elsewhere. If that's right, the fact that some regulatory scheme benefits most of a population is irrelevant if those benefits come at the expense of others being harmed.

Finally, I want to highlight how the arguments Long and Carson present are complementary.

Carson says that Mises just assumed that the fact that a firm is privately owned will render it immune from problems that Mises (and Hayek) identified in state economic planning bureaucracies. On p. 14, he gives a summary of Mises's argument concerning how the owners of the business can enforce the requisite accountability of their agents who control the day-to-day operations. But Carson, beginning roughly midway on p. 15, is arguing that you'll find the same kind of efficiency problems (resulting from the same kind of knowledge and agency problems) that Mises (and Hayek) identified in state bureaucracies in corporations that have grown past a certain size. And how are they able to grow past that size when further growth will produce these inefficiencies? According to Carson, it's because of various state policies that, in effect, grant privileges to them in the market. These corporations can reap the benefits associated with economies of scale while socialising the costs associated with diseconomies of scale.

So Carson's point is that entrepreneurs (the capitalists, the owner/investors) won't be able to effect any real control over the operations of the corporation - CEOs won't be accountable to them so as to direct resources to their most efficient uses. Freed of this accountability, CEOs run the corporation in much the same way that Soviet bureaucrats ran the state agencies they controlled - badly/inefficiently, and a source of illicit rents (like bonuses based on an artificially inflated bottom line, inexplicable severance packages, etc.).

The calculational chaos Carson refers to is associated with a corporation's size. The bigger the corporation gets, the more its bureaucracy grows and more intricate its hierarchical structure becomes, the more inefficient (and less competitive) it should become. (To put the point in Coasian terms, it's because transaction costs internal to the firm grow too high.) This would function as a 'natural' limit on the size of corporations. The competitive pressures of market forces should favor leaner, more efficient, and, all else equal, *smaller* business organizations – some optimal point where it's big enough to take advantage of economies of scale, but not too big to that it becomes so bloated with bureaucracy that isn't able to respond efficiently to information about, e.g., shifts in consumer demand and lose its competitive advantage. Carson then suggests that too many corporations these days have exceeded their 'natural' size. They're so big not because that's the optimally efficient size for them to be, but because they're able to benefit from political favors and insulate themselves from the competitive pressures that would otherwise force them to become smaller, leaner, more efficient, etc. This point is encapsulated in the passage I reproduced on the last slide of that lecture.