

THE
Freeman

FEBRUARY 1955

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Should We Trade with Russia?

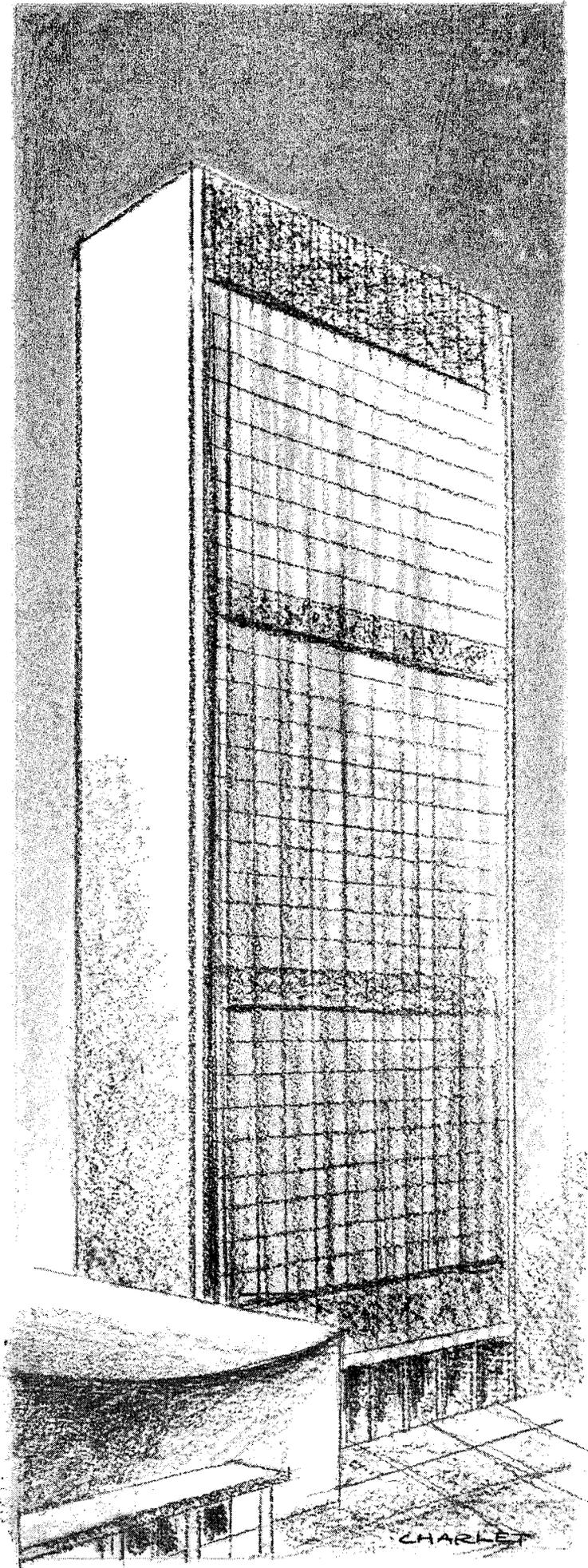
V. Orval Watts

Tribunes of the People

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1929: Then and Now

Hans F. Sennholz



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THE Freeman

A Monthly
For
Libertarians

Editor
Managing Editor
Business Manager

FRANK CHODOROV
MABEL WOOD
JAMES M. ROGERS

Contents

FEBRUARY 1955 VOL. 5, NO. 8

Editorials

How Communism Came to America	289
February 22	290
Slavery and Taxes	290
Taxes and the Individual	291
Freedom Works Both Ways	291
Pessimism	292

Articles

Should We Trade with Russia?	V. ORVAL WATTS 295
Yalta: Anniversary of Humiliation WILLIAM HENRY CHAMBERLIN	298
"Uraniumaires"	FRANK CHODOROV 301
Does Government Spending Bring Prosperity? PERCY L. GREAVES, JR.	302
Religious Roots of Liberty	REV. EDMUND A. OPITZ 305
Fundamentals of Education	NELLIE K. WADHAMS 307
Tribunes of the People	JAMES BURNHAM 309
1929: Then and Now	HANS F. SENNHOLZ 312
The Government's Freight Business	PAUL L. POIROT 316
The American Way	E. GORDON FOX 319

Books

A Reviewer's Notebook	JOHN CHAMBERLAIN 321
How Europe's Freedom Was Lost	HUBERT MARTIN 323
Passage to India	C. O. STEELE 323
Communist Strategy	ROBERT DONLEVIN 324
Constitutional Fallacy?	RAYMOND L. CAROL 324
Saying What You Mean	PETER CRUMPET 325
Well Worth Reading	326

Washington, D.C.	FRANK C. HANIGHEN 293
-----------------------	-----------------------

Readers Also Write	288
--------------------------	-----

Among Ourselves

While our editor, Frank Chodorov, was recuperating from his recent operation, he submitted a short article as a possibility for this issue. His transmittal note said: "I hope you like it, but use your own judgment." As acting editor (my tenure of six weeks is now over), I found it highly acceptable! Wonder what I'd have done if I hadn't liked it?

This month we have several new contributors to the FREEMAN. PERCY L. GREAVES, JR., a freelance research economist, is also a columnist for *Christian Economics* and contributes to other periodicals. He has long studied and participated in the economic and political issues of the day, both here and abroad.

DR. HANS F. SENNHOLZ is Assistant Professor of Economics at Iona College. We are all pleased that his first book—on the subject of European unity—has been accepted for publication by D. Van Nostrand.

E. GORDON FOX, who lived and worked in Russia for several years as an engineer, is a retired Vice President of the Koppers Company.

A short biography of MRS. NELLIE K. WADHAMS is found with her article.

The editor, publisher and other interested persons have often discussed the advisability of a "Reprint Section" of four or more pages in each issue of the FREEMAN. The reprints would be entire articles or extracts from the classics—as well as modern works—on freedom, on government, on economics, on the proper relationships of man to his fellow-men. What do you think?

Here's an inside tip to fellow-writers: During my tour of duty as acting editor, I rifled the confidential files of the magazine and discovered the closely guarded secret of how to be accepted as a writer for the FREEMAN. Here is the formula: Write clearly—preferably in 2,500 words or less—on any phase of the general subject of freedom, and do it in such compelling words that thousands of persons will rush to buy and read the FREEMAN! Could anything be easier than that?

The March issue of the FREEMAN is being referred to as "the UN issue." I suspect that this one for February will be facetiously called "the economics issue."

If anyone is curious, the name of your temporary editor is Dean Russell. He's been a staff member of the Foundation for Economic Education for the past eight years. And he is most pleased to return to that job, even though he enjoyed this one. Welcome back, Frank!

The FREEMAN is devoted to the promulgation of the libertarian philosophy: the free market place, limited government and the dignity of the individual.

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Readers also write

Exposition of Principles Needed

I should like to take friendly issue with Arthur V. Parete's letter (December) in which he voices disappointment with the new FREEMAN. My reaction to the new editorial policy was exactly the opposite—as a matter of fact, I was never quite so inspired by anything in a publication as by that magnificent editorial, "The Time Is Always Ripe," in the August issue!

It is symptomatic of our political education that even libertarians sometimes lose sight of basic principles of government. What Mr. Parete terms "glittering generalities" are not such at all—they are the fundamentals in which our libertarian philosophy is grounded, and which have been so neglected these past two or more decades.

Articles in support of the Bricker Amendment, etc., can be found in any number of publications, but it is only in the FREEMAN that we find firm, logical expositions of those principles of which we must have thorough knowledge before we can even begin to logically support such causes.

Bayside, N. Y. GERTRUDE J. BUCK

The Girl Scout Affair

It is interesting to note that on March 26, 1953, Langston Hughes testified before Senator McCarthy and his Permanent Subcommittee on Investigations, and revealed himself to be disenchanted with communism. I am indebted to Charles E. Rice for bringing this to my attention through his letter in the December FREEMAN. One of the points to keep in mind is that while this happened in March of 1953, the astonishingly generous praise of Mr. Hughes appeared in the February 1953 *Girl Scout Leader*, and presumably was in preparation a month or so prior to publication date.

We are surprised to learn that Langston Hughes was able to establish his con-communist status by means of *The First Book of Negroes*. It is a book which praises the UN highly, and is openly antagonistic to the South. It tends to stir up sectionalism and anti-American feeling along racial lines—an objective very dear to the Communist International for many years. *Colorado Springs, Col.* ROBERT LE FEVRE

A Correction

Alfred Kohlberg, in his review of the book *McCarthy and the Communists* (November), alleged that the American Committee for Cultural Freedom had received one million dollars from the State Department in the last five years. I want to point out that the American Committee for Cultural Freedom has received no money whatsoever from the State Department. The several "lavish shows" in Europe to which Mr. Kohlberg refers were financed by the Fairfield Foundation. Our entire financial support is derived from contributions from individuals, foundations, labor unions and business organizations.

Mr. Kohlberg says that the authors of the book, James Rorty and Moshe Decter, are "connected with the Voice of America." I should like to point out that at the time the authors were engaged to write the book on McCarthy neither had any connection whatsoever with the Voice of America.

New York City SOL STEIN
Executive Director, American
Committee for Cultural Freedom

That California Smog

Your editorial "Political Smog" (December) revolves around Governor Knight's request that the oil companies of the Los Angeles basin temporarily close their refineries to determine if appreciable difference would be made in the noxious condition which prevails in our Southland under certain atmospheric conditions. His request, you seem to think, was a piece of political demagoguery, and you recommend he should have instead stated "frankly that until the chemists learn the cause of smog" our people will have to go on suffering. And then you add, "such honesty and decency in a politician is not to be expected."

Governor Knight has no quarrel with you for whatever opinion you hold. . . . However, since your piece is incompletely and inaccurately reported, may I relate certain facts. . . . Smog, in the main, is air polluted by hydrocarbon particles, by-products . . . of petroleum. By scientific research experts have determined our five oil refineries loose every day 250 tons of gasoline vapors. . . . The oil companies themselves, recognizing their obligation to the public, have spent millions of dollars in attempting to abate their portion of this plague. They contend that they have been, in large measure, successful. . . .

Governor Knight, believing in their

sincerity, felt he was offering them the greatest opportunity they have ever had to clear their skirts. If, as they said, their plants now have little if any effect on the atmospheric condition within the basin, here was their opportunity to prove it. If, after complying with his request, the smog persisted, it would be proof positive that oil refineries should no longer be blamed.

You also took exception to the Governor's suggestion that their employees, during this five-day nonproduction period, be maintained on the payroll. Governor Knight realized it would be an imposition on the companies to absorb this dead loss, but he also knew that . . . it would be a relatively minor setback to the companies for the gain that was promised them if their contention was borne out; whereas, to the individuals involved, loss of a week's pay might prove catastrophic. His was a pyrrhic choice. . . .

Sacramento, Cal. JOHN J. SYNON
Private Secretary to the Governor

The Baby Boom

Mr. F. A. Harper's article, "Prosperity by Procreation" (December) neglects, I think, an underlying action taking place concurrently with the popularity of this population theory. Namely, many businesses are not only believing this thesis but are actively planning for the increased potential demand by the largest investment, supplied by the largest level of savings ever seen by this country. Investment per capita and savings per capita have never been so high. Through the multiplier process, not only the tools of production and their end products, but also the means to purchase them will have been placed in the hands of this new population element, or that represented by their parents—other things remaining equal.

I believe that this should not have been omitted in describing this theory.

Larchmont, N. Y. D. A. WILKINSON

Conscription

Congratulations on the most stimulating and important article "A War to Commune America," by Frank Chodorov (November). He brings out the very true fact that our two wars in Europe and one (so far) in Korea were only possible because our boys were conscripted. . . .

Kirkwood, Mo. CYRIL CLEMENS

THE Freeman

FEBRUARY 1955

How Communism Came to America

IF ALL the card-carrying members of the Communist Party in the United States were put in jail or deported, it would have little or no effect on the growth of communism in America. True, members of the party are especially dangerous because most of them have pledged allegiance to a foreign government. But so far as advancing the principles of communism is concerned, they are not nearly as effective as the average Republican or Democrat who professes to hate communism and all it stands for.

That's a strong statement! Proof? Reach for your dictionary and turn to *communism*: "Any system of social organization involving common ownership of the means of production, and some approach to equal distribution of the products of industry." This, of course, is to be done through and by the authority and force of government.

How much communism do you believe in and support? The so-called average American is currently demanding that about one third of the nation be communized, when measured by the government's tax-take; one fourth when measured by government's ownership of land; more than one fourth when measured by government's ownership of total national wealth other than land; almost one fourth when measured by government's production of electricity; about nine tenths when measured by government's ownership of school and subsidies to education; better than one half when measured by government's share of the earnings from industry; and so on and so on.

Ah! you say, but democratic ownership and controls by government in America isn't true communism; when you say communism, you mean the dictatorial program laid down by Karl Marx in his *Communist Manifesto* in 1848.

OK, reach for that document and read: "We have seen . . . that the first step in the revolution by the working class is to raise the proletariat to the position of the ruling class; to win the battle of democracy. The proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie; to centralize all instruments of production in the hands of the State."

Mark well the phrases "to win the battle of democracy" and "to wrest, *by degrees*, all capital." No revolution there! While we have been passing laws against those who might advocate the violent overthrow of the government, the real threat to freedom in America—democratic government ownership and controls—has leaped to new heights.

But let us refer again to the communist program as laid down 107 years ago by Marx and Engels in their *Communist Manifesto*: "These measures will, of course be different in different countries. Nevertheless, in the most advanced countries the following will be pretty generally applicable." Then they list the long-time objectives of communism. Among them are government ownership of land, a heavy progressive income tax, abolition of inheritance rights, a national bank, government ownership or control of communication and transportation facilities, State-owned factories, a government program for soil conservation, government schools and free education.

How many of these planks of the *Communist Manifesto* do you support? Federal Reserve Bank? Interstate Commerce Commission? Federal Communications Commission? Tennessee Valley Authority? The Sixteenth (income tax) Amendment to our Constitution? The inheritance tax? Government schools with compulsory attendance and support?

Did the card-carrying Communists bring any of these to America? Remember, these ideas were generally repudiated in the United States of 1848 when Marx recommended them. Would any of them disappear if the party members were imprisoned or deported?

But maybe you would prefer to consult the works of a modern American Communist, rather than an old European one. Well, how about Earl Browder, the former leader of the Communist Party in America? In a 1950 pamphlet, "Keynes, Foster and Marx," he lists 22 items which "express the growth of State capitalism . . . an essential feature of the confirmation of the Marxist theory." Among them are the following governmental actions: deficit financing, insurance of bank deposits, guaranteed

mortgages, control of bank credits, regulation of installment buying, price controls, farm price supports, agricultural credits, RFC loans to business, social security, government housing, public works, tariffs, foreign loans.

How many of these measures—which a leading Communist identifies as Marxist—do you oppose? All of them? Half? Would any of them disappear as a result of jailing the Communists?

The opening sentence of this editorial is: “If all the card-carrying members of the Communist Party in the United States were put in jail or deported, it would have little or no effect on the growth of communism in America.” Government ownership and government controls have come to America because we the people have demanded them, not because the Communists brought them from Russia. We can rid ourself of the communism of government ownership and government controls—and return to private ownership and a free market—any time we want to.

That’s the question! Do the American people want to return to the responsibilities of freedom of choice? Do many of us really desire to return to the original American concept of a strictly limited government? I believe we do—fundamentally—and that we will yet turn back before it’s too late. But if I’m wrong in this hope and belief, at least let’s not blame the Communists for our own rejection of freedom and responsibility. Let’s put the blame where it belongs—with you and me and other Americans who have avidly accepted the subsidies of a paternalistic government while self-righteously professing to detest the communistic principle of government paternalism.

February 22

DURING the Constitutional Convention in Philadelphia in 1787, progress toward agreement was often discouragingly slow. There were times when it seemed as though there would be no agreement at all and that each of the thirteen states would go its own way.

The “large State” delegates were hammering away at the idea of equal representation demanded by the “small State” delegates. The advocates of “states’ rights” were at the throats of the equally sincere defenders of a powerful central government. There were those who wanted the President elected for life, and there were those who wanted him restricted to one term. The delegates who wanted a republic were heckling those who wanted a democracy. The “practical politicians” were voicing their customary fears about what the people back home would say. In short, the constant and often bitter wrangling called for the wisdom and leadership of an individual who could command the voluntary respect of all the delegates.

Fortunately for them—and for us—such a person was present. He was George Washington. As president of the Convention, he seldom took an active part in the pros and cons of the discussions. But one of the delegates, Gouverneur Morris of Pennsylvania, tells us that during an especially heated debate Washington slowly rose to his feet and calmly offered this advice to his fellow-countrymen: “If to please the people, we offer what we ourselves disapprove, how can we afterwards defend our work? Let us raise a standard to which the wise and honest can repair. The event is in the hand of God.”

There still had to be compromises, and no one got everything he wanted; but these words of Washington did offer a timeless measurement upon which patriotic men of good will could—and still can—agree. The standard which our forefathers finally raised under the leadership of Washington—the Constitution of the United States—has been called the greatest document ever drafted by man.

But as we commemorate the birth of a great man, let us remember this: while Washington and others like him established the framework of freedom for us, it will last only as long as you and I study to understand it and work to keep it.

Slavery and Taxes

HUMAN SLAVERY is still practiced against the pigmies in the Belgian Congo—under government supervision and permission, of course, since the institution of slavery cannot exist unless it is enforced by the prevailing government. But in all fairness to the government of Belgium, it must be stated that the pigmies were already enslaved by the normal-sized Africans when the colonizers first arrived from Europe, and that the present government has abolished some of the most inhumane features of the slavery they found there.

The pigmies are hunters, and they must supply their masters with meat. Since the government won’t permit the slaves to possess firearms, this duty is sometimes difficult.

But at any rate, the pigmy slaves don’t have to pay taxes—while their masters do! This fact is a favorite topic of conversation among the slaves. They observe that every man is forced to share his income with a master of one sort or another. The slaves debate whether they would rather be free and share with the governmental masters, or remain slaves and share with their individual masters whom they know and who sometimes give them vegetables and permit them to have celebrations. Observers who have lived among them report that the pigmies prefer their slavery to their masters’ taxes! (*Madami*, by Putnam and Keller; Prentice-Hall, 1954, \$3.95).

I intended to write an editorial about the signif-

icance of this choice of slavery rather than taxes. But, honestly, I don't know just how to handle it. Do you?

Taxes and the Individual

IT IS still possible for you personally to help a deserving boy or girl to secure an education, but you should be informed that your government frowns upon such practices. You see, your government now favors groups and group actions at the expense of individuals and individual actions. That's why it permits you to "deduct from taxable income" your gifts to government-approved groups, but makes you pay a tax on gifts to individuals.

If you had any real choice in the matter, maybe you would prefer to emulate the Good Samaritan and do your charity *as* an individual and *for* an individual. The law doesn't yet forbid you to follow the individualistic examples of Christ, but through its tax policy your government is doing as much as it can to discourage such "primitive" Christian actions. That's why the tax laws on charity force you, in effect, to pay double when you decide to help the individual instead of the government-approved group.

Governments have little faith in individuals; deny it as they will, those who govern us prefer to deal with groups, masses, blocs, majorities, organizations and so on. They are well aware that groups are easier to control than individuals. Group action is slow and cumbersome and predictable; in boxing terminology, the punch of the crowd is usually telegraphed well in advance of its arrival, and those who govern us can lay their plans accordingly. But they can seldom anticipate the actions of just one individual. That's why they design the tax laws to submerge the individual and elevate the group.

The government no longer looks with favor upon "rugged individualists" like Edison, Ford, Steinmetz, Carnegie and others who reaped huge fortunes because of their ability to make life easier for the rest of us. In an effort to put a stop to that sort of thing, those who enjoy the job of governing us have written tax laws to deprive the successful individual of about 90 per cent of his income. This pulls the unpredictable individual back down into the crowd which government knows how to handle.

During the so-called "dark ages" of American history, when individuals were conquering a wilderness and laying the foundations which have resulted in a nation with the highest standard of living the world has ever known, the successful individual could leave his money to his children or to any person he wished. But since this put some individuals ahead of the group, our officials turned to the inheritance and gift taxes in an effort to draw all

of us back toward a common or mass level. The government designed its tax laws in a fashion to encourage successful individuals to give or will their property and money to groups, crowds, foundations and various other organizations approved by government.

It used to be that our tax laws were designed for the purpose of raising revenue needed for the legitimate expenses of a government limited to protecting equally the life, liberty and property of each individual citizen. Our government still performs these functions to some extent, but they are now purely secondary. Modern tax laws are designed primarily to penalize the successful, to equalize the unequal, and to appeal to the baser instincts of the crowds who have the masses of votes.

Those who govern us haven't yet stopped the individual and his instinctive determination to excel. I doubt that the government ever can stop the individual for long. But it won't be from lack of trying.

Freedom Works Both Ways

EVERYBODY says he's in favor of freedom. Even the Soviet leaders claim to be fighting for freedom. So did Hitler. Our own leaders are also for freedom. So was my slave-owning grandfather.

But my grandfather failed to understand the fact that freedom is a *mutual* relationship; that it works both ways. He thought that he himself remained completely free even though he restricted the freedom of others. He never grasped the obvious fact that his participation in slavery controlled him and his actions just as it controlled his slaves and their actions. Both my grandfather and his slaves would have been richer—materially as well as spiritually—if he had freed his slaves, offered them the competitive market wage for their services, and left them totally responsible for their own actions and welfare. But like most of us today, he continued to believe that some persons—without injury to themselves—can legally force other persons to conform to their wishes and plans. He learned the hard way.

Hitler and Stalin were also victims of the systems they created and enforced. Their "food tasters," bullet-proof cars, personal bodyguards and constant fears of assassination were the visible evidence of a part of the freedom they lost when they decided to force *peaceful* persons to conform to their wills and viewpoints. Knowingly or unknowingly, they lost a great deal of their own freedom when they deprived others of their freedom. That's the way it always works.

Apparently, our own political leaders, regardless

of party, are also unaware that freedom is a mutual relationship among persons; that it works both ways. Like my grandfather, they are under the delusion that freedom is something which one person can take from another with no effect on the freedom of the person doing the taking—especially if it's legal. If they thought otherwise, they would stop most of the things they are now doing. In the good name of freedom, our leaders now force others to conform to their viewpoints and prejudices on housing, savings and retirement, military service, electricity production, hours of work, wages, education and a host of other items which form the major part of every person's daily life. All of these are restrictions against freedom because they are enforced against *peaceful* persons who would not participate voluntarily. The freedom of the American people—like the freedom of legal slaves—is lost to whatever extent they are forced to conform to the ideas, whims and viewpoints of others. That is all that slavery is. And the fact that the current restrictions and compulsions are legal doesn't deny that they are acts against freedom; the slavery of 1860 was also legal!

As long as our officials continue to deprive *peaceful* persons of their right to use their time and earnings as they please, the officials will continue to lose a part of their own freedom along with the rest of us. As long as they continue to believe that freedom permits or obligates them to force their ideas upon peaceful persons who do not wish to participate, the system they have created enslaves them also. They obviously don't understand it, but they are somewhat like the man sitting on the chest of a person he has pinioned to the ground; as long as he sits there, he restricts his own freedom about as much as he restricts the freedom of his victim.

The officials who endorse and defend this system of legalized compulsions and prohibitions against peaceful persons are compelled to spend most of their time discussing ways and means—such as propaganda, secrecy, guile, deceit, laws, policemen, courts, jails, fines and so on—to force the rest of us to conform to their ideas and plans which we would reject if we were permitted a real choice in the matter. As long as they continue to enforce this mutually degrading process, they restrict and destroy the potentialities they have within themselves for advancement toward human understanding and some worth-while ideal or goal. Sooner or later, the restrictions and compulsions they enforce against others will culminate in some type of an upheaval by an aroused and angry society which the officials can no longer control. Acts against human freedom—legal or illegal—have *always* worked that way. The fact that the intentions of most of our officials are so good only makes it sadder.

Some day we may realize that freedom is a relationship of *mutual* nonmolestation among persons wherein no person uses violence or the threat of

violence—legal or illegal—to impose his will or viewpoint upon any other *peaceful* person. When enough of us understand this idea, the law will be properly used to stop—instead of to support—the persons who attempt to force their ideas upon peaceful persons who would not subscribe to them voluntarily. When that happens, we will enjoy as much peace and prosperity as it is possible for us to have on earth.

Pessimism

ALL TOO MANY top-notch libertarians claim that the world is going to hell in a handbasket; that there's no real hope for a continuation of human freedom; that it's only a matter of time until government—our own or some other—takes complete control of our lives.

Since I'm an incurable optimist on the subject of human liberty, I just can't understand this disheartening pessimism in others. It seems to me that their pessimism has to be based on one of only two possibilities: either they have little confidence in their own ability to present the freedom story attractively, or they have reached the conclusion that "other people" are just too damn dumb ever to know what's good for them.

Since it has to be one or the other, I suspect that it's the former—that the pessimists are incapable of explaining liberty convincingly to others. While that's unfortunate, it's not necessarily disastrous, since they can learn to do a better job along with the rest of us. But if their pessimism is based on the second possibility—that is, people are too dumb to do what's right—the pessimists are flirting with the rationale for dictatorship. They can't be libertarians while following that line of reasoning!

Actually, there's no reason for despairing of liberty, even though we've lost a lot of it and may yet lose more. As long as even a few persons refrain from using force or the threat of force to impose their ideas and viewpoints upon their peaceful neighbors—and as long as they do their best to explain to their neighbors why they desire to live in peace with them—the ideas of liberty will never die, but will grow and flourish in the hearts and minds and actions of an increasing number of persons.

Go ahead, call me a Pollyanna! I don't mind.

Frank Chodorov is recovering nicely from a major operation. He is now able to resume his editorial responsibility for the contents of the FREEMAN. Meanwhile, Dean Russell has written the editorials and selected the articles for this issue.



WASHINGTON, D.C.

by Frank C. Hanighen

One of the problems perpetually facing newspaper editors is to elevate a rising young reporter from the category of "covering fires." At first, the cub is sent out to get the facts on a conflagration, say, in the shipping room of a business concern. There's no suspicion of arson, no reason to "synthesize" the incident with some flames-and-smoke affair in another part of the city. All very well for the lad on the Fire Department beat. But to cover the City Hall "run," background and knowledge of the patterns predominant in municipal government is necessary. A budget problem of one day must be reported in the light of the city's fiscal situation of last year and the year before. Those who interview Mr. Mayor have to stop "covering fires," each one of them separate.

Many papers, it seems to this correspondent, were simply "covering fires" when recently they reported the fate of Mr. Evan R. Dale, Southern Illinois labor leader. A federal judge sentenced Dale to pay a \$10,000 fine and to serve a term of fifteen years in prison for an attempted million-dollar shakedown at the Joppa (Illinois) plant of the Electric Energy Corporation, a power supplier of the Atomic Energy Commission. Dale's trial brought out testimony that the labor leader had put the price of labor peace at Joppa at 1 per cent of the contract—\$1,030,000—but was given the cold shoulder by the big utility interests. Crippling strikes followed.

But Joppa was the plant designed and constructed under the supervision of EBASCO (subsidiary of the Electric Bond and Share Company), a firm that has been successfully building a large number of all the private power plants of the country since 1907. And EBASCO was (and is) a storm center of the complicated Dixon-Yates controversy, raising questions on the comparative efficiency of public and private power development and operation.

Public power advocates cite the "EBASCO fiasco" as an example of the inefficiency of private as compared with public power. Why? Because EBASCO was fired off the Joppa job. And why was that? The "covering fires" psychology in many papers prevented the reader from linking the Dale conviction with EBASCO. Featherbedding, slow-downs and more than forty work stoppages in 1951-53, laid at the door of the defendant labor

leader, so badly hampered construction that EBASCO had to give up the job. No correlation of these two facts was forthcoming from leather-lunged senators who denounced Dixon-Yates.

Nor would such legislators hark back to this experience as they cry "steal," in connection with the alleged exorbitant profits which Dixon-Yates might reap in the contract now under controversy—*if costs are kept down*. But the whole EBASCO fiasco shows that costs, when affected by the activities of corrupt labor leaders, do run up.

Naturally, also, the public power propaganda mill remains discreetly silent about how costs on public power projects get out of line. Thus, the Colorado-Big Thompson project was originally estimated at \$44,000,000, but it eventually cost over \$160,000,000. Costs of the Hungry Horse project in Montana, originally estimated at \$39,000,000, now loom as more than \$100,000,000. Costs of work on the Oahe project, at first put at \$72,000,000, recently were estimated at about \$240,000,000. Rising prices and other factors affect such installations, and Dixon-Yates are not the only people who pardonably regard the future as inflationary.

In extenuation of the "fire covering" commentators who fail to link up these facts, it should be said that the Dixon-Yates controversy has become so complicated, involving so many factors—political, economic, scientific, mechanical—that inevitably a publicist seeking to deal with them loses himself in the maze of detail and forensic distortion of detail. (Few outline so clearly the strands of argument about Dixon-Yates as did Mr. Byfield in last month's FREEMAN.)

The private power groups, advancing their case, perforce bog down in a mass of specific technical points at issue; and, since their operating companies have to deal with the government, they apparently feel themselves foreclosed from carrying the public-vs.-private power issue to its logical conclusion. Few care to cut through the dense undergrowth of material to place the matter on an ideological basis, as did Mr. Herbert Hoover in a memorable speech on April 11, 1953.

The former President said: "The intellectuals who advocate these federal activities carry a banner on which they falsely inscribe the word

'liberalism.' . . . It is a false liberalism that expresses itself by federal operation of business in competition with the citizen. It is the road not to more liberty, but to less liberty. True liberalism is found not in striving to spread bureaucracy, but in striving to set bounds to it."

Such principles command utterance now, as the new Democratic Congress brings forth demands to probe the "sinister interests" behind the Dixon-Yates contract. For much of the motivation behind such demands—many observers here believe—arises from a desire to ensure the triumph of public power and the complete socialization of this area of our economy. Therefore, it is refreshing to hear one voice which has put the whole affair in clear perspective—that of Dr. Clarence E. Manion, formerly Dean of Notre Dame Law School.

Manion was appointed, early in the Eisenhower Administration, chairman of the Inter-Governmental Relations Commission. An advocate of states rights and enemy of government in business, he sought to utilize the proceedings of that commission in the fight against statism. Courageously, he publicly advocated that our government should sell the Tennessee Valley Authority. Washington still recalls vividly the storm that followed. The "liberal" columnists and commentators launched one of their characteristic campaigns against the retention of Manion. In a press interview, the President gently chided him for his TVA statement. Before long, Manion was not so gently ousted by Mr. Sherman Adams, "Executive President," from the chairmanship of the commission. Typically, the White House named as his successor a Chicago businessman, Mr. Meyer Kestnbaum, a supporter of Eisenhower's nomination. (Manion was a Taft man.)

But Manion is still at it. On November 28, over the Mutual Broadcasting System, he delivered an address on the Dixon-Yates affair which caused more than one ripple, and suggested that Manion's voice may prove a powerful one in arguments on Capitol Hill during the 84th Congress. On the air, he claimed that, in the Dixon-Yates affair, "neither the President nor any other person faces up to the real question—can private enterprise, be it Dixon-Yates or anybody else, and socialism coexist in the Tennessee Valley or elsewhere in the United States?" He asked why members of Congress as well as the President seem afraid to recognize that TVA is not "creeping socialism," but "galloping socialism."

Again he specified the logical imperative for the solution of the problem, saying that the only alternative is to sell TVA and all similar government-operated enterprises to private investors. "If we sold them all," argued Manion, "we would reduce the public debt by more than thirty billion dollars and save approximately nine hundred million dollars in interest"—the bill which the American taxpayer has to foot on money "advanced for govern-

ment business boondoggling." In private hands, the speaker pointed out, such enterprises would pay taxes, instead of "eating up taxes for government ownership."

If conservatives wish to win the Dixon-Yates battle in the opening session of Congress, they must—so runs much opinion in the Capital—stop apologizing for private operation of such utilities and take the offensive against the socializers. In such a counteroffensive, they could do worse than adopt the final appeal of Manion in his speech: "If we are really determined about our world-wide fight against socialistic slavery, the first place to underscore that determination is at home. Lincoln was right. Sooner or later our house will cease to be divided against itself. It will become all slave or all free."

The Capital is anticipating a prolonged conflict—which may reach the halls of Congress—over the state "right to work" laws outlawing labor contract provisions that workers must become union members. Such laws are in effect in seventeen states, mostly in the South and West. Labor unions are perhaps even more concerned with getting these laws repealed and preventing enactment of new ones than they are with changing or repealing the federal Taft-Hartley law. Both the CIO and AFL have outlined campaigns to persuade state legislatures to get rid of these laws during the next year. Some business and employee groups are reportedly interested, in a national way, to see that "right to work" laws are extended to additional states.

Secretary of Labor James P. Mitchell recently made a speech to the CIO annual convention in which he flatly opposed "right to work" laws and practically invited their repeal. The laws, he claimed, resulted in "undesirable and unnecessary limitations upon the freedom of working men and women and their employees to bargain collectively." It is known that conservative GOP senators strongly protested to the President against the Labor Secretary's stand on this question.

Former Congressman Fred A. Hartley of New Jersey has entered the fray, in a letter to the *Washington Post*, "liberal" organ, objecting to that paper's editorial backing of Secretary Mitchell's position. The coauthor (with Taft) of the famous legislation to reform union practices, attacks "compulsory unionism," which is what the "union shop" and its near relative, the "closed shop," actually constitute. Hartley protests that the *Post* is in effect supporting a labor monopoly, and quotes the great antimonopolist, Justice Brandeis, who said: "The objections, legal, economic and social, against the closed shop are so strong, and the idea of the closed shop so antagonistic to the American spirit, that the insistence upon it has been a serious obstacle to union progress."

Hartley comments: "These words apply equally well to the union shop."

Should We Trade with Russia?

By V. ORVAL WATTS

A popular assumption is that trade between Russia and the United States will aid the Communists and hurt us. Does blind acceptance of that idea by us help the Soviet bosses maintain the Iron Curtain?

The Iron Curtain came into existence long before Churchill gave it the name. When and why it happened is of vital importance in considering the controversial issue of trade with Russia today.

When the Bolsheviks seized power in 1917 and repudiated all financial obligations, both public and private, they suddenly found themselves without credit at home and abroad. Who could trust a government that had declared all debts to be a wicked form of exploitation? Such Bolshevik policies as this caused economic chaos in Russia and near-total destruction of her foreign trade, which fell to 4 per cent of 1910-13 levels in 1918, and to 1 per cent or less in 1919-20. The Bolsheviks and their sympathizers denounced this as a trade boycott, although it was only the natural result of the distrust produced by their own policies and pronouncements.

Despite this Bolshevik record, trade improved for a few years during the 1920s, and several governments of Europe advanced credit to Soviet agents. In the 1930s the United States government helped them get credit in this country. Instead of boycotting Soviet trade, the leading governments of the world helped to promote it!

But meanwhile, the Bolsheviks themselves were imposing increasing restrictions on all contacts between their subjects and foreigners. At first, the aim of this barrier was simply to keep out the White-Russian enemies of the Revolution. Next, the Bolsheviks sought to establish a government monopoly of foreign trade in the same manner that they tried to monopolize domestic trade.

Finally, during the famine of 1930-31, they found they had to exclude almost all foreigners from Russia except Communists and fellow-travelers. They had to do this in order to continue the deceit on which their foreign propaganda depends for its success. Had they permitted foreigners to visit Russia and travel about freely, the terrible failure of Soviet policies soon would have been known throughout the world.

More than this, the Soviet bosses found that they could not prevent a complete breakdown of morale within Russia as long as foreigners kept bringing in scraps of truth about conditions on the outside. The only way they could maintain their tyranny was to keep foreigners from talking freely to Soviet citizens, and keep them from flaunting

foreign goods and their well-fed bodies before the ragged and starving.

An American, for example, cannot walk down a Moscow street without conveying to passersby certain truths about the outside world—through the quality of his shoes, the cut of his clothes, his unafraid bearing and peaceable manner. Everywhere he goes, and in every contact, he does or says things which teach the meaning of freedom and expose the lies on which the Soviet rulers depend for inculcating fear and hatred of capitalism and of the peoples practicing it.

Purpose of the Iron Curtain

Terror alone can repress or paralyze. But after a time it loses its effectiveness, and eventually generates a sort of ratlike courage. In order to survive for any considerable length of time, a dictatorship must combine terror with deceit and bribery, even to the point of bestowing a modicum of freedom as a form of special privilege for a few underlings and members of the ruling class. The Iron Curtain is necessary for this deceit on the part of the communist dictators, both for maintaining their rule at home and for gaining footholds in the governments of other lands. The purpose of the barrier is to cut off communication between Russians and the peoples of other lands; and in order to achieve this purpose, it must apply to trade as well as to travel, speech and the press. For exchange of goods and services necessarily causes some exchange of ideas.

Today, therefore, the Soviet government cannot let even its officials travel freely abroad. When it sends one of them on a foreign mission, whether for purposes of trade or assassination, it must be sure that it keeps some of his family behind as hostages, and it must send along a pack of spies to watch him as well as one another. And still, despite every precaution, these agents are continually being subverted by contact with non-Communists.

Government "planners," including Communists, don't like trade with foreign countries (other than defenseless satellites), because they can't control it as they do domestic trade. Foreign suppliers and customers are not subject to the same dictation, or "planning," as the government can exercise over its own citizens. Exchange and cur-

rency requirements for foreign trade reveal the extent and costs of "planned" domestic inflation. Competition in foreign markets shows up the low quality and high costs of production in a "planned Soviet economy." It is highly frustrating, not to say dangerous, for a Soviet agent to find that he can't peddle his wares abroad except at prices far below those that his masters at home have dictated.

Moreover, the Soviet government strives for national self-sufficiency for military reasons. Regardless of cost, it seeks to build its own industries so as to be independent of the rest of the world in time of war.

Russia's Foreign Trade Always Small

For these reasons, Russia's foreign trade under Soviet rule has always been small both in relation to Soviet production and incomes and in relation to total world trade. This was true even in the late 1930s, when its trade was not subject to special restraints by foreign governments. In those years it amounted to no more than one fourth of the average levels under Tsar Nicholas.

The best years for Soviet trade were 1925-31, when the governments of Germany, Italy, Austria and other countries were guaranteeing Soviet credit. Trade in those years rose to 80 per cent of 1910-13 levels. But, even so, it amounted to no more than the trade of small countries like Switzerland and Sweden, which have populations well under 5 per cent of that of the Soviet Union. On a per capita basis, even with the help of foreign governments, Soviet trade lagged at levels less than one twentieth that of Switzerland and Sweden.

Governmental extension of credit to Russia was undoubtedly one of the reasons for the world-wide inflation of the 1920s. During the ensuing liquidation of 1929-32 and the increasing restrictions on foreign travel in Russia, the decline in international trade fell particularly hard on the Soviet Union. And despite efforts of the United States government to promote trade with Russia in the late 1930s, it remained at less than one third of the 1925-31 levels, or about \$1.50-\$1.75 per capita.

And if the experience with government trading operations in other countries is worth anything, the real cost of Soviet exports was so high that the entire foreign trade was actually conducted at a net loss to the Soviet government. A profit from government trading operations is as rare and as short-lived as a two-headed calf. Furthermore, Americans who have dealt with Soviet agents report that they are generally less efficient than bureaucrats of other countries. That should be expected, for Communists have little opportunity for training in genuine business enterprise. They are chosen for political reliability or subservience rather than for their business sense or ability.

At this point someone may say that Red agencies can always make a profit, despite their inefficiency,

because they control wages and other domestic prices, and so they can always fix their costs as low as they please. If necessary, they can use slave labor to produce whatever they sell in foreign markets. The Soviet rulers themselves believe this to be true.

But that argument fails to take into account the fact that total labor costs depend not only upon wage rates but also upon the efficiency or output of the laborer.

Forced labor of any sort is notoriously inefficient, and the costs of managing it are notoriously high. Not only does it lack incentive, but equally important, when government forces wages down by decree, it destroys their usefulness as measures, or indexes, of the worth of individual workers. Managers, or employers, need wage differences as arrived at in competitive markets in order to allocate different kinds of labor to their most economical uses. When they lack these measures of worth, planners and managers cannot help but waste scarce and highly useful labor in performing relatively unimportant tasks.

As David Dallin and other competent observers of Soviet methods have shown, the Russian slave-labor camps are not efficient or profitable means for getting work done, but are merely political instruments for suppressing dissent.

State Control Raises Costs

Similarly, we find that other methods for reducing nominal costs by force actually raise real costs. For example, when government fixes prices of goods, it deprives business managers of necessary guides and incentives for economizing on materials and tools. This causes waste of capital. It deceives the managers themselves as to the true results of their efforts. Or consider how the cost of the Soviet spy system raises the costs of its foreign trade. Yet, without this surveillance, the Soviet government dares not let its agents go abroad to make purchases.

Some persons think that the Soviet government can increase output merely by buying American machines and forcing Russian producers to imitate American methods. Nothing could be further from the truth, as the results of Soviet farm policies clearly show. Transplanting American machines and methods to Russia caused an actual fall in farm output and helped cause several famines there during the past twenty-five years. Insofar as the Communists were able to speed up mechanization of agriculture or industry by buying foreign machines and hiring foreign engineers, they merely increased their deficits.

Economic progress in Russia, as elsewhere, comes only through individual initiative and incentive. This the Soviet government has greatly restricted in all lines, but especially in the prison camps, on the collective farms in the 1930s, and in foreign

trade, which it keeps as a government monopoly. Where it has carried the suppression of freedom furthest, it has suffered greatest loss. Foreign trade is one of these fields.

Therefore, if the Soviet government had to pay market prices for its imports of foreign goods and services, without the aid of subsidies or other special privileges, we could be confident that it would regularly lose on what little it imports, just as it loses on other operations in which it establishes complete government control and monopoly.

Effect of U. S. Foreign Aid

Of course, the Reds can show a profit when they get their imports by gift or looting, as they did in great quantities from 1941 to 1949. And, unfortunately, the vast outpourings of "foreign aid" by the United States government still enables them, along with other governments, to get American goods, subsidized at the expense of the American taxpayers.

Such "aid" is rationalized on the ground that it helps induce other governments to reduce their trade with the communist governments. The effect of these bribes, however, is to send goods out of the United States, and there should be no doubt that many of these goods finally land in Soviet hands. Part of the evidence is that our government has blacklisted many American firms for selling to foreigners who deal with the Reds. Figures showing increasing exports from various foreign countries to Russia since 1949 and numerous reports from well-informed observers also tell of continued sales of banned materials to Russia. Furthermore, since the original recipients of the "foreign aid" in effect get our goods at less than market prices, they can resell them to the Soviet government at less than market prices if they wish.

One reason why the United States government cannot prevent trade with the Soviets is that the Iron Curtain around the communist bloc is more than 45,000 miles long. This is almost twice the distance around the earth at the Equator. Even if other governments were as eager as our own to prevent trade along such a border, they could not do it without subjecting their own citizens to controls as complete as those in force behind the Iron Curtain. Fortunately, they have stopped far short of such folly.

Yet the controls which the leading Western powers have imposed in the futile and unnecessary efforts to reduce trade with the Reds do burden and restrict all commerce outside the Iron Curtain. For, in order to stop certain goods from going to any country, it is necessary to control and restrict all exports of those goods. Thus, governments restrict 95 to 98 per cent of world trade in hundreds of the most important lines in a vain attempt to stop the other 2 to 5 per cent of it.

This weakens the anti-communist forces outside the Iron Curtain.

At the same time, these "free world" controls of trade and travel reinforce the Iron Curtain, which is a chief instrument of communist tyranny. We must never forget that the Communists *want* the Iron Curtain; that's why they have it.

The Light of Truth

Finally, these restraints give the Communists one of their best propaganda weapons. They couldn't buy much more than they do now, even if all these restraints were removed, unless they gave their own people more freedom. They couldn't profit from any increase of trade as long as they conducted it as a government monopoly. And they couldn't expand their trade without letting into the darkness behind the Iron Curtain the one thing which can overthrow them—the light of truth. But they can make their own people and millions of others believe just the opposite as long as other governments help them maintain the Iron Curtain.

Is it not futile to hope that any trade boycott can overthrow the Soviet government or even greatly hurt it? If ever it could have done so, the time was in 1918-21 when the Communists were most vulnerable and when the trade boycott cut Russia's foreign trade by 90 to 99 per cent. Since it didn't work then, what logical reason is there to hope that it will work now?

By all means, let us work for a revolution behind the Iron Curtain. But for this, we need carriers of revolutionary ideas. In selecting the best means of accomplishing this revolution in Russia, let us not arbitrarily and emotionally reject the effective means of peaceful traders and travelers.

EDITOR'S NOTE: In a letter received from Dr. Watts just as the magazine was going to press, he identified the primary sources of his statistics as the United States Department of Commerce and the book, *Russia's Soviet Economy*, by Harry Schwartz. Dr. Watts also suggested that this thought should accompany his article: he isn't discussing whether "we" as individuals should or should not trade with Russia. He doesn't wish to be put in the position of advocating that anyone *should* buy from Russians or the Soviet government. As far as he is concerned, that should be each person's own decision, so long as it concerns his own time and his own honestly acquired property. Here is the real question: should the *United States government* make it a crime for its citizens to trade with Russians and other people who want to trade with us?

Yalta: Anniversary of Humiliation

By WILLIAM HENRY CHAMBERLIN

February 11, 1955, marks the tenth anniversary of the most dishonorable and disastrous diplomatic deal in United States history. This was the Yalta Agreement, concluded on that date in 1945 between Roosevelt, Churchill and Stalin, and covering a wide variety of subjects: the fate of Poland, future boundaries in eastern Europe, the treatment of Germany after the war, the price to be paid for insuring Soviet intervention in the war in the Far East.

Yalta was dishonorable because it sacrificed friends in a vain effort to placate enemies, because it renounced historic principles of justice and liberty for which this country has stood and because it made a mockery of the moral ideals, stated in the Four Freedoms and the Atlantic Charter, for which the war was supposedly being fought. It was disastrous because it created a dangerous unbalance of power in Europe and in Asia, which is the root cause of almost all our more serious international difficulties today.

The significance of the Yalta capitulation to Stalin's vaulting ambition has been obscured because, from the moment the agreement was announced, the naked ugliness of its terms was camouflaged by thick coats of official whitewash. Many of the provisions of the compacts concluded at the Crimean health resort were kept secret and leaked out gradually. The first-hand accounts of the Yalta Conference have been written by persons with a strong vested interest in putting the best possible face on what happened there, members of the American delegation like James Byrnes and Edward Stettinius and the gushing eulogist of Franklin D. Roosevelt and Harry Hopkins, Robert E. Sherwood.

Concluded at a time when wartime passion had reduced to a minimum the capacity for independent and objective judgment, Yalta got away to a flying start in public relations. Harry Hopkins thought the first victory of peace had been won "for the whole civilized human race." For William L. Shirer, Yalta was "a landmark in human history." Warbled Raymond Gram Swing, then an influential news commentator: "No more appropriate news could be conceived to celebrate the birthday of Abraham Lincoln." *Time* rather prematurely asserted: "All doubts about the Big Three's ability to cooperate in peace as well as in war seem now to have been swept away." Senator Alben Barkley, the future Veep, drew on his vast stock of knowledge of in-

Ten years ago the United States surrendered moral principles and betrayed its allies in a shameful deal to appease the Communists.

ternational affairs and came up with the verdict: "One of the most important steps ever taken to promote peace and happiness in the world."

In the face of such a chorus of hurrahs and hallelujahs (Bishop G. Bromley Oxnam of the Methodist Church saw in Yalta a triumph of the Atlantic Charter), the shots with which scores of desperate Polish soldiers on the Italian front ended their lives as they realized they had been robbed of their country sounded very faint and far away.

Transparent Frauds

Yet somehow the synthetic glamor of Yalta refused to stay put. The high-sounding promises of "free, unfettered elections" in Poland, of "jointly assisting the peoples of liberated countries to solve by democratic means their pressing political and economic problems," were soon shown to be transparent frauds by Soviet actions in clamping down communist dictatorships in the countries under Soviet military occupation. As normal international relations gave way to the cold war, it became clear to all but the most obtuse minds that the only realities in the Yalta deals were the tremendous surrenders, material and moral, to Stalin's demands. There was no pretense of fulfilling even one of the promises which served as a fig leaf to conceal, from those who wanted to be deceived, the gravity and magnitude of these surrenders.

With the passing of time American public opinion became more and more allergic to propaganda which aimed to prove that the Yalta Agreement was a noble feat of democratic statesmanship and/or an unavoidable strategic and diplomatic necessity. The Republican platform of 1952 struck a popular note when it roundly condemned Yalta and all other deals which sacrificed the freedom of friends and allies in an effort to appease the Kremlin. President Eisenhower received a notably warm burst of applause when he said, in his first State of the Union message:

"We shall never acquiesce in the enslavement of any people in order to purchase fancied gain for ourselves. I shall ask the Congress at a later date to join in an appropriate resolution making clear that this government recognizes no kind of commitments contained in secret understandings of the past with foreign governments which permit this kind of enslavement."

This seemed to portend outright repudiation by the new Administration of the Yalta Agreement and of the equally obnoxious Potsdam pact between the Big Three, signed a few months later. Unfortunately, what began with a bang ended with a whimper. The resolution that was later presented to Congress implicitly approved the text of the Yalta Agreement by confining criticism to Soviet violations. It would be interesting to learn who prepared this resolution, which followed the line of Dean Acheson, Averell Harriman and other Democratic apologists for Yalta ("A good deal, if only Stalin had kept his word"), not the correct appraisal of the Republican Party platform. Realizing that this resolution would be worse than no resolution on the subject at all, Senator Taft took the initiative in having it shelved.

Similar political ineptness was displayed in the recent campaign for governor in New York. The successful Democratic candidate, Averell Harriman, was present at Yalta in his capacity as Ambassador to the Soviet Union at that time. Ever since, he has been a vociferous and persistent defender of a deal that handed over thirteen million Polish citizens to Soviet tyranny and imposed on Poland grotesquely unnatural and unhistorical frontiers. Yet these facts, which would scarcely have endeared Mr. Harriman to Polish-American voters in New York, were mentioned little, if at all, during the campaign.

The tenth anniversary of Yalta is a suitable occasion for stocktaking, for recalling what actually was agreed on there and why the consequences were equally disastrous for American honor and American practical interests in Europe and in Asia.

The Yalta Agreement is profusely sprinkled with professions of respect for the principles of the Atlantic Charter. The first three clauses of that document affirm with the greatest emphasis the right of all peoples to self-determination. But the Yalta pact authorizes the most brutal violations of this right, affecting tens of millions of human

beings. Almost half of Poland's prewar territory and about one third of Poland's population were handed over to the Soviet Union without even a suggestion of a free plebiscite.

It was also specified that "Poland must receive substantial accessions of territory in the north and west." What this meant in practice was that nine million Germans were driven from their homes in lands which had been German for centuries and which were arbitrarily joined to Poland. This was emphatically a case when two wrongs did not make a right. These new boundaries, drawn in complete disregard of ethnic and historical considerations, assigning culturally Polish cities like Lvov and Wilno to the Soviet Union, and essentially German cities like Breslau, Danzig, Koenigsberg and Stettin to Poland and the Soviet Union, are a very probable cause of future conflicts.

Substitute Poland for Czechoslovakia, Stalin for Hitler, Roosevelt and Churchill for Daladier and Chamberlain, and one finds an almost perfect parallel between Munich and Yalta. The Yalta deal was the more shameful of the two, because Poland had been a loyal ally in the war and because the aftermath of Munich should have indicated the futility of trying to purchase the friendship of a totalitarian dictatorship through appeasement.

Germany Divided

The Yalta Agreement authorized the dismemberment of Germany (another peculiar example of respect for Atlantic Charter principles), the use of German slave labor as reparations, an appalling lapse from American ideals and standards of international conduct, and prescribed that Soviet citizens in Western zones of occupation be handed over to the Soviet authorities. This last deal placed the American and British military authorities in the role of slave-catchers, rounding up refugees from Soviet tyranny and delivering them to death or imprisonment in slave labor camps.

The bad effect of these and many other surrenders of basic principles of international law and humanity upon America's later effort to rally the peoples of Europe outside and inside the Iron Curtain against communist tyranny can hardly be estimated. It is far easier to lose a reputation for justice and fair dealing with other nations than to regain that lost reputation. At Yalta we broke faith with allies and enemies impartially and sowed the seed of Soviet domination of a vast area of Europe.

Equally discreditable was the part of the compact dealing with the Far East. The Soviet government was given a large bribe for intervening in the war against Japan



—the Kurile Islands, where air and submarine bases could threaten Alaska; South Sakhalin; an economic stranglehold on China's richest industrial province, Manchuria. The bribe was unnecessary. Nothing could have kept Stalin out of the war when it became clear that Japan was near collapse.

And the Soviet intrusion into Manchuria and North Korea was the direct cause of almost all our postwar troubles in the Orient. There would have been no Korean war if there had been no Soviet-sponsored North Korea, with an army lavishly equipped from Moscow. The Soviet occupation of Manchuria was a very important factor in the conquest of China by the Communists. Manchuria was a rallying point for the Chinese Red armies, and the Soviet military authorities obligingly turned over to these armies the considerable stocks of arms which were captured from the Japanese.

Fallacies of the Apologists

The apologists for Yalta rest their case on five main arguments:

1. The agreement was essentially sound, if Stalin had kept his part of the bargain.

2. Yalta gave the Soviet Union nothing it had not taken or could not have taken anyway.

3. It was a great moral victory to obtain Stalin's signature to promises of "free, unfettered elections in Poland" and observance of "democratic processes" in "liberated countries."

4. Concessions to Soviet demands at Yalta were unavoidable, in order to keep Stalin in the war against Germany and to insure his intervention against Japan.

5. The only alternative to Yalta was politically impossible: war with the Soviet Union.

All these arguments seem aimed at the confusion in American public opinion as to the circumstances of the Crimean conference and ignorance of the precise terms which were agreed on. Not one has any solid underpinning in fact or logic. Let's consider them one by one.

1. Even if Stalin had kept his part of the bargain, the Yalta arrangements about Poland, about Germany, about the use of German war prisoners as slave labor, about the return of unwilling Soviet refugees, about the alienation to the Soviet Union of Chinese rights and interests in Manchuria were outrageously wrong. And there was no reason to expect, on the basis of past performance, that Stalin would feel bound by any paper promises.

2. Military occupation in the course of hostilities creates no right of permanent annexation against the will of the peoples concerned. On this basis, the United States and Great Britain might have claimed the right to annex large sections of France and Italy. The late Chester Wilmot, in his admirable military-political history of World War Two, *The Struggle for Europe*, got to the heart of the Yalta issue when he wrote:

"The real issue for the world and for the future was not what Stalin would or could have taken, but what he was given the right to take. This agreement provided Stalin with a moral cloak for his aggressive designs in Asia, and, more important, with almost a legal title enforceable at the Peace Conference to the territories and privileges which he demanded."

3. To accept at face value Soviet promises was about on a mental level with honoring without question the checks drawn by a notorious fraudulent bankrupt.

4. This argument unconvincingly assumes that Stalin was not serving his own interests in trying to deliver a knockout blow against the two powers which represented the greatest checks on the realization of his ambitions, Germany and Japan. A wise and farsighted policy would have thought in terms of a moderate peace with a defeated Germany and Japan, not of creating a lopsided balance of power, leaving the Soviet Union without a strong rival in Europe and in Asia.

5. Nor is it true that appeasement of Stalin at Yalta was the only alternative to war with the Soviet Union. It should be remembered that in early 1945 the Soviet Union had been bled white by war and destructive invasion. The United States, with relatively small casualties, was reaching the peak of its military and industrial power.

Suppose that the United States, instead of acquiescing in the partition and subjugation of Poland and the many other undesirable features of the Yalta Agreement, had simply announced that it would not accept the legitimacy of any Soviet expansion beyond the prewar frontier of the Soviet Union. It is not likely that Stalin, conscious of the exhaustion of his forces, well knowing that the forward sweep of his armies depended on American trucks, telephones, canned food and many other lend-lease items, would have disregarded such a declaration. And, if he had proved intransigent, 1945 would have been a far better time for a showdown than a later date, when the Soviet Union had armed itself with atomic weapons.

Yalta was not an accident or an isolated lapse of American statesmanship. It was the culmination, the crowning consequence of the gigantic illusion that dominated Franklin D. Roosevelt's course during the war. This was the illusion that the Soviet Union could be safely trusted with predominant power in Europe and in Asia; that the Soviet government, on its record, could be trusted to act as a cooperative do-gooder after the most effective checks on its expansion had been weakened or destroyed.

Yalta was also the climax of what seems in retrospect an age of almost incredible folly and delusion in American public opinion. It was an age when Soviet spy rings functioned with little hindrance, when State Department officials were afraid to be seen in the company of known anti-Comm-

nists, when Senators signed tributes to the communist publication, the *New Masses*, when normally conservative magazines threw their pages wide open for the contributions of Soviet propagandists, when Alger Hiss and Harry Dexter White were busily going about their master's business, enjoying the esteem of their unsuspecting fellow-citizens. Appropriately enough, Hiss was a leading American official at the Yalta Conference. His chief, the guileless Stettinius, remarks (*Roosevelt and The Russians*, p. 31):

"Hiss performed brilliantly throughout the Dumbarton Oaks conversations, the Yalta Conference, the San Francisco Conference, and the first meeting of the United Nations Assembly in London. I always had reason to believe that Hiss acted honorably and patriotically in the performance of his duties at these conferences."

Here is testimony from a Roosevelt-appointed

Secretary of State that Hiss played a prominent and trusted role both at Yalta and at the meetings which set up the United Nations. Perhaps this was no mere coincidence.

The Yalta Conference belongs to history; and it is high time that it received more discerning and objective appraisal than it has won from chroniclers like Sherwood, Byrnes and Stettinius, who had strong reasons for placing the conference in the most favorable light. The evil it caused lives on and will probably not be outlived in our time.

The Chinese for a time observed as a day of national humiliation the anniversary of the acceptance by a corrupt government of a series of Japanese demands. It would be fitting if the American people would observe February 11, anniversary of the Yalta deal that marked the high tide of a shameful process of self-deception and appeasement of Soviet tyranny, in the same way.

"Uraniumaires"

By FRANK CHODOROV

Uranium is in big demand. Uranium is in short supply. When there is demand for something that is scarce, those who want it take recourse to the profit motive: they raise their bids to the point where cupidity will stimulate prospective suppliers. That's the function of price—to encourage people to invest their time, effort and capital in the finding or manufacture of the scarce commodity.

Recognizing this principle, the Atomic Energy Commission gave notice a few years ago that it would pay a pretty penny for uranium, and since that time a number of good citizens have been digging around with their "pickaxes and shovels" in search of the precious ore.

A "pickaxe and shovel" in this particular case is a rather expensive piece of capital. Reports are that it takes at least \$50,000 to start prospecting for uranium, even in those few areas where the scientists think the ore might be. Of course, there is no assurance that after you have invested that kind of capital you will even get your money back, for uranium is only where you happen to find it. Nevertheless, the price offered is so attractive that some very large American corporations are risking some of their idle capital in the hazardous venture.

The directors of a large corporation with a few loose shekels in the till are in no way different from the worker or housewife with a modest bank account. As a matter of fact, the little saver is usually a bit more daring in his ventures than the fellow who knows how hard it is to pile up a considerable amount of capital. Anyhow, the uranium price attraction is so strong that a con-

siderable number of "butchers, bakers and candlestick makers" are putting their money into small mining companies organized for the purpose of finding the ore.

Already there are reports that the producing mines found on the Colorado plateau—including the states of Utah, Colorado, Mexico and Arizona—have produced a number of "uraniumaires." Human beings being what they are, these reports are inducing more and more "butchers, bakers and candlestick makers" to transfer their savings into stocks issued by new prospective companies. These stocks are priced low enough to attract even the piggy banks. They are called penny stocks, and are probably not worth any more than their penny par values, simply because there is nothing behind them except hope.

Most of the investors in these penny stocks will lose their money. Taking advantage of the gullibility that human cupidity spawns, stock manipulators are reportedly organizing companies which will never invest a dime in a "pickaxe and shovel." Aside from that, the very high price offered for uranium is proof enough that the chances of finding it are small; hence much of the capital invested will never come back.

Nevertheless, uranium will be found—and that is the important thing. The high price offered by the AEC for this rare commodity will have accomplished its purpose. It is the function of price to direct labor and capital toward the production of goods or services in short supply. There is no other way.

Does Government Spending Bring Prosperity?

By PERCY L. GREAVES, JR.

That is the big economic question of our age. All hope for our future prosperity depends upon finding the correct answer.

Many leaders in high places now promise us that our government will never again permit poverty and depression to devastate our land. They propose more government spending as a cure for every economic evil. And millions of people believe that such a program will work.

The underlying philosophy behind political spending is not new. Similar ideas have appeared throughout all history. They came to full flower shortly after the economic collapse of 1929, when unbalanced budgets were generally accepted as necessary economic measures for relieving those in distress. You could not let innocent people starve, could you?

People pointed to idle factories, unemployed workers and their unsatisfied wants. All we need to do, they said, is to get the government to start priming the pump. A little government spending would provide the would-be workers with the wherewithal to buy the things they desperately need. This would encourage businessmen to put the unemployed to work in the idle factories. This solution sounded so simple, and its political appeal was apparent. So we tried it.

People just plumb forgot all that economists had ever taught. Many desperate persons reached for whatever share they could get of the apparent prosperity that followed. Until war changed the picture, the price they paid was chronic unemployment by the millions. Are we now asking for a repeat performance?

Most people seem to forget that the government can pay out only what it borrows or collects in taxes. They also forget one of the most elementary facts of a free economy—men who will not accept going wage rates must remain unemployed. Likewise, they fail to understand the real causes of depressions. A logical examination of pertinent data would show them that it was Federal Reserve money manipulation that brought on the depression we all deplore. We Americans truly need to know some very simple economic facts.

No free man works, buys or sells unless he fully believes that such action will bring him greater satisfaction than he could enjoy if he did not take that action. This means that in a free economy no

man ever takes a job at any wage unless he believes he is better off working at that wage than he would be if he did not take it. Likewise, no employer ever employs a man at any wage unless the employer feels that he will better his situation by employing that man at that wage. So, in a free economy, employees and employers believe that they have the best available terms. When they feel otherwise, they shift jobs or employees.

In the same vein, no woman ever buys a dress unless she believes that dress will bring her more satisfaction than any other use she could make of the same amount of money. On the other side of the transaction, no storekeeper ever sells a dress unless he places a higher value on the money he receives than he does on the dress he sells. As a result of the sale, both buyer and seller are happier.

Thus, in a free economy, every freely made transaction benefits all participants. Consequently, any interference with freely made transactions must result in a decrease in the satisfaction and happiness of all persons concerned. An economy that is free from restricting regulations thus permits its people to enjoy the greatest happiness they are capable of producing.

The Proper Sphere of Government

However, in order to enjoy the full pleasures of prosperity, it is necessary for peaceful people to be protected from all robbers, thieves and fraudulent schemers who seek something for nothing at the expense of their fellow-men. For this protective purpose, men have instituted governments. Governments, like all valuable assets, have a price. This price is collected in some form of taxes. Reasonable taxes are a legitimate expense for all protected persons, property and production.

Taxes are like insurance premiums. In fact, a good government might be called a form of life, fraud and robbery insurance. It is as necessary for modern society as accident insurance is for every car driver of moderate means. Without it, the risk of living, owning property and driving might well involve financial risks that only a few could afford. Good governments permit people to pursue their

pleasures and production while protected from the rascals who would infringe on their rights by force or fraud. Taxes paid for this protection are an investment which permits men to pursue their personal satisfaction and prosperity as each one sees fit.

When governments spend money for other than protective purposes, they must first get that additional money. They can only get such funds by one or more of three different methods. They can amass such funds by collecting more ordinary taxes, borrowing from private savers, or simply printing the extra money they want to spend. Most modern governments use all three methods. Can such government spending increase the transactions and satisfactions of individuals and, thus, the happiness and prosperity of the people as a whole?

A most common economic error is the failure to see or realize the complete price of what one buys. People are too apt to reach for something they want now, without weighing the costs they cannot visualize at the moment. Many fail to realize that more beer and merriment today may well mean no bread or meat tomorrow.

So it is with government spending. We see the results of government spending all around us. Government services are sold at bargain rates below cost. The bureaucrats are good steady customers, and the subsidy receivers spend money more freely than those who earn it. But many do not see the complete price. They do not see the schools, homes, hospitals and factories that could have been erected if the same funds had been left in private hands. They do not see that present bureaucrats could be private citizens producing goods not now available, and that such an increase in marketable goods would tend to reduce all prices and thus increase the satisfactions and living standards of every buyer. They do not see the taxes that creep into the prices of every loaf of bread and pair of shoes, placing the prices of such necessities beyond the reach of the most needy.

When the government raises the money it spends by borrowing savings or taxing its citizens, it merely transfers spending power from private owners and earners of the money to the political spenders in power. This creates no new wealth. It reduces the amount private citizens can spend while increasing the amount government can spend. With less money in their pockets and bank accounts, private individuals and corporations must reduce the amounts they spend or invest. Assuming prices and wages remain the same, they must buy fewer goods and employ fewer workers on private payrolls producing what people want most.

Money spent by governments cannot create any more jobs or produce any more wealth than it can when spent by private persons. In fact, it creates less, because both the tax collectors and tax spenders must be paid a commission. Their labors add nothing to the wealth of society. The

shift of the money from private citizens to political spenders must result in fewer productive jobs, and thus a smaller amount of goods and higher prices than if the money had been left in private hands.

Pattern of Production Changed

Political spending also changes the whole pattern of the nation's productive forces. If the government spends its money by giving out subsidies to one privileged group, the productive facilities of the country are then partially directed toward satisfying the desires of that group instead of the desires of those who originally earned the money. Many workers and investors must shift from producing goods and services for consumers who earn their money, to producing goods and services for those who first receive the dollars distributed during the government's spending spree.

Then, too, much government spending is not based on the economic principle of getting the most for the least. This permits political spenders to grant privileges to their friends. Such political plums provide more satisfaction and prosperity for nonproducers at the expense of producers. The net result must always be a reduction in the production of wealth. Any such reduction in the quantity of goods and services available in the market tends to raise all prices and thus reduce the satisfactions and living standards of every buyer in that market. So spending to help one group, laudable as it may seem, does not, and cannot, create general prosperity.

If the government spending is for war or defense, then some of the nation's investors and workers must go to work producing munitions and military supplies. All the savings and workers so engaged are withdrawn from industries satisfying the private needs and wants of individual consumers. The end result, of course, is a reduction in the satisfaction of the needs and desires of all those who prefer consumer goods over war goods. The nation may have full employment, but individuals must certainly get along with fewer consumer goods. Such lower personal satisfactions have never been considered greater prosperity.

The only reason men and factories are ever unemployed is that they will not produce what consumers want most at prices consumers can and will pay. Both men and factories can always be employed, if they will accept market wages and prices. When they consider these too low and rely on government to pay higher than market wages and prices with funds obtained from private citizens, the immediate result must always be unemployment or lower wages for those formerly engaged in satisfying the desires of those whose money the government now spends. Unless supported in idleness, these workers will soon gravitate to those industries or pursuits that benefit most from the increased government spending. Their competition

will bring wages down to market levels, and then no workers will any longer benefit from the increased government spending.

Any switch of money from private owners to political spenders can only result in a redirection of the nation's productive forces and temporary gains for those who first receive the government orders or subsidies. In the end, a readjustment of the nation's productive forces will become necessary. During the interim, total human satisfactions will be reduced and the general welfare will suffer.

The question now asked is whether a substantial reduction in present government spending would create a depression. Under the present restrictive labor and monetary laws, the painful readjustment might well be long and severe. Under a free economy, with free market wages and interest rates, the necessary readjustment could be quickly made and soon everyone would be enjoying a much higher living standard.

If the government reduces both taxes and spending, it will leave more money in private hands. This money then can, and will, employ more people at higher real wages to make more of what people want most. The nation's productive forces would be redirected toward satisfying the wants of productive persons, rather than satisfying those who were the recipients of government expenditures. In a free market economy, every worker and investor tends to seek those outlets which will produce what consumers want most, as indicated by the wages and prices consumers will pay. So workers and investors now engaged in satisfying political spending would soon find more profitable outlets satisfying the increased spending of private producers. Everyone would soon have more. That is not a depression. That is prosperity.

Results of Inflation

In cases where the government prints the money, either directly or indirectly, by first printing bonds and then issuing new money with only its own bonds as security, the result is inflation. Inflation is a tax on everyone who owns or is owed a dollar. Its effects are more hidden than those of other taxes. Another important difference is that inflation transfers economic wealth from one group of people to another group, as well as from private citizens to their government. The inflation tax is a boon to all who owe dollars and a burden on all who are owed dollars. It changes the values of every contract that specifies a future payment in dollars. It reduces the value of the money involved. This is a temporary boon to the payer but, in effect, a tax on the recipient.

Under such inflationary conditions, wise businessmen become hesitant about signing long-term contracts, so necessary for our present-day complicated production system. Government inflationary

spending thus places an additional damper on prosperity, over and above all drawbacks and redirection of productive forces brought about by government spending of funds amassed by taxes or bond sales.

Those who first receive the newly printed money are able to buy a part of the nation's production without having made any contribution. They must profit at the expense of all those who have contributed to the total production offered on the market place. Since the rewards of productive contributors are less, some will retire or reduce their future contributions to the market. Production will be further reduced by the fact that some of the printed money recipients are supported in nonproductive pursuits. Total production must, therefore, be lower. This means there will be less for everyone who spends dollars in the market place.

Taxes which raise prices or curtail private spending cannot increase total human satisfaction. Increased taxes reduce the voluntary transactions of a free people and thus reduce their total satisfactions. Contrariwise, any reduction in government spending and taxing will increase the individual transactions of a free people and thus their individual satisfactions and prosperity.

The Way to Prosperity

Government spending is an expense or burden on total production and human satisfaction. Government taxes are personal economic sacrifices and should be paid only for the protection of life and private property. When taxes are so limited, they are an aid and stimulant to total production and human satisfaction. When they are collected to help some at the expense of others, they are a brake on both production and human satisfaction. Any reduction in government taxes and spending increases the goods and satisfactions available for all those who have dollars of their own to spend.

Competition in the service of consumers is the one and only sure way to produce a prosperity permanently spiraling upward. All political spending for purposes beyond the protection of life and property are a snare and a delusion. They discourage wealth production both by decreasing the rewards of productive workers and by supporting others in idleness or nonproductive pursuits. In order to keep up the appearances of prosperity, government spending must be constantly increased, with an ever-increasing share of total production going to the nonproductive. If these constantly increased expenditures are not stopped in time, the result will be a runaway inflation like that which took place in Germany in 1923. Government budgets balanced by inflationary spending can but bring a national headache, for which the only permanent cure is the intelligent use of our God-given freedom.

Religious Roots of Liberty

By REV. EDMUND A. OPITZ

From ancient Palestine through early America to the present, the source of our liberties has been an authority or law higher than man.

Every variety of tyranny rests upon the belief that some persons have a right—or even a duty—to impose their wills upon other people. Tyranny may be fastened upon others by the mere whim of one man, such as a king or dictator under various names. Or tyranny may be imposed upon a minority “for their own good” by a democratically elected majority. But in any case, tyranny is always a denial—or a misunderstanding—of the mandates of an authority or law higher than man himself.

Liberty rests upon the belief that all proper authority for man’s relationships with his fellow-men comes from a source higher than man—from the Creator. Liberty decrees that all men—subject and ruler alike—are bound by this higher authority which is above and beyond man-made law; that each person has a relation to his Maker with which no other person, not even the ruler, has any right to interfere. In order to make these conceptions effective for liberty, they must be deeply ingrained in the fundamental values of a people. That is to say, they must be part of the popular religion. There was one people of antiquity for whom this was true, the people who gave us our Old Testament. It was among the ancient Israelites that the conviction took hold and emerged into practice that there was a God of righteousness whose judgments applied even to rulers.

No Royal Inscription

The science of archeology has unearthed some spectacular ruins in Egypt, in Babylonia, in Crete and in Greece. All over the Middle East, patient researchers have turned up monuments and vain-glorious inscriptions carved into rock or pressed into clay at the behest of proud kings. Except in Palestine! There has been nothing brought to light in Palestine comparable to the monuments extolling the vain kings of Egypt. An authority states that there is not a single royal inscription from any of the Bible kings. The Prophets saw to that! No boastful king in ancient Israel would have presumed to leave an inscription dedicated to his own glory, much as he felt he deserved such. The Prophets would have quickly put such a king in his place, and popular resentment would have run high against such inflation of human pride.

In Greece and Rome there were men noted as great lawgivers: Lycurgus, Solon, Justinian and

others. In other countries there were royal decrees by the thousands. A law would be promulgated with some such words as, “I, the King command. . . .” In Egypt and in Babylon, even as in Greece and Rome, authority for a law stemmed from a man, the Ruler. But in Palestine the situation was different. In Biblical literature there is not a single law emanating from kings or other secular authority which was recorded and preserved as permanently valid. Nor have archeologists in Palestine unearthed royal decrees inscribed on clay tablets or graven on rock.

Now, no people live together without conforming to a commonly accepted code, and without having recourse at times to law. The people of ancient Palestine lived under authority, not in a condition of anarchy. If the king was not the source of their law, there must have been another and higher source. There is no doubt as to what their authority was: they looked to God as the source of their law. “The Lord is our judge, the Lord is our lawgiver, the Lord is our king.” (Is. 33:22) All, or nearly all, of the basic laws of this people were written as though emanating from God Himself. Instead of “I, the king,” it was “I, the Lord.” “And ye shall keep my statutes and do them: I am the Lord.” (Lev. 20:8) “Thus saith the Lord: Execute ye judgment and righteousness, and deliver the spoiled out of the hand of the oppressor; and do no wrong, do no violence to the stranger, the fatherless, nor the widow.” (Jer. 22:3)

This is the system of law, laid down in the Scriptures, expanded and interpreted by human reason, of which the Psalmist said, “. . . his delight is in the law of the Lord; and in his law doth he meditate day and night.” (Ps. 1:2) Nearly every man was learned in this law, and also deeply involved in the religious relation to God in which the law was rooted—and liberty was a precious by-product of these conditions. Establish these conditions—that is, widely held religious values in which God is regarded as the source of authority and justice, superior to any earthly power—and they provide a firm foundation for political liberty. In these circumstances there is a continuous check to tyranny, should any such attempt to raise its head. Neglect these conditions, and liberty has no roots. It is like a cut flower which has no vitality in itself and does not last beyond the life it derived from the plant. The way is prepared for tyranny.

This is not to say that there are no economic and political problems peculiar to liberty itself, nor that liberty is not at times impaired by ignorance among a people whose religious values are intact. It is to stress the importance of maintaining the things on which liberty depends—and these are the things of religion. This foundation must be sound, but the structure erected on it must be sound, too.

Collectivist regimes, in the nature of things, must be profoundly irreligious, even to the extent of pressing a corrupted religion into service to shore up tyranny. Genuine religious experience entails the recognition of an inviolable essence in men, the human soul. It inculcates a sense of the worth and dignity of the person and breeds resistance to efforts to submerge individuals in the mass. Men whose personal experience convinces them that they are creatures of God will not become willing creatures of the State, nor attempt to make creatures of other men. For them, God is the Lord, Whose service is perfect freedom; and Caesar is the ruler, whom to serve is bondage.

It was upon such a faith that this country was founded. Those who migrated to these shores in the early days did not always see the full implications of their beliefs, and sometimes acted contrary to them. But in the end those beliefs prevailed, and they are recognizable in American institutions.

I know it has been fashionable of late to depreciate the motives of the men who made the early settlements on American shores, but I am convinced that the judgment made by Alexis de Tocqueville 120 years ago is nearer the truth. Writing of the men who established Plymouth colony, de Tocqueville said, “. . . it was a purely intellectual craving that called them from the comforts of their former homes; and in facing the inevitable sufferings of exile their object was the triumph of an idea.”

This idea was one which had been spreading in England since even before the Reformation, but it bears more directly upon the time when the English people had, for the first time, the Bible in their own tongue. The idea of a new commonwealth, fired by reading in the Old Testament of the people of the covenant, launched in America what de Tocqueville described as “a democracy more perfect than antiquity had dared dream of.” The first minister of the church in Boston in 1630 was John Cotton. Cotton Mather wrote of him, that he “prebanded unto them an endeavor after a theocracy, as near as might be, to that which was the glory of Israel, the ‘peculiar people.’”

The Puritan regime, taken by itself, was pretty rigorous. But it matured, and in its maturity received an infusion from something radically dif-

ferent—the rationalism of the Enlightenment. The Enlightenment by itself in France ran its course and became its own caricature. It teamed up with a revolution at the end of which was—Napoleon. But in America the seemingly diverse elements fused. Here, we conceived the idea of a limited government under a written Constitution; the idea of a separation of powers in the federal government and a retention of sovereignty in important spheres by the individual states; the concept of the immunity of persons from arbitrary encroachment by government. An experiment based on those principles was launched on these shores less than two centuries ago. It was the result of a conscious effort to forge an instrumentality of government in conformity with the Higher Law, based on the widely held conviction that God is the Author of liberty.

Basis of Political Liberty

Our political liberties were not born in a vacuum, but among a people who had a sense of their unique destiny under God. Our religious foundation has been alluded to in a Supreme Court decision (1892, 143 U. S. 457): “. . . this is a religious people. This is historically true. From the discovery of this continent to the present hour, there is a single voice making this affirmation.”

So long as men accepted the basic affirmations of religion—that there is a God of all people with Whom each individual has a personal relationship—our liberties were basically secure. Whenever there was a breach in them, we possessed a principle by which we could discover and repair the breach. But when there ceases to be a constant recurrence to fundamental principles, our political freedom is placed in jeopardy. Political liberty is not self-sustained; it rests upon a religious base.

All men desire to be free, and the will to be free is perpetually renewed in each individual who uses his faculties and affirms his manhood. But the mere desire to be free has never saved any people who did not know and establish the things on which freedom depends—and these are the things of religion. The God-concept, when cherished in the values of a people, is the universal solvent of tyranny, for, as Job said, “He looseth the bond of kings.” (Job 12:18)

Many “monuments for posterity” are being built today in our country. Are they mostly dedicated to man and his vain decrees, or to the Creator of man and the Higher Law? The future of our civilization rests on the answer to the *spirit* of that question.

Ideals are like stars; you will not succeed in touching them with your hands. But like the seafaring man on the desert of waters, you choose them as your guides, and following them you will reach your destiny.

CARL SCHURZ (1829-1906)

Fundamentals of Education

By NELLIE K. WADHAMS

"If you marry me, you'll always be poor," said Erland one evening during our courtship. "I'm not one of those guys who piles up the rocks."

"Would I be any richer without you?" I queried. "And besides, there are other things more important than being rich."

"Such as what?" he asked me.

"Oh, just living—really living; spiritually, I mean. Having a chance to get one's breath once in a while. Being free to think thoughts that somebody else doesn't put into your mind full-grown and ready to be born."

"I guess you'll have plenty of chance to think, all right. That is, if you can think with your hands in a dishpan."

We bought an abandoned ninety-acre subsistence farm on the slope beneath a mountain in New Hampshire, and called it Sprucetip. We had not made the decision lightly. Our last dollar had gone into the purchase price, and we were determined to stick it out. The "Old Timer," a salty old bachelor who owned a neighboring farm, put it in these words: "Any way you look at it, life is hell—but just the same, I'm going to stick around awhile and see what happens!"

At any rate, we now had a toe hold in the good earth; and it was ours, title clear. We believe it would sustain us, though we never deluded ourselves that it would give us wealth or leisure or security. But I gave scarce a thought to insecurity, expecting nothing else. For me, only beauty, quiet, serenity were indispensable. . . .

Once when he was very young, my son Ernest was watching me storing away the last jar from a successful canning season. Standing in admiration before the cupboard full of glistening, colorful jars he said, clapping his hands: "Goody! Goody! We're not going hungry next winter!"

Was there something pathetic about this childish remark? I think not—unless we are all pathetic in our battle for survival. He was learning the relationship between thrift and security, labor and reward. The traditional way of putting it is: "Work, poor Human, work or starve."

The key to the latent occupational talents of any

Since 1928, Mrs. Wadhams and her family have lived on a once-abandoned farm in the mountains of New Hampshire. During the depression, their cash income averaged about \$150 a year, with taxes taking about \$50. Mrs. Wadhams was graduated from the University of Nebraska as a Phi Beta Kappa honor student. She earned a Master's degree in education from Yale University, and became a professional Director of Religious Education. Later she wrote articles and lessons for a church publishing house. This article is extracted from a longer manuscript, more of which may be printed in later issues of the FREEMAN.

man is usually to be found in the things he liked to do as a boy when he had the leisure time to do as he pleased.

In teaching our two boys at home in primary-school subjects, I wanted them to learn how to study. It was better not to hang over them constantly, crossing each bridge for them before they came to it. I remembered the old saying: "You can lead a horse to water, but you cannot make him drink." After all, the initiative was theirs. I tried to confine myself to

stirring up their interest and setting them straight when they were falling into error or becoming discouraged through misunderstanding.

Aside from fundamental skills and a certain amount of elementary knowledge or background for life, such as is to be found in the study of geography and the simple phases of history, I felt that there was one more aim of education with which I, along with other educators, should be concerned. We might refer to it as discipline, and divide it into two phases. The first might be called simply discipline—training the child to conform to a pattern, to be like other children, and to cooperate with them. This is a necessary part of life and should not be neglected. Our public schools are generally efficient in this phase. But in the second phase, which we might call self-discipline, they often and woefully break down.

Self-Discipline and Freedom

Sometimes we hear theorists contrasting cooperation and individualism, to the detriment of the latter. This has always seemed to me to be an example of sloppy thinking, for we need both. The child, in preparation for adult life, needs a fundamental discipline; certain habits of desirable social action must be fixed for life, but education should not stop there. If it does, we have trained a goose-stepping generation, fair meat for propagandists of every stripe and for the kind of regimentation that stifled Germany under Hitler and Italy under Mussolini. On top of discipline, we must superimpose self-discipline, if freedom is to survive on earth. Cooperation fails without individualism. For

how can we cooperate if we as individuals have nothing to contribute? Submission is not cooperation. It is my opinion that in recent years, educators and social reformers have been altogether too much concerned about cooperation and altogether too little concerned about developing individualism, without which there can be no true cooperation.

It has always seemed to me that to give a solid foundation for individualism, education for the child should start with those skills developed in the early days of America in the home.

There were certain definite things I hoped to have elementary education do for my boys. I wanted them to develop skill in the use of tools by which knowledge may be acquired. I wanted them to form habits of thoroughness and intellectual honesty, to realize that nothing is learned until you can use it. I wanted them to get discipline; form habits of cooperation. Above all, I wanted them to acquire self-discipline and learn the art of thinking for themselves. In this, I was almost too successful. I once confided to a public school teacher this bit of experience.

I said: "Having taught my boys to think for themselves, I find that they do not agree with me on everything."

"Aha," she said, "backfiring so soon?" We both laughed.

Sherman, when subjected to pressure in the seventh grade of the village school, gave the teacher a run for her money. And if his grades in social science were not of the best, he could count on understanding at home. He was never carried away by dreams. For him everything was subjected to the factual test. In one of the daily exercises required in social science, the pupils were asked to choose the necessities from a list of articles found in the modern home, dividing them from the luxuries. The teacher's classification aroused Sherman's ire.

"Flat irons are not necessities," he insisted. "They are luxuries."

"But," said the teacher, "I would lose my job if I didn't iron the dresses I wear to school."

Sherman retorted: "Maybe you would, but that would be because you had to have a luxury to hold your job."

The result was that Sherman wrote out his own definition of what he considered to be a necessity: "something I have to have or I will die."

With proper education, and the self-respect and wholesome individualism that naturally come with it, we shall find the problems of cooperation solving themselves. For self-reliant individuals do not have to cover up their weaknesses. They do not need to pass the buck. The individualist (who, I admit, may appear somewhat hardhearted in success) in failure is something other than a parasite. When the going is hard, he takes the blows full in the face, and does not pass his problems on to others. He is a source of strength to the social fabric because he

does not lean. Many of us are helpless these days because we have become dependent. We cannot do anything to solve the problems that challenge us because we cannot fight disrupting forces without destroying the platform on which we stand. But a civilization that had its feet on the ground could keep its head in the clouds without fear of falling.

Power Corrupts

When a person gains political power to force other persons to do his bidding when they do not believe it right to do so, it seems inevitable that a moral weakness develops in the person who exercises that power. The full extent of the weakness is frequently left to the historians to record, but we eventually learn of it.

Please do not misunderstand me. These persons who are corrupted by the process of ruling over their fellow-men are not innately evil. Their motives may be purely patriotic and altruistic. Indeed, they may wish only "to do good for the people." But, apparently, the only way they can think of to do this "good" is to impose more restrictive and compulsive laws.

Now, obviously, there is no point in passing a law which requires people to do something they would do anyhow; or which prevents them from doing what they are not going to do anyhow. Therefore, the possessor of the political power could very well decide to leave every person free to do as he pleases so long as he does not infringe upon the same right of every other person to do as he pleases. However, that concept appears to be utterly without reason to a person who wants to exercise political power over his fellow-man, for he asks himself: "How can I do 'do good' for the people if I just leave them alone?" So he begins to pass laws that will force all other persons to conform to *his* ideas of what is good for *them*.

That is the danger point! The more restrictions and compulsions he imposes on other persons, the greater the strain on his own morality. He tends increasingly to surround himself with advisers who also seem to derive a peculiar pleasure from forcing others to obey their decrees. He appoints friends and supporters to easy jobs of questionable necessity. The hard-earned money of those over whom he rules is spent on grandiose public projects at home and abroad. If there is opposition, an emergency is declared or created to justify these actions.

If the benevolent ruler stays in power long enough, he eventually becomes converted to the seductive thesis that election to public office endows the official with wisdom as well as with power. At this point, he begins to lose his ability to distinguish between what is morally right and what is politically expedient.

ADMIRAL BEN MOREELL, 1951

Tribunes of the People

By JAMES BURNHAM

When the Founding Fathers established our government structure of liberty under law, they borrowed from the ancient Romans a remarkable device—the Tribunes of the People. The job of the Roman Tribunes, officials elected from the ranks of the Assembly of the People, was to see that the laws of the Roman Republic were enforced, that justice was done to the ordinary citizen. The Fathers of our country, realizing that this function of the Roman Tribunes was indispensable to liberty, assigned it to the investigating committees of Congress.

Like the Roman Tribunes, congressional investigators are immune from arrest or prosecution. They are therefore able to challenge without fear of reprisal the immense power of the police, the Army and the Executive. Congress—our own Assembly of the People—charges its investigators with the task of finding out whether the laws are being enforced and whether new laws are needed. On the basis of facts unearthed by its investigators, Congress is also empowered to impeach and expel from office any member of the executive and judicial branches of government—even the President himself or a Justice of the Supreme Court. Short of impeachment, the investigating committees can check executive action by appeal, though public hearings, to the final court of a democracy, the opinion of the citizen-voters.

Congressional investigators are not saints. Like the Roman Tribunes, they can reflect the ignorance and the passions of the people as well as the people's traditional wisdom, loyalty and strength. But they are irreplaceable champions of our liberty.

In 1936 Hugo Black, now a member of the Supreme Court but then at the height of a brilliant senatorial career, wrote: "This power of the probe is one of the most powerful weapons to restrain the activities of groups who can defy every other power. Public investigating committees exist always in countries where the people rule. They have always been opposed by groups that seek or have special privileges."

Senator George Norris, the father of TVA, declared in the midst of the 1924 Teapot Dome investigation: "Whenever you take away from the legislative body of any country the power of investigation, you have taken a step that will eventually lead into absolute monarchy and destroy any government such as ours."

Since 1792, investigations of corruption, scandal and espionage by congressional committees have championed our liberties.

The first congressional investigation took place in 1792, just three years after adoption of our Constitution. The Indians of the Northwest Territory had all but annihilated a government force led against them by General Arthur St. Clair, and popular opinion demanded an explanation.

When the House of Representatives selected a committee to conduct an inquiry into the causes of the defeat, one Congressman argued that such an inquiry would be insulting to President Washington, who had appointed St. Clair, and that Congress should merely request the President to look into the matter himself. The House voted this down. The majority insisted, however, that Congress make its own investigation in its own way. "This House," one member proclaimed, "is the Grand Inquest of the nation."

The inquiry, as it turned out, absolved General St. Clair of personal blame, but made constructive criticisms that led to improved organization of the War Department.

Investigations Are No Novelty

Under the Constitution, all but three of our 84 Congresses have authorized investigations. The areas investigated have included every department of the executive branch of government; every war except the Spanish-American; all sorts of election scandals; railroads, shipping, oil, banking, housing, insurance, utilities—in fact, nearly every major branch of industry. Investigations of conspiracy and espionage are by no means a twentieth-century novelty. Even before 1800, espionage—in behalf of France and Spain—was investigated. Subversive conspiracy was the issue of inquiries of 1808 concerning Aaron Burr's associates.

Violent controversy has always swirled around congressional investigations. In the 1920s it was a variety of individuals and organizations who denounced Senators Borah, LaFollette, Wheeler and Walsh for the inquiries that brought to light the shocking scandals of the Naval Reserve oil leases. Owen J. Roberts, later an Associate Justice of the U. S. Supreme Court, speaking before the American Bankers Association in 1923, condemned the oil investigation as "propaganda for nationalization." The *Wall Street Journal* dismissed it as "only a political smokescreen." Discussing this and the parallel investigation of Attorney General

Daugherty, the *New York Times* declared in February 1924 that Congress was "investigation-mad," and was trying to introduce "government by clamor" and "hole-in-corner gossip." The *Times* upheld Daugherty as one who was defending "decency" and "honor."

Within six months Daugherty had resigned in disgrace—after the investigators had shown that during his two and a half years in Washington on a \$15,000 salary, his personal finances had shifted from \$19,000 in the red to \$100,000 in the black.

At the time of this Teapot Dome probe, the Senate investigators were termed "scandal-mongers," "mud-gunners," "assassins of character." Their inquiries were described as "a lynching-bee," "poison-tongued partisanship," "pure malice," and "twittering hysteria."

But as a direct result of their disclosures, one corrupt Cabinet member (Harry Daugherty) and one who winked at corruption (Edwin Denby) were forced to resign. Albert Fall, a former Cabinet member, went to jail, along with oil magnate Harry F. Sinclair and a variety of lesser figures. Four oil millionaires skipped the country.

The scandalous leases of Naval Reserve oil at Teapot Dome, Elk Hill and Buena Vista were canceled, with a saving to the taxpayers of hundreds of millions of dollars. Reorganization of the Justice Department, another consequence of these investigations, brought major benefits to the nation through stricter, more equitable law enforcement.

Only congressional investigation could have produced such results. Individual citizens were helpless. The courts were powerless to initiate action. The executive agencies were either unaware of what was happening or conniving at it. Tribunes of the People, armed with sufficient power, were required to expose the wrongdoing, arouse public opinion and force remedial action.

Congress Needs the Facts

Although few investigations have been as spectacular as those of the 1920s, their net service to the country, and to liberty, would be hard to overstate. The first bread-and-butter function of investigating committees is to assist Congress in its constitutional task of making and changing our laws. In order to make laws wisely, Congress must have before it the relevant facts. But Congress cannot simply take the alleged facts of a situation from some other agency, or from the executive branch. It must take full, independent responsibility itself for the information upon which its law-making decisions will rest. Congress gains this information by conducting its own investigations in its own way.

A related function of congressional investigations is to check up on what happens to laws after they are passed. Committees like the "watch dog committee" of World War Two, in which Harry Tru-

man made his mark, have saved billions of dollars by keeping a critical eye on the government's military contracts and administrative methods.

Nearly every important reorganization of the governmental structure has come as a result of congressional inquiries. Repeated nineteenth-century investigations of frauds in private mail contracts, for example, led to the formation of the General Post Office.

Time and again investigations have been used to clean Congress' own house, from as early as 1797 when William Blount was expelled from the Senate for stirring up the Indians to rebellion. Only a congressional probe was able to penetrate the vast *Crédit Mobilier* scandal which by 1872 had engulfed both Europe and this country, and involved even the U. S. Vice President and former Speaker of the House, as well as many of the nation's leading financiers.

Subversives Exposed Since 1938

In our own day congressional investigations were the first agency to inform the public concerning totalitarian threats to liberty. Beginning in 1938, the House Committee on Un-American Activities exposed, first the fascist and Nazi groups that were then actively conspiring against our security, and next the communist apparatus that continues to conspire. It was this committee that dug out the case of Alger Hiss, along with the operations of the Silvermaster, Perlo and Ware espionage cells. In recent years its work has been supplemented by the Senate's subcommittees on Internal Security and Permanent Investigations.

These committees, granted their excesses, deserve chief credit for the fact that today, both by more adequate laws and through sterner administrative action, we have at last begun to deal effectively with the subversive conspiracy against our survival as a free nation. Despite the attacks to which they have often been subjected—and which they have sometimes deserved—congressional investigations have thus proved themselves an essential part of our system of government. This is recognized by nearly all constitutional historians as well as by the basic decisions of the Supreme Court.

In the principal case that arose out of the Daugherty investigation (*McCrain v. Daugherty*) the Supreme Court flatly declared: "The Power of inquiry—with process to enforce it—is an essential and appropriate auxiliary to the legislative function."

The new Congress now has before it a number of proposals for the "reform" of the investigating committees by the establishment of strict rules of procedure. Undoubtedly there have been abuses in the conduct of investigations—great power is always liable to abuse and corruption. Sometimes a committee room is turned into a publicity circus.

It is charged that sometimes an investigation is put to extravagant use to advance the personal career of a politician. Sometimes the reputations of innocent men are damaged. Sometimes investigators are careless of the rights of witnesses.

Such practices should be denounced and the damage repaired when possible. But it is a question whether they can be corrected by detailed rules laid down in advance. The reputation of an author may be seriously damaged by an unfair review, but we do not demand a law that would prescribe in detail the methods of book reviewing. A committee hearing is not a trial. It cannot take away a man's life or liberty. Many of the meticulous rules of the courtroom are inapplicable.

Recent discussion has invariably arisen in connection with the committees investigating Communist subversion. Although honest liberals are now advocating reforms out of a concern for civil rights, we should remember that the aim of the Communists is to put an end to all investigations of subversion, treason and espionage.

The procedures of the committees are governed by congressional tradition, by special rules adopted by each committee, and by the personal influence of leading members, particularly the chairmen. As a matter of tradition and privilege they accord to witnesses nearly all the rights that would be made a matter of inflexible law if the bills now before Congress are passed: for example, the right to have counsel, to submit a written statement, to answer accusations by other witnesses, and so on.

The effect of transforming these privileges into law would be to obstruct or even paralyze the work of the committees. If the law *required* the presence of counsel for a witness, then a Communist lawyer could stop a hearing merely by becoming so obstreperous that it could not continue. If the committee threw him out, it would have to adjourn until the witness produced another lawyer who could start the whole ruckus over again.

There has been objection to "one-man hearings." Offhand it does seem fair that at least two committee members, one from each party, should be present when a witness is questioned. But in practice, under such a rule many Senate investigations could never be finished. There are only 96 senators, and with all they have to do there are just not enough to go around, particularly when many committee hearings must be held in distant parts of the country or even abroad. Furthermore, if an investigation were hurting one of the political parties, the committee members belonging to that party could bring it to a halt merely by staying away from the hearings.

In reality, the only requirement on this point that is both fair and practicable is that all mem-

bers of a committee should have advance notice of every meeting, so that they may attend if they wish. The basic problem of "one-man hearings" is the man, not the rules.

Some critics have said that we should copy the "responsible" and "objective" investigating techniques of the English "Royal Commissions." However, those Royal Commissions are composed of laymen chosen for their interest in the subject; and they question only volunteers who desire to give information.

Waste Should Be Eliminated

It does seem desirable that Congress should eliminate the "overlapping" of its committee jurisdictions, so that there will no longer be the wasteful spectacle of three or four different committees "competing," and interfering, with each other in the investigation of some problem. These investigations should doubtless be confined to one committee in each House. Some Congressmen go further, and have introduced bills to set up a single Joint (Senate-House) Committee on Internal Security, modeled after the Joint Committee on Atomic Energy.

In general, however, abuses by investigating committees are not going to be corrected by enactment of a code of rules. If the rights of an individual are genuinely injured by an investigating committee, our constitutional system, with its incomparable safeguards of justice and liberty, permits him to seek and find redress in the courts.

And if a congressional investigator blatantly disregards truth, dignity and justice, Congress may at any time bring about his removal from committee assignment, his censure or his expulsion. Moreover, the people in their turn will have the opportunity to vote him out of public life.

Thirty years ago a clamor for changes in procedure arose in connection with the Teapot Dome investigations, just as today they arise in connection with the investigations of Communist subversion. At that earlier time perhaps the most eloquent defense ever made of congressional investigation came from the pen of the young Felix Frankfurter, destined for later membership in the Supreme Court:

"Critics seek to shackle the future by suggesting restrictions in the procedure of congressional investigations. No limitations should be imposed. The methods and forms of each investigation should be left for determination of Congress and its committee, as each situation arises. The safeguards against abuse and folly are to be looked for in the forces of responsibility which are operating within Congress and are generated from without."

1929: Then and Now

By HANS F. SENNHOLZ

*What caused the 1929 depression?
Why did it continue for so long?
Will it likely happen soon again?*

Early 1955 finds the American public swamped by forecasts of prosperity and boom. Economic advisers to governments, corporations, universities, labor unions and other groups seem to have resolved in unison to assure the people that a depression like that of the 1930s has been banned forever from the American scene. "Americans need not fear a depression," they say. "Our government will carefully watch our economy and interfere when the need arises."

According to these economists, the numerous built-in safety and stabilization devices operated by the federal government—plus its vast powers in the economic sphere—will avert any economic downtrend and assure us continuous prosperity.

This reassurance from the planners of governmental intervention may seem soothing and acceptable to many political leaders and followers. But it is a frightening thing to the economist who recognizes in it the denial of economics and the lessons of economic history.

In studying this problem, we must realize first that a trade cycle with its periods of boom and bust is not one of the characteristics of a free market economy. These extreme fluctuations are, and always were, superimposed by government interference upon the unhampered economy. An economic crisis in some form is inevitable as soon as government or a pressure group with powers of coercion interferes with the smooth operation of the market economy in order to advance its own schemes of "progressive planning."

When government embarks upon a policy of inflation or credit expansion, everything looks fine. Profits increase because prices rise while business costs tend to lag behind for awhile. Business begins to expand. The demand for the several factors of production—land, capital and labor—increases. We witness a period of high employment and high productivity. But the increased demand for these production factors naturally raises their prices, which are business costs. These costs climb until they reach the point where business is no longer profitable. At this point, we enter a period of recession and readjustment. It lasts until the costs have come down and business becomes profitable again.

The subtle instruments of inflation and credit expansion first lead to the "prosperity" side of the trade cycle. The cruder methods of raising

costs—by government or by labor unions backed by government—lead directly to readjustment or even to depression.

For example, it is obvious that business must decline when, in utter disregard of productivity and profits, either government or labor unions force costs beyond what the market will bear, or when business taxes are raised, or when any other cost-increasing obstacle to production and trade is erected. In each instance, business begins to contract immediately.

How the Depression Started

Let us illustrate this effect on the trade cycle with an analysis of the great depression of the 1930s. It all started with the two big spurts of credit expansion created by the Federal Reserve System in 1924 and 1927. In both years, the Federal Reserve banks bought large amounts of government securities in the open market in order to flood the economy with cheap credit and money and thus to attain prosperity and full employment. The newly created money, which rapidly went into security loans and bank investments in securities, caused the stock market to rise by leaps and bounds. However, business in general, at that late date, refrained from making full use of the newly created funds because the inflation-induced rise in costs had begun to lead to difficulties in an increasing number of industries. Finally, in October of 1929, after an unprecedented rise in stock prices, the inevitable downward readjustment set in.

The government immediately "came to the rescue" again in an attempt to rectify the damage it had already done. In June of 1930, Congress passed the Smoot-Hawley Tariff Bill which gave high tariff protection to American industries. This eliminated much foreign industrial competition from the American market. Foreigners, who no longer could sell their products and earn American dollars, could no longer buy American products. The American export industries—especially agriculture, which used to export a large share of its production and which had already been hurt by previous government interference—began to suffer from a rapid decline in prices and from unemployment of capital and labor. All over the world, an irresistible movement to raise tariffs began. This merely accelerated the decline in employment.

In 1933, after an inevitable upswing from extreme panic, the depression was intensified by more governmental intervention in the economy, mainly the National Industrial Recovery Act. This Act imposed new internal regimentation and restrictions on imports. It provided for shorter work hours and minimum wages in order to increase purchasing power by increasing payrolls. Naturally, the immense increase in business costs constituted a most successful anti-revival measure. In the South, where the government minimum wage was considerably above the free market wage as determined by labor productivity, about 500,000 Negroes were immediately forced out of work.

In 1935, Congress passed the Wagner Act which led to ugly labor conditions, inflicting heavy losses on business. Through the Undistributed Profits Tax of 1936, Congress again struck at corporate savings and expansion. In 1937, the government policy was directed at restricting, if not destroying, the stock market. And in 1938, the Wage and Hour Act provided for new increases in business costs which severely affected the South and, above all, Puerto Rico where labor productivity was low. Immense unemployment resulted.

In 1939, after more than nine years of governmental planning for full employment, more than nine million Americans, or 16.7 per cent of the labor force, were still out of work. During these years, unemployment never declined below the six million mark.

War and Inflation

Relief finally came to the suffering nation during World War Two through the unprecedented monetary depreciation which eased the burden of business costs that had been created by governmental policies for maintaining high wages and prices. Thus the evil of depression and chronic unemployment was replaced by the evil of mammoth inflation.

Again, booms and busts do not lie in the nature of a free economy. If the government refrains even now from further inflating the money supply, erecting new obstacles to international trade, enacting new National Industrial Recovery acts, imposing new taxes, raising minimum wages above the height of the market, enacting new Wagner acts and Wage and Hour acts, and otherwise interfering with the smooth operation of the market economy, 1929-1939 will not happen again. There would doubtless have to be some readjustments, but there could be no depression like that of the thirties.

But can we assume that government will henceforth refrain from interfering with the economy? Indeed not! Most planner-economists want our government "to carefully watch our economy and interfere when the need arises." They advocate the continuous expansion of government power in

economic life and a further increase in the number of "built-in safety and stabilization devices operated by the federal government." And the ever-growing powers of government hover over our economy, to be applied at the discretion of "economic stabilizers and mobilizers." This knowledge and the remembrance of the misery of the great depression should indeed give us cause for alarm.

What are the plans of our economic planners in Washington and in the headquarters of our labor unions? This is the ultimate question which the prognosticator must endeavor to answer. Obviously, the question is political and cannot be answered through economic reasoning. We must know the political and economic ideologies prevailing in public opinion, and the ideas, notions and intentions of their spokesmen. We can only guess from their ideologies what their future actions may be, and then explain the economic effects of such political intervention.

Policies of the Present Administration

It is our assumption, based on the understanding of contemporary political conditions, that the present Administration will continue to conduct "moderately progressive policies." This means that the Administration will limit its interference with the market economy to those measures which are merely moderately harmful. In this case there is hope that the market economy will quickly overcome their effects through its tremendous ability of adaptation and recuperation.

Let us therefore assume that the Eisenhower progressive policies will include no new obstacles to international trade, no new NRA, no new taxes or tax increases, no raising of minimum wages above the height of the market, and finally, no additional Wagner acts and Wage and Hour acts. In that case, many causes of economic decline would be eliminated. But one formidable cause would remain in the armory of the current government's moderate progressivism—the policy of inflation and credit expansion.

Even moderate progressivism seems to mean continuous inflation. Contrary to the President's foremost campaign plank—the promise of a balanced budget—the present Administration is spending on a chronic deficit basis. The fiscal year 1955-56 is planned to be the twenty-third *deficit* year in the past twenty-six. In the fiscal year ending June 1953, the federal government's deficit amounted to \$9.4 billion. In the following year it was \$3.3 billion. For the current year which ends in June 1955, the Treasury's deficit is estimated to be \$4.7 billion. If we add to these figures the minimum deficit of \$3 billion as estimated by the Secretary of the Treasury for the 1955-56 fiscal year, we arrive at a total of more than \$20 billion during the four years of Eisenhower's Presidency.

After twenty-five years of almost uninterrupted

deficit spending, there is widespread public acceptance of this feature of progressivism. But the economic scientist cannot conveniently wink away the effects of Treasury deficits in his analysis of present economic conditions. He must take into consideration the fact that our politicians cease to see anything frightening in a \$20 billion deficit and that even this Administration, which was pledged to cope with this feature of progressivism, has itself finally abandoned hope and has embraced the evil which it set out to eliminate.

Inevitable Results of Deficit Spending

Accepting, as we must, our government's obsession with deficit spending, let us briefly analyze its economic consequences. They are twofold. First, inflation and credit expansion transfer wealth and purchasing power from the pockets of all creditors to those of all debtors. If you have saved a thousand dollars and the government depreciates them by 10 per cent, you lose 10 per cent of your purchasing power; you are poorer by 10 per cent, due to inflation by government. If you have loaned out your money—as in a savings account, a life insurance policy, or a government or industrial bond—you must lose when the government depreciates your dollar claims.

But this aspect of inflation is mild indeed when compared with its other offspring, the periods of boom and bust. As discussed above, the readjustment comes with the inevitability of an economic law once our monetary planners have embarked upon the road of inflation and credit expansion. There is no escape.

But as certain as there must be a readjustment, just as determined are our planners to stave off the day of reckoning. And it is true that this can be done—temporarily. The consequences of policies of inflation and credit expansion, as far as the trade cycle is concerned, can temporarily be postponed through an intensification and acceleration of the depreciation process. That is to say, our monetary planners can temporarily avert the inevitable decline and readjustment through an intensified operation of the printing presses. As all political parties are dead set against any economic readjustment, they are all ready and determined to resort to this tasty but tragic medicine in case the boom economy should taper off during their tenure of office.

During the last two years, the Republican Administration has given the people a full dose of this anti-readjustment medicine. When economic activity began to decline, it twice lowered the legal reserve requirements of all member banks and thus created with the stroke of a pen more than \$10 billion in new potential bank credit. Twice within two years it lowered the discount rates of the Federal Reserve banks and thus made credit cheaper. Interest rates on the capital and

money markets are now about as low as they can be kept, barring their complete abolition. Commercial papers and bankers' acceptances are traded at 1.25 per cent per annum, federal funds often at less than .5 per cent. This is credit expansion.

Thus, through an acceleration of the depreciation process, readjustment can be averted temporarily—perhaps for five, perhaps for ten or fifteen years. But it must come to an end. Of course, the very government that inflates and depreciates the dollar will oppose and fight various symptoms of its own policy. Government officials will fight valiantly against the inevitable rise in commodity and stock prices caused by the acts of the monetary officials of government! They will clamp down on the stock market; but, of course, not on the Treasury or Federal Reserve officials. In order to "fight inflation," they will raise margin requirements to 75 per cent or even 100 per cent; of course, they will not abandon their own policies of inflation. In the later phases of inflation, we must even be prepared for price controls, wage controls and other vain measures to be enforced by government and its stabilizers in order to "fight inflation."

The final question which the economist who analyzes present conditions must endeavor to answer is: if it is possible temporarily to postpone the readjustment consequences of inflation and credit expansion policies through an intensification and acceleration of the depreciation process, why then did the accelerated policies conducted during the 1930s fail to have this postponing effect?

The answer has already been indicated above. The numerous progressive burdens and obstacles imposed upon business, such as the Smoot-Hawley Tariff Act, the National Industrial Recovery Act, the Undistributed Profits Tax, the Wagner Act and the Wage and Hour Act, nullified any stimulation conceivable, even that provided by accelerated inflation.

Barring other interventionist measures, accelerated inflation quickly shows its effects. It accelerates the rise of commodity prices while it temporarily lowers business costs, especially *real* wages, and thus brings about a desired goal—full employment. This is especially true today when the government has at its disposal a multiplicity of lending agencies through which new money and credit is channeled directly into all branches of the economy. These agencies are willing and ready, if the monetary authorities should deem it necessary, even to distribute *free* money and credit to all applicants. This is the difference between 1929-1939 and today. Barring radical "progressive" measures, an accelerated inflation and credit expansion will continue to work for some time into the coming years. It will postpone temporarily the inevitable decline and readjustment, up to the point of *total destruction of the currency*. That

is the end of the road on which we are traveling. If we continue, the final crash in 1965 or 1975 will make the one of 1929 look insignificant and innocuous. It will be a terrible awakening for millions of Americans.

One final warning, reluctantly given: we may not even be fortunate enough to have *any* market readjustment at some time in the future. Instead, spurred on by people who have lost all sense of economic reality, the government may take complete

control of the economy. Then, true enough, there will be no depression and unemployment in the accepted sense; but the alternative is not pleasant to contemplate.

The American people can turn back from this folly any time they are willing to assume responsibility for their own affairs in a market economy, rather than to surrender their freedoms and responsibilities to Washington and a controlled economy.

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The Government's Freight Business

By PAUL L. POIROT

Can the freight operations of private enterprise survive the competition and tax burden of subsidized parcel post?

Rumor has it that users of first-class mail service may have to go to four cents on a letter. If so, there might be comfort in knowing that this would help subsidize the government's freight business—parcel post. After all, someone has to pay for the special privileges offered by the government.

When Congress passes a law, the result is likely to be a special privilege to one person or group and a taxlike burden to others. The beneficiaries of the privilege soon come to look upon it as their private right, to be defended with their lives, their fortunes, and their sacred honor. Once the government exercises its power of coercion to favor certain citizens, they will demand that the favor be continued, and charge injustice and discrimination at the least sign of its withdrawal. Anyone who would strive to protect his property from the consequent burden of taxation is seen to be a promoter of his own selfish interest. The politically subsidized citizen comes to think of himself and his special privilege as the means and the end—the very essence—of private enterprise, to be upheld against taxpayers who resent such forced exchange!

Governmental operation of the parcel post service illustrates the point. A law was passed in 1912 to provide a package delivery service which presumably could not be bought at the price in a free market. In other words, this was a special privilege to those receivers and shippers who used parcel post service, and a tax burden upon nonusers, including the private operators who were making their own deliveries and those who were offering to carry freight for the public as a private business venture.

The beneficiaries pushed their newly found "rights," demanding extension of the parcel post service. By 1918 they could ship packages weighing up to 70 pounds within the first three postal zones, and up to 50 pounds in zones 4 to 8, with a dimension limit of 84 inches in length and girth applicable in all zones. In 1931, the weight limit was set at 70 pounds for all zones, and the dimension limit was increased to 100 inches. Established private businesses expanded, and new ones were

founded upon "rights" to a subsidy. All sorts of business houses specialized in direct shipments to consumers, and various manufacturers and wholesalers welcomed parcel post as a link with their retail outlets. And all these were firm believers in "good old American private enterprise," including their "rights" to special privilege!

Then, in 1952, despite vigorous protests, Public Law 199 took away certain "rights." This law reduced the parcel post privilege. Packages exceeding 72 inches in dimension, and 40 pounds in weight within the first two zones, or 20 pounds in other zones, could no longer be shipped by parcel post between first-class post offices. The intent of Congress to thus remove the government from a small segment of the competitive market economy was said to be a denial of the concept of private enterprise. Businesses would be ruined by such arbitrary violation of their established rights to a subsidy! Apparently, the right to compete is less sacred than the "right" to a special privilege.

"Something for Nothing"

Since the dawn of civilization, men have been searching for a peaceful or noncoercive method of balancing the effective demand for commodities and services against the available supplies. In all the years, the only method which has worked well both in theory and practice is the free market method of allowing prices to fluctuate up and down in response to the voluntary bids and offers of potential buyers and sellers. This does not mean that the free market affords everyone as much of everything as he could use. It merely allows each person as much of whatever is available as he thinks he can afford. Each decides the priority of his own needs. The need for postal service and the satisfaction of that need were thus balanced in this country in the dim past. But visionaries were not satisfied. They saw a need for more elaborate postal services than had prevailed under voluntary exchange. And they thought the government could do for individuals what they would not attempt of their own accord.

The Constitution authorized the federal government to provide postal service, but no sooner had the government entered the business than it became apparent that it could not operate according to the free market guide. If customers were to have more service than they wanted to pay for, the price had to be held down by means of a subsidy. And the only way to provide such a subsidy was through compulsory taxation of one kind or another. The lower the postal rate, the more service the customers demanded. Seeing that the users of postal service were willing to be subsidized, congressmen thought it best to operate the post office at a deficit. Taxpayers who understood the situation found themselves outvoted by citizens who thought the government's post office was a source of something for nothing. The federal postal service thrived upon the illusion, using its own deficit as the foundation for expansion.

In earlier days, a high proportion of congressmen came from rural districts. But people were migrating to the cities. Rural free delivery was instituted on a trial basis in 1896 in an attempt to make rural life seem more attractive. By the political test, the trial was a huge success: the customers liked the "free" service. But the more reading matter the rural residents received, the faster they moved to town.

Parcel Post Inaugurated

By 1912, further action was deemed advisable. Congress decided to offer a package delivery service so that the products of urban industry might be more readily available to rural residents. On January 1, 1913, in the name of parcel post, the federal government made its first direct bid for the freight business of the United States. Previously, it had subsidized various transportation facilities and had gradually assumed control over the rates or prices which privately owned transportation agencies could charge for their services. By such indirect means, the ground had been prepared for government entry into the freight business. The market was no longer functioning freely as a guide to the suppliers of freight services and their customers.

Despite years of conditioning under government supervision and rate regulation, privately owned transportation services did not accept the parcel post idea in silence. They complained about that latest blow against private enterprise in the United States. And their protests at least cautioned the Congress to move slowly. At the outset, parcel post service was limited to packages weighing no more than 11 pounds and measuring no more than 72 inches in length and girth. Not until 1931 did the limits reach a maximum of 70 pounds and 100 inches, where they stood until the 1952 reduction of Public Law 199.

The government's freight service proved popular,

especially during these periods when the government held parcel post rates substantially below the levels it set for its struggling private competitors. Naturally, the parcel post service was subsidized. The Post Office Department's reported deficit on fourth-class mail, which consists primarily of parcel post, averaged \$134 million a year from 1949 through 1953. The revenue collected from users of parcel post service covered roughly three fourths of the costs charged against the service. Taxpayers made up the balance, the subsidy averaging about 13 cents on a parcel.

The Tail Wags the Dog

Under such conditions of subsidized parcel post and closely regulated competition, it was not surprising that the parcel post tail began to wag the rest of the postal system, even though other classes of mail were also subsidized. In 1951, about 61 per cent of the weight and about 70 per cent of the cubic volume of all mail consisted of parcel post. That was the third consecutive year during which more than a billion parcels were handled, weighing nearly four million tons, and involving space requirements equivalent to 235,000 railroad carloads—a train 2,700 miles long. Little wonder that the Postmaster General had testified before the House Committee on Post Office and Civil Service on March 7, 1949:

Because of greatly increased rates on express shipments, a large volume of parcels formerly handled by express have been channeled to parcel post. This has really put the Post Office Department in the freight business. We have insufficient distributing space, platform space, terminal facilities, trucks, and suitable railway cars to cope with the situation, and all this makes our operations more expensive.

More than forty years ago the Postal System entered the freight business, presumably as a service to farmers. Parcel post has grown to be a mighty big business, but not all of the customers are farmers. In fact, post office records show that during the fiscal year ended in June 1953, the 9,000,000 families served by rural free delivery received an average of 14 parcels per family for the year, whereas the national average was more than 22 parcels per family. Meanwhile, various business enterprises have grown upon and now have a vested interest in continuance of this subsidized parcel delivery service. Today the greater part of parcel post traffic consists of small shipments of ordinary commercial freight from manufacturers and wholesalers to retailers. These commercial shippers want Public Law 199 repealed, as many of them testified in January 1954 before a subcommittee of the House Committee on Post Office and Civil Service.

The shirt manufacturer, who spent \$355,263 for parcel post in 1951, and who complained that he could no longer ship four dozen shirts in a carton,

was not speaking of denim shirts for rural customers but of dress shirts destined for retailers in large cities. The shoe manufacturer who shipped nearly 400,000 pairs of footwear by parcel post in 1951 was complaining because some 70,000 shoe retailers in the United States could no longer get the service to which they had grown accustomed.

One might presume from the testimony that the future of the wallpaper industry hangs primarily upon the restoration of the 70-pound, 100-inch parcel post privileges. Ambulance and fire-fighting service is said to be jeopardized by the fact that certain motor repair parts can no longer be mailed parcel post. Tire manufacturers can no longer mail tires to customers served by first-class post offices. The mail order houses will surely be ruined! Music stores suffer because guitars measure more than 72 inches, length and girth combined. The greeting card industry is threatened by the loss of parcel post connections with direct-selling representatives.

Subsidy Demanded as a Right

As one studies the testimony of the makers of soup to nuts and kitchen sinks, he must realize the difficulty of ever trying to curtail a government function to which individuals are accustomed and upon which private businesses have depended for years. Whether the original justification for the service was valid ceases to be of consequence as each new vested interest finds its own defense against a return to competitive conditions. Subsidized individuals come to believe they have rights to continuing subsidy. Political pleading displaces economic performance as a guide to what shall be produced and consumed.

Those who now complain that their loss of certain subsidized parcel post privileges is discriminatory do not use the word in the same sense as it was used by the "Raleigh man," the "Watkins man," the "Baker man," and other salesmen who formerly traveled country lanes delivering their own parcels. Those forgotten victims of governmental intervention are no longer here to defend their interests. For they were discriminated right out of business. Of the old-timers, Railway Express seems to be about the only one left with a voice in behalf of private enterprise; and that voice has been strangled to a bare whisper by excessive regulation and control.

But private enterprise does bounce back from attempted banishment. Despite all the regulation of private carriers and subsidy of its own small-package freight business, the government has not achieved monopoly control in the field. Railway Express survives, and new private ventures such as the freight forwarders, the united parcel services, truck and airline freight services are growing in stature as competitors. They illustrate the determined response of private enterprise to any

real need which arises. Few persons can even imagine how much better such private service could and would be if the government would only leave the freight business alone—leave the market free to function as man's guide in the satisfaction of his wants.

The Real Question

The debate over Public Law 199 has not and probably will not get into the question some persons might like to discuss: why should the government be in any part of the postal business? The current question merely asks how far the government ought to go in the freight business. Is there good and sufficient reason why the heavy freight business should be left to private enterprise in a competitive market if the government is to offer a subsidized service for small packages? Just why does the shipper of a 20-pound parcel of the proper dimensions have a better claim to tax-paid subsidy than does the shipper of an awkward-sized ton of the same product?

It might be argued that a small package is more nearly the size and weight of a letter than is a large package—that small parcels are more easily accommodated to the governmental facilities already available for handling the mail. The same could be said for one's entire pay check, instead of the portion now withheld as tax; the government already has handy facilities for processing the entire amount. Government has the facility for assuming any kind of a responsibility any individual chooses to relinquish. It can totally displace private competitive enterprise if the spirit of enterprise is dead. But if there are those who still believe in private enterprise, perhaps they ought to start acting like it instead of casting votes to decide how many shirts can be shipped by a manufacturer to a retailer.

To put the size of a man's parcel to a vote is to deny the principle of private enterprise. Give the small-package freight business over to government, and the argument is lost for retaining any kind of freight service under private management. And then will come the advocate of nationalized passenger-post service. He could shout that private enterprise has failed. Voluntary commuters will testify that they cannot afford to travel at prevailing rates. It could be argued that added mobility of labor is in the national interest, particularly desirable for the isolated inhabitants of rural areas and the underprivileged residents of congested slums. New jobs could be promised. Surely, the added service might absorb some of the overhead costs of the Post Office. The clinching argument would be that such a passenger-post service is vital to national defense!

There is the pattern. How is anyone to argue against it in principle unless somewhere along the line he stands firmly in defense of private enter-

prise and private property, refusing to be a party to the process of voting the government into control of any business—the passenger business, the freight business, or anything else that could be one's own business!

The peaceful practice of one's own business allows cooperation and trade with anyone else who is willing. It is not one's business or right to use clubs or guns or the power of taxation against those who do not choose to cooperate with him voluntarily. For instance, the Railway Express Agency has no business insisting at gunpoint that all

packages be shipped by Railway Express. That would be considered an unwarranted attack upon the lives and property of individuals. It is generally considered to be the function of government to suppress such criminal tendencies; therefore, it is the business of government to carry clubs and guns. But is it also the business of government to carry packages up to a certain size, using its clubs and guns and powers of taxation to make sure that citizens accept such subsidized freight service? That is the real question behind the furor over Public Law 199!

The American Way

By E. GORDON FOX

The world will emulate our political and economic system as it does our technology, if we hold fast to our heritage of freedom.

It has been my privilege to have lived in two worlds, the world of statism and the world of individualism. I have had a long and intimate look behind the Iron Curtain in Russia. I have worked with the Russian people. I have visited them in their own homes. I have conversed with them in their own language. I have traveled with them. Also, I have traveled alone in their country. I have been arrested and marched down the street at bayonet point by their GPU.

Because of this background and experience, I could recite to you many entertaining stories and incidents. But I shan't, because they might tend to obscure the less entertaining but more vital issues pertaining to human freedom. Our crying need is thoughtful study, not sensationalism.

Today, two conflicting ideologies clash in a cold war. They threaten to clash in a hot war which might attain catastrophic proportions. The contest between these two ideologies pervades the entire world. The threat of the communist ideology to the tranquility of our Western civilization is the major problem of our times.

I would first mention—and it is not a trite statement—that our war with communism is a war of ideas. It is a contest to win the minds of men. This is a contest which cannot be won through military supremacy. It will not be won or lost on battlefields. It will be fought, and decided, in mines, farms and factories, in research laboratories, on drafting boards, in the marts of trade, in classrooms, in churches, at the ballot box. It will be decided through processes of economics, politics, diplomacy, education, evolution.

Because such labels as liberalism, conservatism, democracy, and so on are ambiguous and steeped

in intentionally erroneous implications, it is essential that we do not resort to them, but that we resolve the competing ideologies into their definitive attributes. What is it that we Americans are seeking to sell the world? In what direction are we trying to orient men's minds? I submit that the position of the free world is represented, in the highest embodiment yet attained, in what has come to be termed the American way of life.

The founders of our nation pioneered the principle that the citizen is vested with God-given rights, that he is free to make his own decisions and to establish his own personal pattern of life, so long as he does not trespass upon the equal rights of others. Our nation also pioneered the principle that government has no sovereign rights and no inherent functions other than those voluntarily and specifically delegated to it by its citizens.

That concept of human relationships, revolutionary at its inception and still revolutionary in the world today, is our legacy of liberty. It is what I mean by the American way of life. It holds that the prime function of government is to provide a favorable environment in which individuals may work with maximum freedom and with rewards commensurate to their efforts and their contributions. It maintains that governmental activities should be restricted to the functions of defending life and property, of protecting legitimate trade, of suppressing predatory practices and of invoking equal justice under law.

The Declaration of Independence, the Constitution of the United States and the Bill of Rights are among the world's greatest documents, marking an epochal advance in man's progress, because they emphasize, as never before in history, the

prerogatives of the citizen as contrasted with the powers of government. Our Constitution was designed to protect the freedom of the smallest possible minority—one person. The idea of the inalienable rights of the individual person is the fundamental spirit of the American tradition of government.

On the one hand, we have ownership of productive facilities by the investing public; nonpolitical administration of industry and commerce, dispersed powers and decisions, individual freedom, self-reliance, limited government. On the other hand, we have government ownership, government administration, government domination, government coercion—in short, limitless government and the inevitable corollary of individual subjection and servitude.

If you will endorse my view that the traditional American way and the socialistic Soviet way represent the two alternative courses offered for world acceptance—and if you will accept my further belief that the prevalence of one or the other of these two incompatible courses, throughout the world, will result from evolution rather than from war—then I think you will agree that it is highly important that we appraise carefully our own present ideological attitudes and that we take due cognizance of the direction in which we seem to be trending.

First of all, I think that we should not overlook the fact that most of the countries of Europe, supposedly our cold-war allies, have never attained the degree of freedom represented in the traditional American way. They are indoctrinated, in some measure, with the Soviet idea. Some of them have traveled far on the road to socialism. They hardly comprehend the concepts which we defend and they do not give them wholehearted allegiance. We cannot expect from them a strong and determined stand for the cause of individualism and against the cause of statism to which they are already, in some measure, committed. If there is to be a champion of the American way of life, that champion must be America.

Questions for Americans

Secondly, I submit that it behooves us to raise a question as to the integrity of our own adherence to the principles which constitute our heritage.

Do we steadfastly preserve the primacy of the individual, or are we tending to glorify the State and to belittle the importance of the citizen?

Do we insist that the administration of industry and commerce is within the province of free men, or are we steadily expanding government encroachment upon the principle of free exchange by free citizens in free markets?

Do we adhere to the view that the ownership of the means of production should rest in the people through voluntary investment, or do we

prefer communal ownership by the federal government?

Do we retain to the citizen the power of decision, or are we shackling him with a multiplicity of governmental controls?

Do we respect the natural or God-given laws—such as that of supply and demand—or do we try to negate them through amendment by puny men?

Do we believe that control of the creative activities of our people should center in government, or do we think that such control should be preserved for direct action by the people themselves?

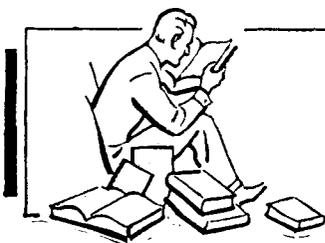
If it be our view that the rights and freedoms of the individual have priority and that the function of government is to serve the citizen—and if we conform our activities to this view, adhering steadfastly to methods of volition, persuasion and incentive—then we shall continue to surpass the rest of the world in our accomplishments, and the world will eventually comprehend the reasons for our success. It will then also emulate our system of political and economic organization just as it is now emulating our technology, solely because of its demonstrated worth.

If, on the other hand, we conclude that men as individuals cannot voluntarily measure up to the requirements of a free society—if we decide that government must dictate their actions and exact their compliance; if we think that compulsions rather than incentives will gain from men their best performance; if we prefer fear to profit as a driving force; if we believe that man dressed in the garb of government is inherently superior, either in ability or in integrity, to man bearing the insignia of industry; if we view the individual as primarily a servant of the State and a ward of the State—then we ourselves are already in the camp of the enemy. And we are foolish indeed to commit ourselves to great expenditures of life and of treasure in the name of principles which we ourselves repudiate.

A collective economy inevitably debases citizenship. It denies the exercise of individual judgment. Servility replaces initiative. Independence resigns to blind obedience. Self-sufficiency surrenders to dependence. Enterprise fades to indifference. The disciplines in such a society are imposed from without by regimentation, the blight of men's souls.

Free enterprise, on the contrary, places a premium on individual effort. It stimulates resourcefulness, ingenuity, enterprise, initiative. It opens the door to opportunity. It places no limits on accomplishment. It is not based on compulsion and coercion. It is based on self-discipline, which is the only truly effective discipline.

The abundant life cannot be legislated by any government, nor can it be conjured up by any political or pseudo-economic formula. It must be approached through constructive, effective, noble living, widely practiced by the whole citizenry.



A Reviewer's Notebook

By JOHN CHAMBERLAIN

Harold L. Ickes, as Mr. Roosevelt's wrathful, self-righteous Secretary of the Interior, believed he had a mission, and that was to give history a nudge every half hour on the dot. He also believed in recording every little thing about his nudges, whether they were important or not. Between the mission and the recording of such, a fascinating chronicle has resulted. Called *The Secret Diary of Harold L. Ickes*, it has now reached the publication stage of *Volume III: The Lowering Clouds: 1939-1941* (695 pp., New York: Simon and Schuster, \$6).

The fascination of this chronicle, however, is not what Ickes might have supposed it would be. Ickes very probably dictated his diary entries with the idea that they would some day constitute the vivid raw material for a history that would tell the exact truth about the New Deal. But the entries, now that fifteen years have passed, stand cruelly exposed by the irony of events.

The fascination of this volume is to see the "liberal" made to seem almost incredibly naive. Few of Mr. Ickes' chosen means turned out to be appropriate to his hoped-for ends; as someone has said, man proposes but God disposes. The joke on Ickes is that the idea of nudging history should have been invoked by a man who had no appreciation of the irony of history. Ickes had never pondered Bobbie Burns' "The best-laid plans of mice and men gang aft agley"; if he had, he would either have desisted from his diurnal attempts to kick history along, or he would have been more humble in his diary entries about playing the role of New Deal *deus ex machina*.

It is not that Ickes was particularly arrogant. Reading his diary, it suddenly struck me that he was a Ring Lardner character in reverse.

I recall a Ring Lardner story about an ancient gaffer who could think of only one commendation worth setting down when speaking of an acquaintance. This gaffer would describe Mr. Smith, or Mr. Jones, as being "forty years old, a good horse-shoe pitcher, *and a Rotarian.*" (Italics mine) Mr. Ickes' chant, which makes him seem like the mirror image of the Lardner gaffer, was this: "Robert M. Hutchins is well located geographically, is forceful, *and a liberal.*" Where it was inconceivable to the Lardner character that there could be good, bad and indifferent Rotarians, it was equally inconceivable to Harold Ickes that there could be good, bad and indifferent liberals.

Well, well, what Ickes didn't know. At the very time he was proposing to Mr. Roosevelt that Bob Hutchins would make a good vice-presidential candidate on the Third Term ticket for 1940, Mr. Hutchins was busy attacking Franklin Roosevelt's habit of double-talking on the subject of war and peace. Hutchins didn't want to be known as an "America Firster," for he held that such a phrase implied a selfish estimate of the rest of humanity, but he was, in those days, something of an isolationist. Ickes, of course, was interventionist from the word "go." But Hutchins had been described to him as "liberal," and that was enough to evoke the virtually automatic commendation that followed whenever the word "liberal" registered on Harold the Ick's brain.

The liberals crowd the entry pages of the Ickes diary. Ickes sets down the comings and goings of Frank Murphy, Tommy the Cork, Ben Cohen, Archibald MacLeish and a host of others, until we are left with no illusions about the wheels within wheels that constitute a

modern Administration. The pages crackle with sour remarks about the nefarious doings of reactionaries and conservatives. But the "liberals" are permitted to get away with murder.

For example, Ickes notes (page 321) that "Senator Guffey called me on Friday. He had sent a man out to photograph the tombstones of Willkie's grandfather and grandmother. The spelling on these stones is 'Wilcke.'" This ghoulishness on the part of Guffey elicits no accompanying comment from Ickes. But if a Republican had gone snooping about a graveyard to see if Roosevelt had ever been spelled "Rosenfeld," can you imagine what Ickes would have said?

Ickes hated dictators. But as Secretary of the Interior he was a power collector. He wanted virtually everything to be brought under his own domain. It pained him that TVA should be autonomous, and it was a standing source of annoyance that Henry Wallace had jurisdiction over Forestry and Rural Electrification. When Lilienthal opposed him on TVA, Ickes wrote: "Lilienthal is the type that wants his own little stick of candy to suck in the corner without anyone's being allowed to go anywhere near him. His concern is in his own stick of candy."

The reader in search of irony might rise to remark that this description of Lilienthal could be applied with equal force to Mr. Ickes himself. Only in Ickes' case it would be a "big stick of candy," not a little one.

The Lowering Clouds, like the earlier books in the Ickes series, will be of inestimable value to historians of the New Deal epoch. But it will not do much for Mr. Ickes' reputation as a human being. The man had courage, he could speak bluntly, and he was loyal to his

chief. But he was a "progressive" only in the narrow sense of the word, thinking that government is the source of all that is good. The free play of human energy was anathema to him. He "loved" mankind, but woe to individual men who disagreed with him on fundamental philosophy! If they weren't "Fascists," they were probably even worse.

Where contact with human frailty—or with what he regarded as frailty—soured Harold Ickes, it has had no such effect on John Kenneth Galbraith, another of the New Deal's faithful servitors. Always the soul of geniality, Mr. Galbraith is at his most pleasant in a little book called *Economics and the Art of Controversy* (111 pp., New Brunswick, N.J.: Rutgers University Press, \$2.50).

Mr. Galbraith's thesis is that most of the current-day battles over economic issues do not amount to much. According to Galbraith, all the issues that still provoke us to polemics have really been settled. Collective bargaining is here to stay; capital has digested the idea of the labor union; support prices for agriculture have almost universal acceptance; economic "automaticity" has been rejected by both Republicans and Democrats; the balanced budget is no longer a fetish, and so on. It looks like a cosy little world as Ken Galbraith writes about it in prose that twinkles with good-humored digs at those who still continue to shout about such things as statism or the menace of socialized medicine.

There is no doubt whatsoever that Mr. Galbraith is right when he implies that a new economic orthodoxy has taken hold of practically everyone who makes our laws. Between the "interventionism" of Republicans and Democrats there is little to choose except in regard to matters of timing and pace. But if Mr. Galbraith is merely being a realist when he says the New Deal approach to economics is here to stay for a while, he tends to be an utter romantic when he assumes that the interventionism of the past two decades has accomplished wonders. Mr.

Galbraith may be a good technical economist, but surely he overlooks something when he argues that it was State action that killed the depression of the early thirties.

On the contrary, what Franklin D. Roosevelt succeeded in doing was to institutionalize the depression. The New Deal raised prices by making the dollar less valuable; it caused a lot of commotion by its NRA; it saw to it that farmers got more income by making it more costly for everybody else to eat. But it did not wipe out unemployment, which was still very much with us when the war broke out. The difference between 1932 and 1939 was that the dole, under a nicer name, had been made a permanent feature of our political landscape.

The point that will some day be argued, when economics once more catches up with the art of controversy, is that the American system has come back in spite of everything the politicians have done to weaken it during the period of the New and Fair Deals. While the Roosevelt government was busy moving in circles, American technology marched on. The factory of 1955 bears almost no relation to the factory of 1933. As labor grew less efficient, or less willing to do a day's work, the machine tools made incredible strides. A V-8 cylinder block for a Ford or a Pontiac is now machined by an automatic hook-up of tools that is as long as a football field, with no human hand touching a thing except to change a drill here and there as cutting edges wear out. The efficiency of the American factory is such that it has enabled the economic system to digest the inflation, the featherbedding and everything else the politicians have done throughout twenty years of futility on the Potomac.

What the New Deal did was to make the United States a high-cost nation. We pay for everything the government does either in taxes or monetary inflation, and both the taxes and the inflation have been loaded into price. But as the money supply has been increased, prices have been kept within the reach of our pocketbooks by the singular blessings of technological ingenuity.

The marvelous shortcuts of the age of electronics have enabled the builders, the makers and the doers to absorb the mistakes of the politicians.

Mr. Galbraith is a first-rate economist of the new persuasion that likes to deal with global concepts. But I wish he would forget Washington and the gross national product for the next couple of years and go out and look at industrial processes. Since he is a reasonable man, I am certain he would come back with a new respect for the technological shortcutters who have enabled us to survive two decades of inflationary politics.

The trouble with curmudgeonly pragmatists like Harold Ickes and genial pragmatists like Ken Galbraith is that they unite in believing that positive, or man-made, law can override natural law. The medievals knew different, as Ewart Lewis shows in the two volumes of *Medieval Political Ideas* (661 pp., New York: Alfred A. Knopf, \$12.50). The medievals tried all the tricks that have become standard in the modern interventionist State: they sought to fix "just" prices, they tried to bind everyone into a society that would take care of people automatically from cradle to grave. But their idea of the natural law that underlies good positive law enabled the peoples of the West to burst out of the medieval cocoon; when they realized that the "just" price was a delusion, the world of plenty became a possibility.

Modern science grew up by following a star, and that star was the idea that there was one best way to accomplish anything, or to understand anything. In economic science, the star was the idea that certain clearly definable practices tend to release human energy. But with the rebirth of interventionist economics, men have gone back to the older, the medieval, idea that people will work and invent no matter what is done to them by the State. Lacking the belief in natural law that sustained the earlier medievals, how are the modern medievals ever to escape from the new treadmill that people like Galbraith tend to dignify as the earthly paradise?

How Europe's Freedom Was Lost

Freedom and Compulsion, A Survey of European History between 1789 and 1939, by M. C. Morgan. 344 pp. New York: St. Martin's Press. \$3.50

It is one of the great paradoxes of history that the movement to liberate man which began with the French Revolution should have ended in the most extensive suppression of human liberty which Continental Europe has ever suffered, a suppression so complete that the lost freedom could not be recovered without aid from outside. Mr. Morgan's book tells the story of how freedom was destroyed in Europe. Since today freedom is being threatened all over the world in a similar manner, his narrative has universal significance.

The French Revolution, like our own, was inspired by two ideas: a passionate desire for freedom and an unshakable trust in human rationality. Unfortunately, conflicts between these two are frequent and men are always inclined to sacrifice the one to the claims of the other, although neither of them can survive alone. As freedom cannot prosper if rationality is abandoned, so rationality cannot be maintained if freedom is lost. But the task of constructing a system of checks and balances which will preserve both is not an easy one. The French were spared the necessity of trying to undertake it by the ingenious sophistry of Rousseau who persuaded them that true freedom consisted, not in being allowed to do what one wanted, but in submission to a mystical General Will. Out of Rousseau's irrational doctrine grew European nationalism, which sacrificed man's freedom to the mystical idea of the nation; out of nationalism grew Hegelianism, which sacrificed it to the claims of the State; out of Hegelianism grew Marxism, which sacrificed it to the exigencies of class warfare. Napoleon, on the other hand, who was concerned with rationality rather than with the

General Will, regarded liberty as a disturbing factor that prevented the efficiency of the State, an attitude which the planners of today have made popular even in our own country.

It was the great misfortune of Continental Europe that the men who tried to restore peace and stability after Napoleon's fall and who recognized the dangers of mystical and irrational nationalism attempted to counteract it, not by a return to rationality but by matching it with an equally mystical and irrational idea of legitimacy. In the tug of war that followed, nationalism won out and presented our age with Hitler and Mussolini as embodiments of the nations' General Will.

Mr. Morgan's book traces the stages of this process with admirable conciseness; if it has a weakness it is the failure to draw attention to the basic kinship of communism with fascism. Indeed, when he speaks of the break between Stalin and Tito, he permits himself the hope that a balance could be struck between freedom and compulsion in a communist as well as in a capitalist society. Yet all the facts he presents—and Mr. Morgan manages to cram more facts into three hundred pages than the average author can get into a thousand—contradict this hope.

Mr. Morgan regards liberty as the great force which makes for stability, order and efficiency. He finds confirmation of this view in the development of the countries of the British Commonwealth, particularly of Canada, where freedom has created order and strength. Hence he is deeply concerned over the fact that today not enough people are being educated for a life of liberty. As he sees it, Western ideas and Western industrial techniques have permeated the whole world, but present-day educational systems tend to develop man as a technician and to atrophy him as a person.

However, civilization is maintained not by techniques but by wisdom; and wisdom is the fruit of the balanced growth of the individuality, which it should be the aim of education to secure.

HUBERT MARTIN

Passage to India

An American in India, by Saunders Redding. 277 pp. New York: The Bobbs-Merrill Company. \$3.50

The one-man safari got off to a bad start. The State Department, after hinting at a foreign assignment, kept the author dangling months before telling him he was to go to India "to help interpret American life to the people of India." The FBI checked on him so diligently that his questioned friends wondered if he had been dabbling in crime. He was curious as to why he, an American Negro, a college professor, had been picked for the job—curious and a little suspicious.

He set out unimpressed by his appointment and without enthusiasm. At the Geneva airport he was irked by the behavior of a group of rowdy Americans. In Bombay, days behind schedule, he found that "Police and customs officials seemed intent on blocking me," as if that weren't standard practice in most ports of the world. "They spoke English with an Oxford accent," he tells us, "and it was easy to guess who had trained them."

But then the clouds lift, and Saunders Redding follows through with close to three hundred pages of the most informative, entertaining and altogether delectable writing that has been done on India in 10, these many years.

He made the circuit from Bombay on the west coast to Trivandrum and up the east coast to Calcutta. He visited Poona, Hyderabad, Mysore, Benares, Aligarh, dozens of university centers and numerous villages. He talked to professional intellectuals, to writers and journalists, to municipal officeholders and chiefs of states. He got an eyeful and an earful, not to say a noseful—"the factory chawls of Bombay, the clustered

mud huts of the leather workers, the choking, filth-packed alleyways where uncommitted lepers, whose rotting flesh . . . assailed the nostrils at thirty yards, took refuge.”

Undoubtedly, Mr. Redding got closer to the Indians than a white man could have. He was repeatedly told that his color “makes you one of us.” But they—the most color-conscious people on earth, he tells us—couldn’t understand his defense of the United States “with its lynchings and race prejudice.”

Communism is stronger in India, he thinks, than Americans realize: Everywhere he encountered the usual communist frothings that America is a nation of money-grubbers without culture, their very material progress a sign of moral rottenness; that we conducted germ warfare in Korea, and why couldn’t we agree to Russia’s reasonable peace proposals? Why our antagonism to the Chinese People’s government; why the persecution of Howard Fast, Paul Robeson and others?

Mr. Redding concludes that the Point Four program hasn’t accomplished a great deal. Indians look on American aid, whatever its form, as a bribe. The Fulbright program is good, but there are twenty-five Indian students in America to one American student in India; it would be better if the figures were reversed.

Those are only a few of the many interesting points raised in this highly interesting book concerning a vast and mysterious land.

C. O. STEELE

Communist Strategy

The Techniques of Communism,
by Louis F. Budenz. 342 pp.
Chicago: Henry Regnery Company. \$5.00

A little knowledge can be a dangerous thing, especially when you’re trying to fight communism. Professor Budenz’ latest book offers the anti-Communist a compact load of ammunition. The author doesn’t promise to show in three easy lessons how to understand the complexities of Communist strategy and tactics. “The task,” he warns in his introduction, “demands the same careful reading, examination and analysis as does any course in

economics, sociology or any of the physical sciences.”

His first chapter lays the foundation for the accomplishment of this task with a concise treatment of the philosophical underpinnings of Soviet communism. Through the words of Marx, Stalin and Malenkov, the author makes it clear that today’s communism is a logical extension, and not a perversion, of Marxism-Leninism. The underlying goal, which he notes has not changed one whit under Malenkov, is world revolution.

Professor Budenz’ discussion of strategy and tactics is particularly useful. He points out the Communists’ amazing faculty for thinking one thing and saying another. This made it easy for Moscow to talk peace and coexistence while preparing a war in Korea, directing another one in Indo-China and master-minding a third rebellion in Malaya.

After giving an illuminating insight into Communist phraseology, which can serve as a key to reading between the lines of the Red press, the author shows how the Kremlin relies upon fellow-travelers and duped liberals to push its line. Recognizing the obstacles to the establishment of a Soviet America in the near future, the Communists bend their efforts toward staying our hand from firm action on the international scene. At home, they seek to befog public opinion in order to prevent the flushing out of subversives from positions in which they continue to damage our Republic.

Unfortunately, Professor Budenz does not really come to grips with the problem of those anti-Communists, however well-meaning, who by their excesses lend substance to the usually flimsy charges of the befoggers. The primary danger here is not one of slipping into totalitarianism ourselves, as some of the anti-anti-Communists would have us believe. It is rather one of distracting the public from the central problem of defeating communism wherever it threatens us, and focusing attention instead on unimportant squabbles between personalities.

The author’s assertion that, to his knowledge, 95 per cent of the members of Communist fronts are members of the Communist Party con-

tradicts his earlier statement that Red fronts are designed to win the support of varying groups of unthinking people and then are often dissolved when their pro-Communist character becomes so apparent that they cannot carry considerable numbers along with them. This inconsistency needlessly exposes the book to a barrage from the anti-anti-Communist confusionists.

In spite of these shortcomings, *The Techniques of Communism* is a valuable primer for anti-Communists. Readers would do well to ponder Professor Budenz’ warning that “Every move within this country against the Soviet fifth column which is not firm as well as intelligently aware of this Red determination to conquer all, will. . . . turn out to be worse than useless.”

ROBERT DONLEVIN

Constitutional Fallacy?

The American Political Tradition,
by Richard Hofstadter. 401 pp.
New York: Vintage Books. \$95

Richard Hofstadter is guilty of T. S. Eliot’s “greatest treason”: he has done “the right deed for the wrong reason.” In his essays on the men who helped to shape or perpetuate the American political tradition, he debunks some of the myths which have been built around prominent figures in American history. Although a little iconoclasm is both healthy and necessary, the author, having exposed the foibles and failings of the men around whom legend has been created, is nevertheless irritated that these men were not as history has depicted them, or even more, the heroes whom the political name-droppers of our era invoke in the support of some dubious cause. His chief objection to many of the subjects he has chosen is that they were, after all, ordinary human beings subject to intellectual limitations, personal ambitions, political and economic pressures, and were not messianic reformers who could have used their positions of influence to bring about revolutionary changes for the greater good of the collectivity.

The first chapter concludes with what is possibly the most startling statement in contemporary historical writing:

But no man who is as well abreast of modern science as the [founding] Fathers were of eighteenth-century science believes any longer in unchanging human nature. Modern humanistic thinkers who seek for a means by which society may transcend eternal conflict and rigid adherence to property rights as its intergrating principles can expect no answer in the philosophy of balanced government as it was set down by the Constitution-makers of 1787.

In succeeding chapters, the author is not quite as articulate about his major premise, yet it haunts the greater part of the book. The reader learns that Jefferson was more aristocrat than democrat; that Jackson was responsible more for invigorating laissez-faire than for liberalizing political institutions; that Calhoun was more willing to collaborate with Northern capital than is generally depicted; and that Lincoln was more the ambitious opportunist than the crusader against slavery.

Some of the portraits are true, some are half-true, and others are completely out of focus. The treatment of Lincoln is shabby; by contrast, Hoover and Calhoun are treated with more understanding, if not approval, than they usually receive. The only person who merits some of Hofstadter's admiration is Wendell Phillips, a minor figure in the gallery of greats, who was a single-minded abolitionist ready to tear apart the constitutional framework to achieve his objective. All of the others earn a measure of contempt because they were not mid-twentieth-century progressive economic thinkers or modern social builders.

In his backhanded way, the author unconsciously reveals a true American tradition: that men who have achieved high office have realized, in varying degrees, the responsibility for bringing about a concert of interests in the nation and have had to modify some rigid preconceived notions of policy. It is precisely because so much of human nature is *unchanging* that the restraints embedded in our Constitution have proved their value. The Constitution-makers were not obsessed, as Hofstadter implies, by the terror of an animal mass; but they were men who drew upon their own colonial experience with the separation of powers and adapted it to a new

situation. Since most of the material on this phase sounds like the early writings of Charles Beard warmed over, it is obvious that the author needs to learn much more about constitution making, and even more about tradition.

RAYMOND L. CAROL

Saying What You Mean

Plain Words, Their ABC, by Sir Ernest Gowers. 307 pp. New York: Alfred A. Knopf. \$2.50

So you think you can write! Sir Ernest Gowers, a 75-year-old Briton, will probably convince you somewhere along his 295 precise pages that you cannot—at least, not very well.

He addresses himself to you, the businessman, the civil servant, the journalist and advertiser. If you are none of these, but simply a man who indulges in occasional letter-writing, you will still find the book amusing and informative. It will shake you to the bottom of your scribbler's soul.

Sir Ernest gives you a set of rules. Be short, he says, be simple and human. He adds, be correct in your vocabulary and grammar. He then develops this nugget of maxims into chapters which suggest the following precautions: avoid the superfluous word; choose the familiar word; choose the precise word; handle your words with scrupulous correctness; don't sling commas around to clear up sentences where the syntax is essentially confused.

You might feel like stopping here. You might say, "Of course. What a bunch of truisms. I don't need the book." I thought so, too. Yet when I reached the fourth chapter, dealing with corrections in vocabulary, I found that I fell into nine of twenty-two common errors. Every time I have fallen into one of these errors, I have left the reader confused. I have muddied the meaning and made things unnecessarily difficult for him. Purposeless obfuscation (there's one!) is not good writing. As Sir Ernest says, it is inefficient, wasting the reader's time. He defines good writing as getting an idea from one mind into another. This is not easy.

Take the choice of words. When

you "decimate", what do you mean? Has the decimated population been reduced to one-tenth or *by* one-tenth? Are you using the word in its proper sense (*by* one-tenth)? Or are you befogging the explicitness of the English language?

Can you handle the words that you choose? How about the ubiquitous *if*? Example: "Please inform me if there is any change in your circumstances." Gowers comments, "Does this mean, 'Please inform me now whether there is any change' or 'if any change should occur please inform me then?'" The reader cannot tell. If *whether* and *if* become interchangeable, unintentional offense may be given by the lover who sings:

What do I care
If you are there.

Sir Ernest has primary concern for his old profession—the Civil Service. He argues that muggy writing can make a mockery of an honorable career. When a bureaucrat writes, "Prices are basis prices per ton for the representative-basis-pricing specification and size and quantity," what can the reader do? He must laugh or curse.

This example happens to have been culled from American officialese. Sir Ernest's book should be sent as a Christmas gift to our friends in government. Whether it will do our friends any good is problematical. Rudolf Flesch, author of *The Art of Plain Talk*, has been honored by the Air Force in that a manual has been based on his book. The manual is not read. It is considered an impudence. Using plain language, the homey "I understand" instead of "It is considered as a tenable actualization of component thoughts on said subject [sic]," would make a colonel feel as naked as an unfeathered eagle. Sir Ernest points out that there is a certain amount of protection for an official in ambiguous writing. If he couches his thoughts in obscurity, he is in a happy position to dodge the responsibility for what he said. Similarly, if he receives an order written in gibberish, he does not have to answer for what he did.

Maybe the solution lies in not becoming a bureaucrat to begin with.

PETER CRUMPET

Well Worth Reading

Give Me Liberty, by Rose Wilder Lane. 55 pp. Caldwell, Idaho: The Caxton Printers, Ltd. \$1.00

This is a revised and enlarged 1954 edition of the book published in 1936. Mrs. Lane gives the personal story of how she turned from communism to become a staunch advocate of individualism. Her experience in bureaucratic European countries taught her that personal freedom is the only true path to human progress. Here is clear thinking and fine writing on the role of freedom in America's advancement.

Communist Manifesto, by Karl Marx. 4 pp. Printed in the public interest by the Warner Electric Brake and Clutch Company, Beloit, Wisconsin. Free

"In 1848 Karl Marx, in the *Communist Manifesto*, outlined the steps necessary for a socialized state. The counterparts of many of his doctrines have been proposed or enacted into law in this country." After this introductory statement, the ten points of the Manifesto are quoted in full— followed by a statement that summarizes, "from present U. S. programs," pertinent material to indicate what is being done in this country to implement, whether consciously or otherwise, each point.

The American Economic System, by Edwin Vennard and Robb M. Winsborough. 96 pp. Evanston, Ill.: Row, Peterson and Co. Available from the Foundation for Economic Education, Irvington-on-Hudson, N. Y. \$1.00

Why do we own three fourths of the world's automobiles? With only one fifteenth of the world's people, why do we own one half of all the telephones and radios, and drink one half of all the coffee?

There's a reason for this, all right. It is the simple reason of a free market economy. That's the only reason we have better medical care and recreational facilities, as well as better education, better housing, better clothing, than any other major group of people in the world. It is the consequence of individual

freedom of choice and personal responsibility for one's own decisions and welfare.

Facts and ideas like these—especially the eye-opening story of the division of industrial income among owners and employees in the United States—are clearly and interestingly explained with words, charts and tables in *The American Economic System*. This book, with its review questions after each chapter, is an excellent text or supplement for adult education classes, discussion groups, high school and college classes in social studies or economics, and similar uses.

In Periodicals

"The Great European Experimental Laboratory," by Willard F. Rockwell. **The Flow Line**, Rockwell Manufacturing Co., 400 N. Lexington Ave., Pittsburgh 8, Pa., September-October 1954. Single copy free

Mr. Rockwell's official and personal study of economic and political experiments in western Europe and the United Kingdom reveals the opportunity for tremendous savings in our own country if we could learn from their mistakes. In that case, we might not authorize our government to support the domestic price of an item such as linseed oil, accumulating a surplus to be dumped abroad at a low price, thus giving foreign paint manufacturers a decided advantage over our own heavily taxed industry.

We might learn from French experience that a country will be flooded with wine if wine producers are subsidized enough, and will be destitute for housing if rent controls are stringent enough. From West Germany and Holland, we might learn that the best a government can do for its seemingly helpless and prostrate people is to free them from excessive taxation and give private enterprise an opportunity to function. From Austria, we might learn how to stop inflation by balancing the governmental budget. Even from the Soviet Union, we might learn that a man will produce

more from the acre of land which is his own than from the acres which are owned and controlled by the government. We could learn that the greatest benefit to the workman flows from investment in tools for his use, and that investment is most encouraged by increased returns on investments.

Mr. Rockwell concludes that "the combined wisdom of a few government bureaucrats has never proved to be equal to the common sense of the many people who manage farms, ranches and factories."

"Can Our Republic Still Be Revived?" by Rev. Walter M. Haushalter. **National Republic**, 511 Eleventh St., N.W., Washington 4, D. C. Reprints available; single copy \$.25, 100 copies \$6.50

In this scholarly article, Rev. Haushalter sees a return to the republican form of government as our only salvation from dictatorship, and a resurgence of religion as our only means of effecting this. The Founding Fathers of our Republic learned from history the dangers of an omnipotent State, he points out. Today we have discarded their wisdom and experience and have adopted an entirely new form of government, beginning with the Welfare State and on its way to absolutism unless the trend is reversed.

"Federal Regulation vs. Competitive Enterprise in Natural Gas Production," **Monthly Letter on Business and Economic Conditions**, National City Bank, 55 Wall St., New York 15, N. Y., December 1954. Single copy free

A recent Supreme Court decision held that the Federal Power Commission could regulate the independent producers who sell natural gas to interstate pipelines, as well as the pipeline companies themselves. This raises serious questions as to how the government will proceed with its regulatory powers, and how that will affect the production of gas, the search for additional supplies, the availability to distant customers as compared with those nearby, and other economic problems. More basic, however, is the question of why the government should have the power to control prices and production and consumption in such a highly competitive industry.

Put this
Question
before
Congress
NOW!



Why Don't You Defeat Communism with Sound Money

by returning to the
GOLD COIN STANDARD?

"The surest way to overturn an existing social order is to debauch the currency." These portentous words, credited to Lenin, point the way to defeat Communism, at home and abroad. Make monetary strength the weapon—and sound money the ammunition.

The only sound money system that has ever been successful is the Gold Coin Standard.* It stabilizes the value of money—prevents issuance of fiat currency . . . gives the individual close control over government policy since he can redeem his currency for gold coin whenever such policy is inimical to preservation of individual rights and liberty.

This sovereignty of the citizen over government is the great difference between dictator-

Excerpt from Republican
"Monetary Policy" Plank



The right to redeem currency for gold will help keep America free . . . ask your Senators and Congressman to work and vote to restore the Gold Coin Standard. Write to The Gold Standard League, Latrobe, Pa., for further information. The League is an association of patriotic citizens joined in the common cause of restoring a sound monetary system.

ship and democracy. We must be proud of it . . . display it fearlessly to the world . . . make it the principle that will persist for free men . . . and keep them free!

For twenty years the recently deposed federal administration pooch-pooched this principle. Our citizens suffered—became more and more the economic slaves of government. The value of their earnings and savings shrank—up to 60%.

Fortunately, technological advancements, such as Kennametal, increased industrial productivity during this period—and helped partially to offset the evil effects of irredeemable currency

The President, important Cabinet members, Senators, and Congressmen are aware of the inherent relationship between the Gold Coin Standard and individual freedom. Why, then, should legislative action on it be delayed?

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We must resume without devaluation or delay.

One of a series of advertisements published in the public interest by

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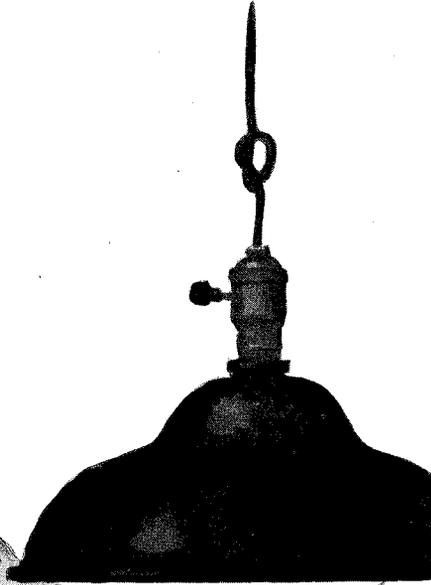
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