

ESSAYS
ON
LIBERTY

VOLUME VIII



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EDITOR'S NOTE

The study of freedom and presentation of the findings in a manner helpful to anyone who is interested is the objective of the staff and the friends of the Foundation for Economic Education. The studies are distributed, as completed, in the form of separate releases and as articles in *The Freeman*, a monthly study journal.

This is the eighth volume of *Essays on Liberty*, all of the selections in it having previously appeared in *The Freeman*, or in Leonard E. Read's *Notes from FEE*, between July 1960 and June 1961. The first seven volumes of *Essays on Liberty*, covering earlier Foundation releases, are still available.

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Freedom of Choice by Arthur Kemp

Equality Versus Liberty: The Eternal Conflict

by R. Carter Pittman

Soviet Economists Part Company with Marx

by Trygve J. B. Hoff

It Isn't Insurance by Morley Cassidy

Gifts from the Maharajah

from *The Wall Street Journal*

What Rent Control Does by Henry Hazlitt

A Tale of Two Railroads by Howard Stephenson

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THE COMING RENAISSANCE

by Leonard E. Read



A RENAISSANCE suggests something that once existed, was lost, and is being born again. The thing I have in mind is freedom. We once had it in good measure but have lost it to slavery. Yes, to slavery! Slavery in 1961 America? Seems incredible, but it is so! Our drift into slavery has been so gradual that it is almost impossible to discern short of rigorous analysis:

Whoever controls a good or a service is the owner of that good or service. Ownership, in any genuine sense, is an empty term without control.

In Russia, for example, where the political apparatus controls all goods and services, the individual does not own the products of his labor. Indeed, state socialism, whether Russian or any other brand, has as one of its cardinal tenets the rejection of private property and of personal ownership.

Further, whoever controls an individual's actions can be described as the owner of that individual. To the extent that a person is under the arbitrary control of

Mr. Read is Founder and President of the Foundation for Economic Education.

another or others, to that extent is the person a slave.¹

Slavery—man-control of man—has its roots in antiquity. “Its validity as a system of labor was never seriously questioned. No attempt to abolish it was made by any ancient government. Nor did any ancient religious body, even Christianity, challenge the right of its believers to own slaves. Greek political philosophy discussed the institution of slavery, but only as to whether it was a condition grounded in natural law or made by man. . . . To the ancient mind slavery was a fixed and accepted element of life, and no moral problem was involved.”²

Slavery, as a system of labor, persisted through the medieval period, extending itself into modern times. The framers of the American government—a political arrangement more consistent with freedom than any other ever devised—ignored their own revolutionary idea that men derive their right to life from their Creator, when, in the Constitution, they failed to challenge the institution of slavery.

More can be said about man’s illiberality: The institution of slavery has never been downed, even in the

¹“What is essential to the idea of a slave? We primarily think of him as one who is owned by another . . . That which fundamentally distinguishes the slave is that he labours under coercion to satisfy another’s desires . . . What . . . leads us to qualify our conception of the slavery as more or less severe? Evidently the greater or smaller extent to which effort is compulsorily expended for the benefit of another instead of for self-benefit.” From “The Coming Slavery,” a chapter in Herbert Spencer’s *The Man Versus the State*. This book (213 pp.) belongs in every libertarian thinker’s library—\$3.50 cloth.

²See *Encyclopaedia of the Social Sciences*. New York: The Macmillan Company, 1937. Vol. XIV. p. 74.

U.S.A.! Most Americans harbor the false notion that *we* did away with slavery when we "freed the slaves," that is, when we illegalized the holding of Negroes as chattels, as if that act—proper and long overdue—rooted out the evil. *It left the real problem untouched.*

The Urge To Coerce

The institution of slavery is only incidentally a color problem; definitively, it is the practice of the coercive inclinations of man to rule his fellow men. It is the tendency in many of us to play God, to lord it over others, to force compliance to our own wills. It is an inherited trace of barbarism, stubbornly unyielding to the whispers of civilization.

This tendency to man-mastery, to rule, to "ride herd" over the actions of others, is strong and overpowering in a few of us and hangs on to some extent in most of us. Yet, this vestige of uncivilized man is relatively harmless so long as individuals with these despotic inclinations cannot compel others to join them in their designs. As much as we may deplore robbery as a labor-saving device, the common thief, acting singly, may get away with only a job or two before being apprehended. Most of us escape his control, which is to say, we are not enslaved by him; we get off scot-free when thieves are left to their own resources.

But when an adult, failing to rid himself of the "cops and robbers" attitude of childhood, obtains the backing of the State in order to control the life and life sub-

stance of others—either to feather his own nest or to gratify his compassionate instincts—then every person in the nation suffers as a consequence. His more or less harmless individual barbarity will turn to effective collective despotism.

To illustrate: If a person wanted the rest of us to help pay for his power and light, but had no means of compulsion at his disposal, quite likely his wish would go ungratified. But give him and a few of his like-minded friends the police power of government, the power to force a nation of people to do their bidding, and we get ourselves a TVA. Remove this compulsive force, and TVA, as a formal, legal agency to subsidize some at the expense of all, would automatically terminate.

The compulsion observed in TVA is no isolated instance. Rather, the same compulsive principle that makes TVA a reality is part and parcel of national polity. Compulsive political management, not competitive private enterprise, is now the way to characterize the American economic system. We must not lose sight of the fact that our present system is founded on compulsion, and that this compulsive power has been captured by those whose object is to make everyone else behave *their* way. This is slavery pure and simple—if slavery be defined as the coercive imposition of someone's will upon others as relating to productive and creative actions.

Once this compulsive power is used by those in government beyond the inhibitive, restrictive, punitive functions; once it is permitted to spill over into a control of creative actions, then this "spillage" will be put on

sale in the political market. Businessmen will vie for it to minimize competition; farmers will seize upon it as a means of gaining wealth without producing; labor unions will obtain a large share of it to enforce unwilling exchange. This "spillage" is now employed throughout the whole economy; it is the system! Frederic Bastiat referred to this as "spoliation."³

Compulsory Unionism

Labor unions, for instance, would be socially as harmless as a chamber of commerce or the Ladies Aid Society if denied compulsory membership. But admit compulsion and the dictatorial aims of a few are changed from relative impotence to raw, uncontrollable, devastating power. Be it remembered that a few, aided by tens of thousands coerced into membership, were able to bring the giant steel industry to a 116-day standstill, with world-wide economic repercussions.

This same compulsive power—political "spillage"—permitted some tugboat workmen to halt all the railroads serving the world's largest commercial city. A few weeks later, this power, the barbaric force that underlies the institution of slavery, was employed by several political "engineers" to idle half the world's aircraft, on which national and international commerce has become dependent.

³ See *The Law* by Bastiat, a little book (76 pp.) that bears reading and rereading. Irvington-on-Hudson, N. Y.: Foundation for Economic Education. \$1.00 paper, \$1.50 cloth.

To the extent that this compulsive force controls the productive and creative actions of a person, to that extent is the person enslaved. Further, to the extent that this force exerts itself over the productivity and creativity of the American community, to that extent does the institution of slavery exist in this land. Nor does it matter whether the force is exerted directly by government or indirectly by labor unions, businessmen, farmers, or others as they enforce strikes, protectionism, subsidies.

Let this compulsive force get out of hand—as is now the case—and it becomes nearly impossible to put down. It feeds on itself, every extension calling for “correcting” extensions. Having no more power to limit itself than has a runaway truck, it must, eventually, destroy the society on which it has parasitically fastened itself, for it only saps its victims—never strengthens them. This compulsive force will destroy the society in which it is set loose short of one eventuality: *a. voluntary revolution.*

A Personal Accomplishment

This voluntary revolution can have its locus only in individuals. It is the distinctly personal accomplishment of overcoming any desire to interfere in any way with the creative actions of any other person. It is the complete subordination of the barbaric trait to cast others in one’s own image. It is the realization that others, as well as oneself, are accountable to their Creator, not to any self-appointed human substitute. In short, it is the elimination of the dictator complex from the human

soul.⁴ The voluntary revolution is to forego the childish drive to coerce and to rely instead on voluntary action. The urge to compel is a trace of barbarism; the mastery of the voluntary attitude is a distinguishing mark of civilized man.

Some, while admitting that civilized man is the long-range answer to despotism or slavery, will contend that the civilizing process is too slow to meet the needs of our own rapidly deteriorating situation. This contention is not valid. This voluntary process, being the only means at our disposal, is thus the fastest one there is.

Many of us will concede that we could, if we put our mind to it, attain the voluntary attitude "in no time at all"; that we could divest ourselves of any inclinations to control others; that it would be easy never to sponsor any political control of creative actions; that we could present ourselves as exemplars of this way of life. But a mischievous doubt intrudes itself: "*Granted, I could do this, but to what avail if others cannot or will not make the effort?*"

This doubt is itself but a vestige of the slavery complex—the lack of faith in what others can accomplish as self-controlling individuals—and should be put down. The only positive influence one can have on others in this respect is one's own exemplary behavior: *Any right action radiates an ingathering power; sets enormous forces of emulation in motion.* This influence is possible only as there is a concentration on the perfecting of self

⁴See *On Minding One's Own Business* by William Graham Sumner. A small pamphlet, it is available from FEE for the asking.

which, of course, requires that there not be a concentration on the intellectual and spiritual shortcomings of others. Only where there is insight is there ingathering.

Every forward step in civilization has been brought about by this ingathering influence initiated, in each instance, by an individual. Edmund Burke, the great English statesman, clearly grasped this point, the secret to our own hoped-for renaissance:

How often has public calamity been arrested on the very brink of ruin, by the seasonable energy of a single man? Have we no such man amongst us? I am as sure as I am of my being, that one vigorous mind without office, without situation, without public functions of any kind, (at a time when the want of such a thing is felt, as I am sure it is) I say, one such man, confiding in the aid of God, and full of just reliance in his own fortitude, vigor, enterprise, and perseverance, would first draw to him some few like himself, and then that multitudes, hardly thought to be in existence, would appear and troop about him.⁵

Let each individual do his best to gain and practice this voluntary attitude and, at the same time, have an abiding faith that this is the means to bring about the voluntary revolution; let you and me do this and we can confidently count on the coming renaissance—a rebirth of freedom.

⁵ From his letter to William Elliott, May 1795.

HOW TO WIN A WAR

by Ed Lipscomb



IF ALL THE WORDS which have been written and spoken about the Cold War with Russia could be placed end to end, they probably would match the length of an average satellite's orbit.

Every newspaper you read, every newscast you hear, gives the Cold War day-to-day attention. Authors write books about it; politicians issue statements about it; and men on public platforms bring it into every presentation.

The reason is simple. Here is an international conflict which everyone agrees will determine the nature of civilization and the conditions of human life for generations to come. From the standpoint of the United States, we must either win this war or witness the death of our nation.

I wish I could tell you how we are doing with it. Intelligent appraisal, however, is extremely difficult. Consider the matter of Russia's actual strength. I know, of course, that the Communists have been making imposing claims, but I also know that with Communists it is a matter of fundamental principle to lie. They have

Mr. Lipscomb is Director of Public Relations and Sales Promotion of the National Cotton Council of America.

emphasized in their party literature since the days of Karl Marx that "truth" is anything which promotes the cause of communism. Evasion or denial of unwanted facts and the invention of plausible replacements for them are considered to be proof of patriotism rather than of perfidy.

The Soviet Story

I know that the Soviets have launched some satellites, and that strategically their progress here has been impressive; but I also have read that their moon shot was so arranged that no reputable tracking station could confirm or deny they even tried one; and I find that a responsible professional says their moon photographs are entirely a hoax. I know that their missiles are a fearful menace, and am confident they fired a big one into the Pacific, but again their claims of power and accuracy must be accepted or rejected on communist word alone.

Surely they have large jets, since such a plane brought Khrushchev here; yet I understand that no airline in the world has ordered one for its own use, which suggests that a major aviation official was correct when he said that these planes are too inefficient and uneconomical for serious consideration.

They beat their chests and boast that they are going to overtake us in industrial production, with all the military capability this suggests; but even their own figures show that despite claims of mechanization, it still takes one farmer to feed himself and one other man,

whereas an American farmer feeds himself and twenty-two.

It is almost as difficult to feel reasonably intelligent concerning our own military strength. Judged on the basis of speeches by Senators and Congressmen trying to make political capital out of the defense issue—or statements from military officials seeking larger appropriations and greater control—one would have to conclude that we are years behind in missiles, that our strategic air force is archaic, that our warships are sitting ducks, and that in general our position is dangerous and deplorable.

Yet I have heard the Chief of Naval Operations assure a group of officers that we are capable of destroying 70 per cent of the total population of Russia within 24 hours; and I have heard another admiral say that he was criticized by a congressional committee for insisting that we already have all the submarines we could possibly use for the destruction of enemy shipping.

Adding to the difficulty of intelligent appraisal by folks like you and me is the soap opera atmosphere of overdramatization which has become standard procedure with most of our editorial fraternity. The newscaster must get controversy into his program, even to his tone of voice; and daily headlines must stir the emotions whether anything of importance has happened or not.

When I add up the speeches and statements, the reports in print and on the air, a limited amount of actual knowledge, and considerable thought and study, I still must admit my earlier statement that I simply cannot

give you a very intelligent appraisal of our current status in this fateful conflict with communism that means national survival or servitude for us all.

On the Home Front

I can, however, tell you *positively* how we can win it—the *only* way we can win it—and it is not merely by appropriating more billions for defense, or even by insisting that we get as much defense as we already are paying for.

We can win it only by winning a second war—a decisive war—that is going on inside our own boundaries. It is a war between forces which would keep us powerful by maintaining the initiative, the independence, and the self-respect of our individual citizens, and forces which through exaltation of the godhood of the group would assure the economic cataclysm and accompanying ideological collapse on which our foreign enemy depends to leave us and our allies incapable of successful resistance.

Amazingly, we tend to underemphasize the relationship between the intercontinental Cold War and the conflict within our own country. We have become so conscious of comparisons in military strength and international influence that we fail to follow the signs and significance of our victories and defeats on a far more important front. We tend to become so afraid of Moscow that we are not sufficiently afraid of Washington.

This is the war which every major communist leader

has predicted we would lose, and in losing it insure our national destruction. Marx, Lenin, Stalin—even Khrushchev as late as his visit last year—all have declared again and again that *this* would be the pattern of our disappearance as a world power.

We March Toward Insolvency

I said I could not tell you much about how we are doing in the military race with Russia. I find no such problem in connection with the war here at home. *We are losing it.* Let me call your attention to just three areas of evidence.

First is our over-all trend. All of us know that it is definitely and rapidly in the exact direction our communist opponents have so often insisted would bring our total defeat.

The trend, for example, is toward national insolvency. We take counterfeit comfort in the fact that we are staying within a so-called “temporary” debt limit of \$295 billion—a limit that recently was raised three times in one year. There is irony, almost cynicism, however, in the fact that this is merely the acknowledged debt. Our *real* federal debt—in the form of fixed obligations already definitely established—amounts to \$750 billion.

Even if we accept the acknowledged figure, then add the debts of state and local governments, and finally private debts, we come out with a total equivalent to approximately twice the current market value of every single tangible asset in the United States—the land, the

mines, factories, machinery, office buildings, residences, livestock . . . everything.

You would think that such a financial situation—plus the warning inherent in the loss of half the purchasing power of our money—plus the fact that foreign countries are now holding 17 billion liquid dollars, half of them subject to demand in gold—plus the fact that the federal budget contains built-in increases exceeding \$2 billion for the year ahead—would lead to some sort of serious concern for economy.

On the contrary, in the last session of Congress, there were twenty major bills introduced which alone would have added between \$50 and \$60 billion a year to the present total of federal spending.

Our slide toward insolvency is being given further impetus by the flight of some of our industries to foreign lands, and the weakening of others by steep increases in imports from abroad.

You know the story—in sewing machines, in electronic equipment, in office machines. You know that half the barbed wire and half the plywood used by the entire American market now come from overseas. You know that imports of cotton textiles have increased 216 per cent in five years, and that foreign steel is coming into Cleveland at \$55.00 a ton less than the price of steel produced right there in the same city.

You would think that the leadership of American labor would be alarmed. Yet the recent bitter steel strike was settled on the basis of a wage increase which, if applied to all employed persons in the country, would

raise the total cost of domestically produced goods and services more than \$45 billion a year.

The trend also is toward destruction of incentive.

A man of exceptional competence and ability finds that the more hours he works the less he earns per hour of effort, until he reaches the point where he can keep less than one-tenth of each additional dollar.

The investor in corporate equities finds that half his profits are absorbed before he sees them and that a further major portion must be surrendered after that.

The factory worker finds that if he exceeds the approved rate of production, he is disciplined by his union or frowned upon by his fellows, and that his progress depends on the passage of time rather than on his energy, his intelligence, or the merit of his performance.

The man who works intermittently qualifies for public compensation between jobs. If his earnings are small enough, he qualifies for admission into a communal housing unit. If he stops work at 65, regardless of health and ability, he qualifies for Social Security payments.

From the mental anesthesia of the television screen to the use of ever-greater leisure for the modern equivalents of stick-whittling and cracker-barrel-sitting, we see around us a glorification of mediocrity and deification of the unproductive which reflect loss of intellectual ambition, decline of crusading spirit, and decay of personal incentive.

The trend also is toward perpetual programs of private life by public plan.

Again and again we have seen the whole sorry story

of political paternalism paraded before us—the design for the nursemaid state—the plan for government by fairy godmother—the promise of heaven-on-earth through ballots cast on Capitol Hill. We are familiar with the philosophy that the answer to every difficulty is more legislation or larger figures in appropriations bills—that all we need to do is turn over our problems, our pay checks, and our independence to political agents, and everything we should have will be provided.

Under such a philosophy, we have seen federal outlays for civilian programs increase 83 per cent in six years of a so-called *conservative* Administration; and we already have reached the point where 40 million people—who with their families account for roughly half our total population—now receive checks from the national treasury.

The trend, then—the trend toward national insolvency, toward destruction of personal incentive, toward accomplished but unadmitted socialization and regimentation—this is a major reason for serious, even desperate, concern over our home-front war for survival.

A Vested Interest in Conflict

A second reason is one we do not hear much about. It is the extent of our vested interest in a high level of international tension, and in the waste and extravagance that accompany it. The connection between our posture of prosperity and a continuation of Russian sword-rattling is so obvious that I have wondered at times why the

coyotes of the Kremlin do not seriously array themselves in sheep's clothing, agree to drastic disarmament, abandonment of any form of aggression, and establishment of an international atmosphere of peace and serenity. Certainly I can think of no quicker or surer way in which they could throw us into the financial tizzy and tailspin they so greatly desire.

Bulging Bureaucracy

Think about these vested interests for a moment. The most powerful, perhaps, is the interest of our bureaucracy—the hundreds of thousands of officials and clerks required to give away billions of dollars, prepare multitudinous programs, and operate all manner of red tape in the much-maligned name of defense. In a wholly relaxed atmosphere, what would happen to military aid for our allies, the bulging State Department, the Office of Civil Defense, and the most extensive peacetime fighting establishment we have ever sought to maintain? Half the federal budget, more than half our federal employees, and arguments for everything from subsidized bomb shelters to subsidized training for scientists would no longer be justified.

Think of industry—the contracts for airplanes, missile parts, guns, and equipment—the contracts for military construction, housing units, and a multibillion-dollar highway system promoted in the name of defense mobility—the contracts for building ships and submarines, and even for sirens in every city.

Think of labor—the political demands of the unemployed—the quick absorption or bankruptcy of public compensation funds—wage scales no longer buttressed by high-priced military buying.

If the economic impact of peace did not bring promptly the full financial cataclysm Mr. Khrushchev predicts, he would need only to wait a little longer while we adopted emergency boondoggling measures, arranged for displaced civil servants and industrial casualties to be put on public or subsidized payrolls, and brought our national budget back near its present level. Here would be the moment in history for him and his friends to throw off their sheep's attire and revert to wolfhood, so that we in turn would undertake to pile another major defense program on top of our newly-achieved socialistic utopia, with an outcome he could readily depend upon.

The point here, however, is not to speculate on possibilities, but to express the conviction that the tremendous vested interest of influential and important American groups in the maintenance of international tension—and the part which that interest plays in giving our economy a hue of rosiness—is a second reason for concern on the domestic front.

A third and tremendously significant reason why I say we are losing the home war is that practically nobody is fighting wholly, sincerely, and unreservedly on the side of the forces that would keep us strong. Our defense is dependent largely on men and groups who either fight on one side one day and the other the next, or who fight

with one hand while accepting bribes from the opposition with the other. Since such divided loyalty invites defeat, I want to explain exactly what I mean.

If you will ask around, you will find that practically everybody is opposed to national insolvency, to destruction of incentive, and to political domination of private and economic life. You will find that he is opposed to pre-emptive statism, and to the fiscal irresponsibility that can bring it upon us. At least he will say he is, and the chances are he really is—except the part that applies to his own community or puts a few temporary extra dollars into his personal pocket.

I can cite you illustration after illustration, and you can add more from your own experience, of the howls that go up when a man faces the specific application, to his own pocketbook, of the very principles of national strength to which he claims allegiance.

Try to close a military installation because of the economies which can be made by consolidating it with one in another area—try to cut a subsidy of any kind—try to eliminate the expense of federal involvement in real estate mortgages, or pork-barrel projects, or loans at less than cost—try even to merge two offices in the same city if the merger reduces payrolls . . . and you will hear screams from sources that range from corporation heads and bank presidents to the lowliest tenants of public apartments, depending entirely on who is personally touched.

I would like to make a statement here which I want you to correct, if I am wrong. I do not know of a single

businessmen's organization, of any kind, which customarily passes resolutions on public policies, whose record will not reveal support for programs or projects which are part of our trend toward defeat.

Here, then, are three reasons for solid conviction that as of this moment we are losing, and losing at a fearsome pace, the second war—the domestic war—on which the outcome of the Cold War depends: (1) the trend toward exactly the conditions which our mortal enemies have predicted would bring our defeat; (2) the vested interest of large and influential groups in the perpetuation of international tension; (3) the absence of sincere, honest, wholehearted support for the simple principles and practical policies that would keep us strong.

The War Inside Each of Us

The most vital question which confronts us, however, is not that of losses already sustained in this second war, or even the question of our current status, but the all-decisive question, "Can we win it?"

If we can, and if we do—if we are truly victorious here—we will defeat foreign Communists and international gangsters on any front they choose, be it military, economic, diplomatic, ideological, or what you please. We will confound the hopes and contradict the prophecies of our enemies, and earn the respect and admiration of our friends.

How, then, can we win this second war? We can win it, and win it only, if you and I and others like us can

win still another war—a third war. It is the war which each of us must fight inside himself.

We may not have thought about it much—we may balk at even admitting it—but inside each of us, way down where we really live, there is going on a personal miniature of the domestic war I have just described. It is a war to determine which side we are really on—not which side we say we are on, but the side we really support.

Here is a war where it is impossible for you or me to be spectators or bystanders. It is impossible even to be neutral, for we ourselves are the battleground. Our decisions, and ours only, will determine the outcome.

Arrayed on one front in this personal war is a tremendous force of animal inclinations and natural desires—the appeal of immediate benefits, business advantages, or personal profits from political programs. Here also is the power of inertia. Here is reluctance to get involved. Here is temptation to kid ourselves into believing that just one man doesn't make any difference—or that because we don't get a direct dole or handout every month we are not a part of the problem—or even that we and our fellow-Americans are somehow immune to the age-old and unchangeable law of cause and effect.

On the other side are our conscience, our judgment, and our knowledge that throughout all history no nation has ever survived which continued much farther than we already have come down the road we are traveling.

Neither I nor any other man can tell you how you

are coming along with your own personal war. I can, however, tell you how you can win it, and in winning it achieve personal invincibility which no amount of legislation can bring, and no amount of persecution by either fellow-citizens or outsiders can overthrow.

Practice What We Believe

First, you can practice what you profess to believe. You can apply in private and business life the principles you publicly espouse. Three out of every four average Americans, when asked about the principles they support, will give the answers which you and I know to be right. Among businessmen, the figure is more likely to be 4 out of 4.

Hence, I say that the first battle you and I must win is to practice what we profess to believe. To do otherwise means not only to lose our personal war, but through our hypocrisy to influence others to lose theirs also. Just as the temperance lecturer who gets drunk is a greater liability to his cause than is the admitted barfly, so the businessman who preaches free enterprise while he participates in programs of political intervention is a greater liability than the admitted socialist.

You can join the WCTU, vote for prohibition, circulate resolutions to close liquor stores, and wear a tall black hat and swallow-tailed coat complete with cane, but your neighbor still will not think you believe in temperance if he sees you staggering around your yard or patio at cocktail time. You cannot convince him that

you are opposed to statism if you support resolutions calling for federal funds for local projects, or make him think you believe in individual freedom and independence if you expect Washington to underwrite, directly or indirectly, your personal or business risks.

Unless you and I are willing to fight and win this very first battle, all three of the wars I have mentioned are already lost as far as we personally are concerned.

The second thing you can do is to initiate, in your own particular area of influence and knowledge—be it large or small—a conscious effort to help those about you to win their personal wars also.

You and I may not be able to do a thing about the personal wars of people in distant places. We may not be able to help everyone in our own state, or even our home town. But there is not one of us who cannot be effective, both by example and by precept, among the people we see and talk to every day.

How much good will you be able to do individually? I do not know, but I know that neither you nor I nor any other man on earth can do anything *except* individually. I further know that we cannot wash out our responsibility with a signature on a bank check, when our brains and talents and personalities are more important than our money. And I know still further that if you will work among those about you with the aggressive, intelligent, result-getting leadership which is you at your best—if you will work with the same crusading spirit, the fire and the zeal, the loyalty and drive which you know to be typical of a dedicated Communist

—you will be amazed at what you can do, and you will be amazed at how overwhelming will be your own inner victory.

How *many* of us will have to win our personal wars—in order to win the bigger war on the national front, and in turn the Cold War itself?

The answer to that depends on the completeness of our personal victories and the amount of enthusiasm with which that conquest inspires us. Not many are needed if we are sufficiently on fire. Karl Marx, one man, was a misanthropic ne'er-do-well. Saint Paul was a puny epileptic or otherwise physically handicapped man. Hitler was a psychopathic paper hanger in Austria. Certainly no reader of these words would consider himself inferior to any of them—or to any of the twelve whom Christ himself assembled—*before* these became dedicated men. Perhaps we cannot match them in dedication, but the degree to which we succeed will determine the number who are needed.

Personal Victories Needed

Here, then, is our war—a war that is going to decide the nature of civilization, and the conditions of human life for generations to come. I have broken it into three parts, but for you and me it is *not* in reality three wars. It is one war. The outcome of it is wholly dependent on whether or not you and I and others like us are victorious on the battlefield that lies inside ourselves.

I won't win, no matter how the domestic front and

the international front come out, if I don't win my personal war and contribute my utmost to similar victories for those around me. And I cannot be beaten, no matter how other fronts come out, if I know that I have applied to my daily life the principles in which I believe, and have given my utter best to those within my reach.

For my own part, I can give you my answer. I am going to win my war, and I am going to try so hard to help others to win theirs that I am going to know, down inside, that if everyone who reads this did the same, along with others across this land who feel and profess exactly what we do, there is no question as to the outcome of both our domestic and our Cold War campaigns.

May I urge that you join me in the prayer and determination that we, each through his own victory and the effort which that victory inspires, may achieve the invincibility of soul which makes personal defeat impossible—that together we shall make a vital and conceivably decisive contribution to our cause and to our country—and that with others of like purpose and spirit we may demonstrate to all the world that an individual man must be respected, *when* he earns the right to respect himself.

This is the war we are in. This is the way to win it.

WHO'S TO BLAME?

by *B. A. Rogge*



IN SOME 63.7 per cent of all interviews in my office, the person across the desk is there to tell me who's to blame. And in 99.6 per cent of the cases where that is the question, the answer is the same: *He* isn't.

Now if these were just simple cases of prevarication, we could all shake our heads at the loss of the old Yes-Father-I-chopped-down-the-cherry-tree spirit and turn to some other problem, such as the danger presented to the stability of the earth by the build-up of snow on the polar icecaps. But the denial of responsibility is rarely that simple, and herein lies the story.

Today's George Washington, on the campus and elsewhere, says, "Yes, I chopped down the cherry tree, *but—*" and then comes 10 to 90 minutes of explanation, which is apparently supposed to end in my breaking into tears and forgiving all, after which he goes home to sharpen his little hatchet.

The little Georges of today say, "Yes, I chopped down the cherry tree, but let me give you the *whole* story. All the guys over at the house were telling me that it's a

This article is from a chapel talk delivered by Dr. Rogge at Wabash College where he serves as Dean.

tradition around here to cut down cherry trees. What's that? Did any of *them* ever actually cut down any cherry trees? Well, I don't know, but anyway there's this tradition, see, and with all this lack of school spirit, I figured I was really doing the school a favor when I cut down that crummy old tree." [*Lights up, center stage, where our hero is receiving a medal from the president of the Student Council as the band plays the school song.*]

Or it may run like this: "Now this professor, see, told us to collect some forest specimens; he may have told us what trees to cut, but, frankly, I just can't understand half of what he says, and I honestly thought he said cherry tree. Now actually I wasn't in class the day he gave the assignment and this friend of mine took it down and I can't help it if he made a mistake, can I? Anyway, if the callboy had awakened me on time, I'd have made the class and would have known he said to get leaves from a whortleberry bush."

Society on Trial

So far we have run through the simpler cases. Now let's move to more complex ones. In this one, little George says to his father, "Yes, Dad, I cut down the cherry tree, but I just couldn't help it. You and mother are always away from home and when you are home all you do is tell me to get out of the house, to go practice throwing a dollar across the Rappahannock. I guess I cut down the tree to get you to pay a little attention to me, and you can't blame me for that, can you?" [*Lights*

up, center stage, revealing the kindly old judge admonishing the parents to show more love and affection to little George, who is seated right, quietly hacking away at the jury box.]

These can get messy. Here's another. In this one, young George has hired himself a slick city lawyer who has read all the recent books on the sociology of crime. The lawyer pleads G.W.'s case as follows: "It is true that this young man cut down the tree, marked exhibit A and lying there on the first ten rows of the courtroom seats. Also, there can be no question but that he did it willfully and maliciously, nor can it be denied that he has leveled over half the cherry trees in Northern Virginia in exactly the same way. But is this boy to blame? Can he be held responsible for his actions? No. The real crime is his society's, and not his. He is the product of his environment, the victim of a social system which breeds crime in every form. Born in poverty, [here we leave the George Washington example] raised in the slums, abused by his parents," and on and on. The lawyer closes by pointing a finger at me and saying dramatically, "You, Dean Rogge, as a member of the society which has produced this young monster are as much to blame as he, as much deserving of punishment as he." The boy gets off with a six-month suspended sentence and I am ridden out of town on a rail.

I do want to refer to just one other possibility. In this one, the lawyer calls as a witness an eminent psychoanalyst who, as a result of his examination of the young man, absolves him of all conscious responsibility for the

crime, in testimony that is filled with the jargon of that semi-science, hence obscure, hence somewhat pornographic. It turns out that the cherry tree is a phallic symbol and the boy's action an unconscious and perverse response to the universal castration complex.

Farfetched? Not at all. As Richard LaPiere writes in his book, *The Freudian Ethic*:

The Freudian doctrine of man is neither clear nor simple, but those Freudians who have turned their attention to the criminal have derived from it a theory of the criminal act and a prescription for social treatment that anyone can understand. It is, they hold, perfectly natural for human beings to violate the law—every law, from the law that governs the speed of motor vehicles to that which prohibits taking the life of another human being. For, according to Freud, man is born a criminal—an antisocial being. Society, with which the individual is in all respects at odds, teaches the individual to repress his criminal drives and to conform to nonnatural standards of conduct. The criminal is simply one who was not fully trained to this repression or who, so trained, has been provoked by society into breaking the bonds of repression. In either event, the criminal act is compulsive; it is neither willed nor calculated. The professional thief does not steal in order to make a comfortable living in the easiest way that he knows how; he is driven to rob homes, roll drunks, break into bank vaults, or do whatever his specialty is as a thief, by an unconscious drive. In sum, the thief has no moral or intellectual awareness of the fact that he is stealing for a livelihood.

The Freudian explanation of crime absolves the individual from all personal responsibility for the criminal act and places the blame squarely upon the shoulders of an abstraction—society. Modern society is especially hard upon the individual, since it imposes upon him so many and often contradictory restraints and at the same time demands of him so

much that does not come naturally to him. His criminal acts are therefore but a symptom of the underlying pathology of society, and it is as futile to punish him for the sins of society as to attempt to cure acne by medicating the symptomatic pustules.

Where does all this leave us? Who's to blame? Well, nobody, or rather everybody. The Freudian Ethic has eliminated sin (and, of course, that means that it has eliminated virtue as well).

"Mea Culpa"

Personally, I can't buy it. I cannot accept a view of man which makes him a helpless pawn of either his id or his society. I do not deny that the mind of each of us is a dark and complex chamber, nor that the individual is bent by his environment, nor even the potentially baneful influence of parents. As a matter of fact, after a few months in the Dean's Office, I was ready to recommend to the college that henceforth it admit only orphans. But as a stubborn act of faith I insist that precisely what makes man man is his potential ability to conquer both himself and his environment. If this capacity is indeed given to or possessed by each of us, then it follows that we are inevitably and terribly and forever responsible for everything that we do. The answer to the question, "Who's to blame?" is always, "Mea Culpa, I am."

This is a tough philosophy. The Christian can take hope in the thought that though his sins can never be excused, he may still come under the grace of God, sin-

ner though he be. The non-Christian has to find some other source of strength, and believe me this is not easy to do.

What does all this have to do with our day-to-day living, whether on, or beyond the campus? Actually, it has everything to do with it. It means that as students we stop blaming our teachers, our classmates, our parents, our high schools, our society, and even the callboy for our own mistakes and shortcomings. It means that as teachers and college administrators we stop blaming our students, the board of trustees, the oppressive spirit of society, (and even our wives) for our own failures.

As individuals it means that we stop making excuses to ourselves, that we carry each cherry tree we cut down on our consciences forever. It means that we say with Cassius, "The fault, dear Brutus, is not in our stars, but in ourselves." This is a tough philosophy, but it is also the only hopeful one man has yet devised.

THE MIRACLE OF INDIVIDUAL RESPONSIBILITY

by Carlton Williams



THE PHILOSOPHY of individual responsibility is probably as old as civilization. Certainly it is older than Jesus, or Socrates, both of whom emphasized the doctrine. The conviction that the individual must hold himself responsible for what he does, or does not do, unquestionably ranges back to the beginnings of the race when a guilty man first raised the troublesome question, "Am I my brother's keeper?"

It might not be far wrong to say that this idea marks the radical transition from savagery to law and order. In the animal kingdom, which we presume comparable to human savagery, no beast is accountable for what it does—it being inconceivable for wild creatures to charge themselves or one another with right or wrong. They kill, ravage, plunder—being savage; and the beast most "red in tooth and claw" is most respected because most feared.

Likewise, when human beings run in wolf pack—as they still do sometimes—the habits of savagery govern.

The Reverend Mr. Williams is minister of the Old Stone Church, Rockton, Illinois.

Witness the unspeakable atrocities committed in modern wars and by the Communists in their struggle for power—not to mention organized mob activity in our own “highly civilized” society. The individual then loses his identity, being submerged in authority and held accountable chiefly if and when he violates the interests of that authority. In this respect, totalitarian states can be described as little more than aggrandized wolf packs in which the individual, unless he be in a position of power, is denied the human rights of responsibility, initiative, and independence. But when individuals assert their inalienable rights of selfhood, the wolf pack is broken and civilization is born. If this is true, then it appears a tragic fact that in huge areas of the world today real civilization either has not yet been born or has already died. In any case, individual responsibility is the necessary hammer pounding the hot iron of human destiny on the cold and unyielding anvil of time.

The practice of individual responsibility, which projects itself across the face of social or governmental solidarity, is a lofty objective, achieved only by the development of individual ideals and convictions. Hence our use of the word *miracle*. Individual responsibility is a common emphasis in the teachings of philosophy and religion, yet it is something of a miracle in practice. Indeed, the practice has been exceedingly rare—at the same time outstandingly influential wherever and whenever there have been those who dared exercise individual responsibility. Socrates practiced it, and the Athenians killed him for it. Jesus practiced it, and was nailed to a

Roman cross. Whoever dares to conduct himself at any time contrary to accepted practice, in opposition to the established order, is likely to be considered an enemy to the state-of-things-as-they-are, and is usually dealt with accordingly. The actual practice of individual responsibility is, in truth, quite a miracle.

In the Face of Adversity

Responsibility never lies more heavily on the shoulders of those who love freedom than when their freedom is dribbling away from them, like life-blood flowing from deep wounds, and when—because of the hurt and the loss of vitality—they are rendered most helpless and weak. When the tide of the time is running heavily in the opposite direction and while the storms of adversity are still raging, the person who would assume responsibility is tempted to seclude himself in his own half-shelter of despair, saying, "What's the use?" When we seem overwhelmed by the socialistic trend, we are apt to condone our own departure from the truth we know, because we are bound—or defend ourselves by saying we are bound—by the prevailing wishes of the people. Those of us who aspire to leadership—particularly in political affairs—may know the folly involved in many government policies and popular demands, but contend that our hands are tied because we are the servants of the people; to be accepted by the people, we have to give them, or promise to give them, what they want. We may whisper, "We're not to blame if it's bad!" This ad-

mission of moral decay has been, all too often, the key to election in some of our most important political campaigns.

At the same time public leaders take this attitude, a creeping paralysis of public indifference throws a dam of authoritative regulation across the rights of man, stopping the stream of freedom and impounding a huge backwater of abuse and falsehood that grows ever wider and deeper. Such a dam may hold, growing stronger and higher, for unnamed numbers of years, gradually drowning the highlands of human rights and driving men out of their God-given inheritance by the smothering flood of statism. Such obstruction when it breaks, as it must and will in inevitable human upheaval, may be quite as destructive in its ruin as in its building.

Even though we see the danger forming and honestly fear the consequences, there is the persistent temptation to hide behind any convenient hedge because the truth, if clearly proclaimed and practiced, might involve sacrifice in revenue, property, or position. Farmers, laborers, businessmen—practically all of us—are unwilling to abide by the strict economic justice of the market place if it involves financial loss. The mass demand is for continued special advantage for “me and mine,” making the practice of individual responsibility increasingly rare and difficult.

Individual responsibility presupposes the right of choice, for if one has no choice he cannot be responsible. At this point we recognize grave danger, for choice is the option to go right or left, to be good or bad. Mak-

ing an individual responsible shoulders him with the weighty obligation of deciding what he himself should do. Freedom of choice does not guarantee that each will choose wisely or well.

Freedom Out of Bondage

The road to freedom is paved with disappointment, suffering, wounds of battle, desperate struggle, and ceaseless search for truth. No one ever traveled far on that road who did not color it with his own blood, yet was driven on by the desperate fear of certain damnation for all mankind if freedom were not attained. Freedom comes out of bondage—just as being comes out of non-being—by Divine creation. And this freedom is the basic meaning of the ego. Self-consciousness is itself a monumental advent of freedom over material existence. A thing has no possible freedom to escape the bondage of “thingdom.” A rock has no choice but to be a rock. In all the order of Nature only man can determine for himself. God has planted himself in man to that magnificent proportion that man can by will and behavior change himself and his environment—within limits. Consciousness is the most precious of all freedoms, and is probably the most Divine.

This philosophy, I firmly believe, explains the claim—upon which our nation was founded—that human freedom is a God-given right. Such right is more than an inheritance or a gift. It is an endowment. It is a fundamental quality which makes man “Man” rather than

thing. Any system of government or of society which fails to honor this fact and be governed by it is doomed to ultimate failure, for human beings passionately resist being made into mere things. People instinctively struggle for the freedom which their God-given consciousness dictates. The struggle for freedom is forever the struggle of creation against chaos, of existence against oblivion, of life against matter which is itself dead, of liberty against slavery.

It may not be easy, however, to translate this wider view into our immediate circumstances. The desire to succeed, to be accepted and accredited, is universal among men of all races. To achieve such desirable ends, the individual is inclined to avoid opposition or offense to others—especially those who are in authority. Hence, if a man is to be popular, he concludes that he must dance to the people's music, however distasteful it may be. Similarly, if an industry is to succeed, it must manufacture the things the populace will buy. In this mad scramble of politics and industry the question whether it is for genuine human welfare is often regarded as merely secondary. Under such a system people relinquish selfhood, becoming mere potentials in a world where things predominate and are alone considered important.

No longer is it a matter of a man standing alone on his wide acres, making up his own mind, then hoeing his own private row as he pleases. Rather, it is more a matter of masses of humanity crowded together, depending upon one another yet each fearing the other, affected jointly by almost every act. Additional complica-

tions arise from the interdependence of management and labor, private interests and government regulations, the conflicts of business and persons, falsehood made attractive by a grain of truth, confusion, frustration, loss of faith in old ideals, and lack of courage to hold old forts. From this vexatious dilemma a large segment of the world has accepted regimentation and totalitarian dictatorship as the only satisfactory or promising solution. We in America have experimented mildly with that solution, with some tendency to go still further; but we cannot dispel the deep conviction that the rights of the state should never be permitted to supersede the rights of men.

In the light of all this—confused light as it surely is—it appears that individual responsibility is not the product of public attitude but of personal faith. It is the rare achievement of a man standing alone in his own naked integrity regardless of cost, regardless of misunderstanding, regardless of possible persecution.

The Cross of Responsibility

I am convinced that the only hope for the survival of freedom is the widespread practice of individual responsibility, no matter how difficult it may be. For altogether too long a time we have regarded freedom as private privilege to indulge, debasing liberty into license in our habits if not in our thinking. It may take a crusade of revival proportions to cure the sick national soul, but somehow we must learn again that when the yoke of

bondage is taken from man's neck the cross of responsibility is placed on his shoulders.

In the absence of individual concern, falsehood takes root and grows to produce a slow poison which paralyzes awareness to danger while insuring certain destruction. It is the responsibility of the individual to proclaim the truth that liberates, to eradicate falsehood wherever it appears, that the social body be cured. For society cannot cure itself any more than government can reform itself. Such cure comes, if it comes at all, from clear-thinking, far-seeing, fearless individuals who dare to call poison "Poison!" and who are not afraid to prescribe the painful medicine of self-improvement to cure it.

If one man, and another, and another, fails in his duty to obey the truth, then it is forever impossible for society to follow truth. Social merit is impossible without individual merit. And there is no way for the individual to substitute the virtues or the errors of society for his own. He alone is responsible—to himself first, then to society. If there is no one else in all the world who will stand with him in that responsibility, he is not for that reason excused. Individual responsibility requires a man to be a man no matter if all the rest are parasites.

In this technical age of emphasis on the importance of material relations and dependence upon money and goods, the worth of the person becomes more and more crucial. We must understand clearly that our future welfare does not rest so much in better machines or in more

frightful armaments as it does in better men. Character will always be worth more than plant, tools of war, or money. Somewhere at the heart of every institution and clearly framed by every great idea is the enlarged picture of a man. The men who rise above the flat prairie of conformity to the rugged mountaintop of personal integrity, creativity, and responsibility are those who guarantee that the future will be worth living. The organization, be it union or state, does not create but only tries to keep what has been created. If there is any such thing as social responsibility or vision, it is reflected from individuals. It is also true that if persons are not healed of their own maladies the whole ensemble is exposed.

A Personal Charge

An old proverb reminds us, "If you are wise, you are wise for yourself; if you scoff, you alone will bear it." Each must suffer the consequences or reap the rewards of his own acts. Yet how often do we blame society for the conditions under which we suffer, willing to accuse anyone but ourselves when the rewards we covet remain out of reach.

There are no proxies, however. Manifestly, no one else can eat your food for you or grow for you. No one else can think for you. When anyone tells you what to think—and you oblige—you are his mental bondman with no feet of your own to stand on. Yet it is always easier to conform than to reform. It is always easier to

let others carry the difficult burdens of liberty than to become a crusader for conscience's sake. Whenever we are satisfied to say, in effect, "Make things easy for me. Spend my money for me. Tell me what I am to think and what I must do. Take care of me, please, from the cradle to the grave"—when we advocate such "social progress"—we are pleading for standardized opinion, agreeing to the death of freedom, and admitting that selfhood is in the advanced stages of decay.

It is nothing new, certainly, that we are facing a crisis. Every generation must plow new fields. Men are forever standing at the crossroads in the unending journey which is history. Every day is judgment day. Every age witnesses new problems rising upon old problems—like today's sunshine and rain coming after yesterday's successes and failures. It is a ceaseless modulation of growth, adaptations, and increasing knowledge, teaching all who will be taught that we ourselves, and no one else, will make this world a heaven or a hell.

INSURING IRRESPONSIBILITY

by W. M. Curtiss



A TINY NEWS ITEM in your morning paper may have escaped notice; certainly many readers would miss its significance.

A messenger boy in a New York office, while awaiting an assignment, was amusing himself by shooting paper clips out of a window with a rubber band. He was injured when a clip backfired and hit him in the eye.

The Workmen's Compensation Board awarded the boy damages. The boy's employer protested, but the Appellate Division of the courts upheld the Compensation Board by a three to two vote. The case was taken to the higher Court of Appeals and the decision of the Appellate Division was affirmed five to one.

The Workmen's Compensation Board decided the boy's activity was sufficiently close to the regular course of his employment to make his injury compensable. The Appellate Division observed: "The act and the instrument when conjoined to cause the injury have a somewhat closer relationship to the employment than those in the ordinary case involving horseplay." Presumably,

Dr. Curtiss is a member of the staff of the Foundation for Economic Education.

if the cook in the firm's cafeteria had been the victim, the injury might not have been compensable. The article reporting this incident was headlined: PAPER-CLIP FLIPPING IS UPHOLD BY COURT—COURT RECOGNIZES THAT BOYS WILL BE.

Though this item appears of infinitesimal significance in a day of moon-shots, summit meetings, and general world tensions, nevertheless, it illustrates a weakness in our system: turning over to government a responsibility that rightly belongs to individuals. Similar illustrations could be taken from the government-controlled compulsory auto insurance, social security, and a host of other welfare schemes.

Common Law Protection

Before we had compulsory Workmen's Compensation laws, workers were protected under common law against negligence and carelessness of their employers. It was understood that an employee assumed the obvious and customary risks of his job. True, an employee might have had to go to court to recover damages; and undoubtedly there were cases where justice did not prevail.

It was under Bismarck in Germany that "social consciousness" first became popular, leading to the adoption of many welfare schemes. In this country, President Theodore Roosevelt advocated Workmen's Compensation in a message to Congress in 1908. By 1911, ten states had passed laws, and now, all states have Workmen's Compensation laws.

Workmen's Compensation is essentially an insurance plan, required of employers. In New York State, an employer may insure with a private carrier, with the State Insurance Fund, or—in some cases under strict regulation—can self-insure. Under the law, compensation is not contingent on proof of the employer's negligence; it is required that the injury be job-connected. Over the years, the decisions of the New York State Board have become more and more "liberal," resulting in the "paper-clip" decision cited above.

Delegated Obligations

Many employers have welcomed Workmen's Compensation laws. They have been willing to pass their responsibilities along to the State Board and to the insurance carriers, often unaware of the cost involved.

In consequence, New York employers now pay rates for Workmen's Compensation that are among the highest in the land.

American producers, in many lines, are finding it more and more difficult to compete in world markets because of their high costs of production. New York producers are at a disadvantage in competing with producers in other states where insurance rates are not so high. While costs of production, including insurance for Workmen's Compensation, do not directly determine selling prices, they do have a vital effect on profits and on the ability to stay in business.

Aside from its economic consequences, the "paper-

clip" decision has deep-seated moral implications. Is it proper to relieve a youth, or his family, of all sense of responsibility for his actions? Various forms of individual and family insurance are available to cover cases like this, leaving the responsibility where it belongs, and at the same time reducing the incidence of such cases. A government-sponsored, compulsory plan is certain to result in inefficiency, waste, graft, and abuse. And in the long run, a higher cost will be the general breakdown of the moral fiber of a people.

THE MAN WHO SMELLED THE FUTURE

by John Chamberlain



ON JANUARY 30, 1883, William Graham Sumner, Yale's controversial professor of political and social science, stood before an audience in the rooms of the Brooklyn Historical Society and delivered a soon-to-be famous speech on "The Forgotten Man." This Forgotten Man, so the professor said, was the victim of a conspiracy. Aspiring to no office, desiring and giving no trouble, the Forgotten Man did his own work without complaint. He might be the average savings bank depositor bent on adding his mite to the productive capital of the world; he might be a workingman who had scraped together enough money to build a small two-family house whose second story could be rented to meet the mortgage payments. But, despite his own willingness to stand on his own feet and ask nothing of the world, the conspirators would not leave him alone.

No, the Forgotten Man was the C in what was shortly

Mr. Chamberlain, noted critic, journalist, and editor, regularly presents "A Reviewer's Notebook" in *The Freeman*. Among recent works is his exciting analysis of *The Roots of Capitalism* (Princeton: D. Van Nostrand, 1959).

to become a famous social equation—the sacrificial goat whom A and B (the professional do-gooders and their allied politicians) forcibly levied upon to support D, the chronic ne'er-do-well. The vice of such a formula, so Sumner informed his Brooklyn audience, was that C was allowed no real voice in the matter. He might vote to protect himself, but the votes of D, a poor but numerous category that could be easily manipulated by the politicians, were as the leaves of the trees compared to the meager strength which C could bring to the polls. And so, though he might have a bedridden aunt to support, or a deserving nephew to send to tradeschool, or merely some children of his own to educate, the Forgotten Man had nothing left for the private charities that, blessing giver and receiver alike, make Christianity a living thing.

A New Type "Forgotten Man"

Warming to his subject—and thinking, no doubt, of his own strongly independent father, Thomas Sumner, whom he was to describe at a later date as belonging to “the class of men of whom Caleb Garth in *Middlemarch* is the type”—the Yale professor remarked that the Forgotten Man was “not in any way a hero (like a popular orator); or a problem (like tramps or outcasts); nor notorious (like criminals); nor an object of sentiment (like the poor and weak); nor a burden (like paupers and loafers); nor an object out of which social capital may be made (like the beneficiaries of church

and state charities) ; nor an object for charitable aid and protection (like animals treated with cruelty) ; nor the object of a job (like the ignorant and illiterate) ; nor one over whom sentimental economists and statesmen can parade their fine sentiments (like inefficient workmen and shiftless artisans).” No, the Forgotten Man was none of these things. He worked and voted, and—generally—he prayed. But, said Sumner, he always paid. “All the burdens fall on him, or on her, for it is time”—so the professor added—“to remember that the Forgotten Man is not seldom a woman.”

The Young Crusader

The Sumner who took up the cudgels in 1883 for the steady, uncomplaining, abstemious C spoke as a fire-breathing crusader yearning to right a grievous wrong. One can see this Billy Sumner as he was in the early eighteen eighties, a tall, vigorous, somewhat harsh man of 43 given to a fastidious disdain and a limp handshake which warned people he was no backslapper. His imposing brow was already “magnificently bald,” his greenish eyes were sharp and piercing, his clothes immaculate, even a trifle foppish. An enemy of his views on the tariff has left an unforgettable impression of his “iron” voice: it “shot out like a charge from a gun, combining a growl with its roar, and ending the sentence with a peculiar snarl from the throat, as if he would rivet his statement in your mind past all removal or dissent.” Then there was “a strong nose which, from its

commanding central position in his face, constantly took part, as if swivelled for the purpose, in an extraordinary series of smirks and grimaces, some vicious, some sardonic—all mischievous and threatening.”

Threatening or not, the professor's undergraduate students at Yale loved both voice and grimaces: Billy Sumner in the eighties, not yet the remote and ghostly figure he was to become when he deserted economics and political science to pursue the folkways and the *mores* to their points of origin, was invariably voted the most effective teacher on the faculty.

The audience that listened to Sumner on that January night of 1883 has left no record of dissent from his idea that C—the Forgotten Man who always Paid—actually existed. Moreover, when Sumner later in the year expanded his thesis about the “jobbery” practised on C in a little classic of social science called *What Social Classes Owe to Each Other*,¹ no one rose to challenge the feeling that Sumner had put his finger on a most important problem.

This, at our particular vantage point which looks back on the eighties as individualistic in the extreme, must seem something of an oddity. Indeed, it is even astounding. For consider what the world was in the placid days of 1883. Of special relevance to Sumner's speech, it was a world without the graduated, or “progressive,” income tax. In fact, there had been no income tax at all since

¹A 1952 edition, by Caxton Printers, is available from The Foundation for Economic Education, Irvington-on-Hudson, N. Y. 145 pp. \$1.25.

the purely temporary—and unconstitutional—one that had helped pay for the Civil War. True, there had been public monies and lands dispensed to railroads, and there was the ever-present tariff. But the U. S. was, in the early eighties, still close to the soil—and the necessities of life were, despite the tariff, largely produced and sold in a locally competitive world.

The politician in the eighties, in fact, had not yet figured out a way of getting more than a pittance out of the Forgotten Man. Though religion, in a decade that had begun to digest Darwinism, was a softer, weaker thing than it had been in previous generations, the tithes still taken by the churches as purely voluntary offerings must have far exceeded the “welfarist” collections of government. A poor immigrant in the eighties—a Carnegie, say, or a Jacob Schiff—could keep his money and die a millionaire. The Forgotten Man in the eighties may have been forgotten—but it was hardly the “radical vice” of the political schemes cooked up for his spoliation by philanthropists looking to spend Other People’s Money that really hurt him. If the Forgotten Man “always paid,” it was because he couldn’t resist an appeal to his better nature to give voluntarily. If he was broke, it was not because the State mulcted him. It was because he believed in Sumner’s own Law of Sympathy.

The salient fact about the early eighties, as the Forgotten Man himself looked upon them, was their atmosphere of general hopefulness. Though strikes were worrisome in a world that was just beginning its adventure in industrialism, the depression of the seventies,

which had been particularly bad in the new railroad towns, had long since yielded to the new business optimism. The railroads were running again without interruption, trainmen's wages had been restored, and the big consolidation of the lines into interstate systems was under way. Meanwhile, as the cyclical upswing was on, the western roads were laying thousands of miles of new track. Immigrants from northern Europe and, latterly, from Hungary and Italy and Poland, had been passing through Castle Garden at the port of New York by the thousands, and despite the fears of Terence Powderly's Knights of Labor, the railroads and steel mills and mines had absorbed them without any great disaster to the jobs of the native-born. As an editor of the *American Iron and Steel Bulletin* noted in 1883, the overloading of the labor market, where it existed in the coal mining and iron-ore mining districts, was not due to depression. It was due to "the very prosperity of our country, which tempts large numbers of foreigners to come here."

No Serious Farm Problem

On the farm border of the early eighties the bad times of the "Granger years" had lifted. Crops were moving to market at a profit to both the farmer and the railroads. Land could still be had for the asking (and for nominal registration fees) in the West, and for as little as \$1,000 in borrowed capital a young man could put up a shelter and buy horses, wagon, harness, plows, seeds, and enough of the new Glidden barbed wire to

get a start on his 160 free acres. Though historians, accepting the Populist charges of the nineties at face value, have argued the "grasping" nature of eastern money-lenders, the fact is that money rates on the Kansas and Nebraska farm frontiers dropped from 12 per cent in the seventies to 7 and 6 per cent in the nineties. Moreover, the ratio of farm foreclosures to loans was not remarkable save in the extreme drought years of 1888-89, which were still far over the time-horizon in 1883.

Money for the western farmer did not come primarily from a greedy "Wall Street" in any event; it was assembled for loan purposes by the insurance companies and by land mortgage companies which were organized everywhere from New Hampshire to Kansas to tap the funds of individuals or families with capital to spare. Not wishing to be saddled with real estate, these companies did their best to keep the farmer in business. In many instances the record of forbearance on the part of the lender was very good indeed; as John Davenport, a New York State lender with extensive western interests, wrote to his Iowa agent in the seventies, "Where a man has had bad luck in crops or sickness, give him time."

Discounting the menace of the drought-cycle, which was not yet understood in the early eighties, the fact that a farmer could get his start as his "own man" for a thousand dollars in easily borrowed money made it impossible for anyone to claim with a straight face that the pioneer was oppressed by a greedy East. He took his chances like everybody else—and often he sold his

acres on a rising market to go elsewhere as opportunity beckoned all the way to the Pacific Coast.

No "Big-Business" Bogey

In common with most of our recent historians, Allan Nevins and Henry Steele Commager have shed crocodile tears over the fact that it took two bushels of wheat to "buy" a dollar in 1890 where that same dollar could have been bought with one bushel in 1870. But these historians are forced to note elsewhere—and without any tears—that when four men on a farm can do the work of three hundred by using a combine, and when a mechanical corn husker "replaces eight men with one, [and] the corn sheller fifty," prices for farm products could hardly remain unaffected.

There remains the theory that the new "trusts" of the eighties bore down heavily on the Forgotten Man. But when Sumner was making his speech in Brooklyn, the big movement toward consolidation was largely limited to Rockefeller's Standard Oil Co. and to the railroads. The so-called lead, whiskey, and sugar trusts dated from 1887; the beef and farm equipment trusts came in the nineties. What the backward looking historian forgets is that a vast number of smaller companies had to exist before they could be combined into a big one: the very creation of a "trust" implied a burgeoning and job-creating economy at the base. Moreover, the creation of a big company did not keep new small concerns from springing up, as any comparison of old and new Stock

Exchange listings will show. Small business kept its pace with big business in the very years when the feeling against "trusts" was at its height. And it has been keeping pace ever since.

In his own less gloomy moods Sumner himself forgot his worries about the Forgotten Man. Some twenty years after his speech in Brooklyn he inserted into his *Folkways* a salute to "our own time" as "one of advance on account of great unoccupied territories now opened at little or no cost to those who have nothing." "Such a period," he said, "is one of hope, power, and gain for the masses. Optimism is the philosophy. All the *mores* get their spirit from it . . . no mistakes will cost much." And again, in a later passage in the *Folkways*, he remarked on "the effect of the creation of an immense stock of movable capital, of the opportunities in commerce and industry offered to men of talent, of the immense aid of science to industry, of the opening of new continents and the peopling of them by the poorest and worst in Europe. . . . Men are in demand, and an increase in their numbers increases their value. . . ."

If one looks back upon the New Haven to which Sumner returned after the Forgotten Man speech, the mystery of his forebodings increases. Here the effects of "movable capital" and "the immense aid of science to industry" had been apparent for a generation. With the linking of the railroads in the eighteen forties to New York in one direction, and to Hartford and Boston in the other, the population of the old colonial town had surged upward. Gone was the overgrown village of

Sumner's own undergraduate days. The wineglass elms, planted at the century's beginnings by old Senator Hillhouse and the Reverend David Austin with their own hands at no cost to the Forgotten Man, were still there, lifting their graceful arches over the downtown streets. But beyond the Green and its three churches, beyond the original "nine squares" of the old first families, there roared the black workaday community which had been brought into being by a long line of Yankee inventors spurred on by Sumner's own supposedly "classical" Yale.

The streets that ran past the old town pump and past Yale's Old Brick Row were still muddy canals in late March and early April, necessitating iron foot scrapers on every doorstep; but down the middle of Chapel Street ran tracks for horse-drawn trolleys. The town's water was supplied through mains owned by a private company; and where gas lighting had been limited to the senior Professor Benjamin Silliman's home in the late eighteen forties, now more and more home owners had thrown away their old sperm candles and gone over to the new lighting.

Prosperous New Haven

Indeed, New Haven might have been summed up as "Sillimans' progress." The older Silliman had taught his science largely from the books. But in the forties the younger Silliman—Benjamin, Jr.—had, with a liberal outlay of his own money, set up the first college chem-

istry laboratory in the United States. It was from this laboratory that there emerged, some time later, an analysis of the commercial possibilities of a "rock oil" specimen from western Pennsylvania—and on the basis of Silliman's word a New Haven businessman, George Bissell, and James Townsend, a local banker, sent out Colonel Edwin Drake, a railroad conductor with new-fangled ideas about drilling, to sink the world's first oil well. New Haven was too far from oil country to keep control of the business—but it started it.

New Haven's Yale had, indeed, been serving an optimistic nation in more ways than supplying it with Congregational ministers ever since its Jedidiah Morse, the "father of American geography" as well as the sire of the inventor of the telegraph, had put together the first geography book to be published in the young nation. At the end of the eighteenth century Yale's President, Ezra Stiles, had mingled his concern for Greek, Latin, Arabic, and Hebrew with a passion for astronomy and metallurgy and the raising of silkworms—and a later procession of far more academic and other-worldly college presidents had not been able to eradicate the cosmopolitan Jeffersonian effect of Stiles' influence. The "Yankee" end of the Puritan college had split off in 1861 to become the Sheffield Scientific School, a development made possible by Joseph Sheffield and by a group of New Haven businessmen including Oliver Winchester, the arms manufacturer, and Eli Whitney, Jr., son of the old inventor.

The first Eli Whitney had taken much encouragement

from Ezra Stiles. He had failed to make a fortune from his cotton gin, which, despite his patent, had been pirated all over the South by local manufacturers. But Whitney had recouped by pioneering the production of interchangeable rifle parts from standardized dies out in his factory by Lake Whitney—and this more than anything else had set the pattern for the town Sumner knew.

A Town of Many "Firsts"

It was a town of many "firsts" besides that of the first geography book and the first standardized dies. In little things there were Sheldon Hartshorn's first hinged buckle and William Gee's loom for weaving suspender webbing, two products dating back to the time of Sumner's childhood; and, going further back to the days of the early clockmakers, there was the inventiveness of Simeon Jocelyn, who had desisted from his business of engraving grandfather clock faces long enough to create the first practical pruning shears. Amasa Goodyear, father of the man who was to discover rubber vulcanization, had brought into being the spring steel tine pitchfork, a famous New Haven export of its day. With the forests of Ohio being cleared for the raising of hay and grain, the steel tine fork was as practical an object as Edward Beecher's and Thomas Sandford's New Haven-made device for mass-producing the phosphorous match. And the new railroads of the young American Republic would not have been able to cross a river if a New

Haven architect, Ithiel Town, had not designed a wooden truss bridge which would bear the weight of the earliest steam cars.

The New Haven to which Sumner returned in 1883 had not yet seen an automobile—or a “hellvahgen,” as Sumner was to call the first horseless carriage that came to his attention. But already, in the eighties, New Haven had made the automobile business a possibility. When cars came, they would need gasoline from Silliman’s and Colonel Drake’s rock oil; and they would need the rubber which New Havener Charles Goodyear had first vulcanized by treating it with sulphur and heat until it had hardened into usable forms. Moreover, the industrial process that had been started by Eli Whitney was to prove peculiarly adaptable to the making and assembling of the automobile, as Henry Leland, a man who had been trained in New England gun factories, was to prove to an astounded English audience when he dramatically disassembled and then put together again from scrambled parts a number of his Cadillac cars.

Even as Sumner was lamenting the sad fate of the Forgotten Man, New Haveners were pioneering some of the first commercial companies to match the creativity of the inventors. The first telephone directory in history, giving numbers for all of fifty subscribers, had been issued in 1878 by the District Telephone Co. of New Haven, which had set up the first commercial switchboard on a borrowed kitchen table. In 1881—two years after Thomas Edison had made an incandescent bulb that would burn for practically all of two days—New Hav-

eners had started the New Haven Electric Light Co., the first after Edison's own pioneering company in New York City. It failed in 1883 but was soon started up again with sufficient new capital to provide for electric street lighting and to put an end to the horse-drawn trolley.

In addition to the newer ventures there were the old standbys which had made New Haven the industrial center of southern New England even before the Civil War. There was the Brewster carriage works (among some forty other carriage companies); there were the clock companies; there was the thriving Fair Haven oyster business; and, out in the Newhallville suburb below the Sachem's Wood, there were the great Winchester repeating arms works set down amid scores of workmen's homes. There were cigar makers, who attracted German and Dutch immigrants; there were boot and shoe makers; and there were the builders of pianos and organs. So the local fruits of a generation of inventiveness and enterprise were ripening in his own home town as Sumner bemoaned the fate of the Forgotten Man.

Profound Prophecy

How are we to account for Sumner's pessimism amid the evidence that the Common Man, far from being "forgotten," was blessed with hope and opportunity in that New Haven clime of 1883 as he had never been blessed before? Was it merely that Sumner, who was to become America's first trained sociological digger, had

not yet learned how to project a trend from heterogeneous isolated facts?

The answer, far from being a testimony to obtuseness, must be set down as a tribute to Sumner's "inner eye": the man was a prophet. He had studied in Germany in the years of Prussia's climb to ascendancy in the German Federation; and he had already taken the measure of the "socialism of the chair." Where he nourished his doubts of the new German ideologies, his academic colleagues, including a whole new generation of economists, had more and more tended to succumb to the blandishments of the German "institutional" and "historical" schools which were enamored of state intervention in the industrial process. Sumner was an early believer in a theory later formulated by John Maynard Keynes, that the "encroachment of ideas" is far more of a constitutive agent in the fashioning of society than any set of purely physical facts. The "encroachment" of the notions set afloat by the scholars of Bismarck's realm was very much in Sumner's mind when he lamented the plight of the Forgotten Man in 1883. He knew that if the Forgotten Man was not already being compelled to lift the burden of the ne'er-do-well D in the early eighties, he would not long remain immune.

Quite aside from the academic influence there were other trends which had aroused Sumner's suspicions. The tariff, that first monument to American statism, was already an old story in 1883; and the tariff, as Sumner foresaw, would be a goad to every pressure group to get "its own." The Greenbackers and Grangers were

comparatively quiescent in the early eighties; but it was not for nothing that Sumner had been a long-time student of the American currency, which had periodically run to wildcat issues and to the effects of an oversanguine theory that silver could arbitrarily be held in a fixed relation to gold. Then there was the latent penchant of the American for a collectivist utopianism—the old Fourier and Brook Farm strain which would erupt anew into the Bellamy clubs in the wake of Bellamy's *Looking Backward*. Meanwhile Henry George had already gathered his first army of Single Tax prophets—and Sumner suspected that any widespread application of George's principles would put the disposal of natural resources into the hands of tax apportioning politicians, who have never been solicitous of the needs of the enterpriser in any clime or time.

It is as a prophetic utterance, then, that we must take Sumner's speech on the Forgotten Man in its own original setting. False though it was to the immediate circumstances of New Haven and the rest of America in 1883, it was to become true as gospel for the America of the future. Sumner had the seeing eye as an early sociologist—but more important than his eye was his attunement to the hidden voices of coming ideological commitments. In misdescribing the present for that Brooklyn audience on January 30, 1883, he smelled the future. And the audience, in offering no recorded protest, must have smelled the future, too.

THAT EXTRA MILE

by *George D. Scarseth*



TODAY we can overcome gravity, make stars in the spaces of the universe, create energy out of a grain of sand, cure tuberculosis, prevent polio, breed cows from dead bulls, see beyond the clouds, use hormones to make a male or female out of a fertilized egg, cause insects to destroy their own race, drop a bomb on a target on the other side of the world, speak into a box and be heard and seen by billions, control the evolution of a superior seed, improve soils by using them, cover the earth with food—and so on and on, with each day bringing forth new magic. Miracles have become commonplace.

Tomorrow, we cover the earth with more people, more masses of a creature who can become a master of his emotions and his destiny or a slave to his stupidity.

The stakes are high. The issues are a matter of happiness or woe. The solutions start with every person.

The time for man to awaken to his own dormant potentials is *now*. This refers not to someone else, to any special social, industrial, or political group, but to you

Dr. Scarseth is Director of Research, American Farm Research Association, West Lafayette, Indiana. This article is from an address of July 15, 1960, to the Annual Research Conference at Michigan State University.

and to me as individuals. We are the cells that make up the whole body of man's institutions.

Each of us carries in his bloodstream of inheritance, the genes of the great and of the misguided. We can call on our good genes to help us grow, and work to cover the bad ones.

The common man is common only when he sleeps. When he is awake, he can observe and learn. The big difference between people is what they do with their time when awake. This becomes the key to every person's tomorrow.

The most extraordinary phenomenon of creation is growth. Our physical growth is largely a matter of inheritance and influenced by environment. We grow to become *Homo sapiens* (man), *zea mays* (corn), or a million different species of growing physiological types by the background of genetics. All these physical growth features have a definite termination. The growth stops at a certain stage and the species is said to be mature.

Man is the one creature endowed above all other species to be given the extraordinary capacity to grow in intellect and in that indefinable quality we call character and regard for his neighbor.

In man's highest ideal there is even room for the Golden Rule, common to most religions, or to love every man as oneself, even to love and forgive an enemy.

The growth of the cultural attributes of man has no terminal point. There is no one stage in man's life where the growth of his intellectual, cultural, or spiritual life is stopped except by his own indifference, apathy,

love of the easy moment, diversion of his time by fruitless interests, and, too often, by living in an environment where little or no high value is placed upon inspiring people to improve themselves.

The cheerful note in this attempted analysis of ourselves is that no one of us, not the least of us, has a bottleneck on his opportunity to grow as a worthy person. It should be an inspiration that all growth starts infinitely small.

At no stage in a life need we despair and say, "I'm too old to learn, to grow, to be more than I now am." The choice is truly one of your own making. Nobody is a worse enemy of yours than yourself. You are the one who signs your own death warrant in the growth of your character and your services to mankind as an important person.

Some 300 years ago, John Milton was turning blind, and he cried out in despair that his life was half spent and he was becoming blind before he had served his God. Then patience whispered, "God does not need either man's work or his own gifts." Yet, it was this burden on Milton that caused him to do all his thinking and writing and to become an immortal inspiration to all who "best bear their mild yoke as they serve Him best."

The remarkable part about growth in all life species is that when physical maturity is reached, a cycle is finished. This is not true of man's spiritual qualities—here growth has no end.

But this is today—the age of things, things to make

life easier and longer. We can make more things than we can consume. We chase happiness by going into debt personally and as a nation, seeking to find happiness in having more things.

As Dorothy Thompson said (*Ladies Home Journal*, June 1960), our "sole aim of life becomes personal security, personal pleasure, personal success, personal self-indulgence."

But all these self-seeking goals are not the ingredients which made America the miracle it is.

Many made sacrifices as individuals along the path of our history in a response to duty beyond call. Many gave all in the dramas of wars to keep us a free people.

In the humdrum of daily life no great issue calls us to go the extra mile. We look at those who "get more" than ourselves. We seldom look the other way to see that most people, even to a billion or more, have less and not even a chance to better themselves.

I live in a beautiful house which is my own home, and sleep under an electric blanket when it's cold, and cool my house with another electrical something when it's too hot. About 40 or more electrical motors (counting those in the clocks) are my servants. We have a spare bedroom for guests in case you come to visit us.

None of this is free, and you can have all of it before I'll give up the system which made it possible to earn what this requires.

But these material things came by the simple rule of going an extra mile where only one mile was asked. This included going through much so-called swampy

land before the dry ground and the hilltop were reached. These swamps were often disheartening, but with perseverance, sincerity, attention to duty, with an extra measure frequently thrown in, the land became firmer, and so did the spirit.

Two distasteful dishes frequently became the fare. One was to "eat crow" to correct an error so as to be right, and the other was to forget one's own self-importance and not take oneself too seriously. These dishes have a way of improving in flavor after a bit of experience.

Life's Deeper Meaning

Out of all these material gains none compares to the greater gain in finding that life is more than the bread and bed. This is what America stands for. There was much reward outside of material gain in the pioneer life of our forefathers. To be a good neighbor was rewarding. To be a responsible citizen brought recognition. The secret of our very successful youth agencies such as the Boy Scouts, the 4-H Clubs, the Future Farmers, and similar organizations may be that they recognize the worthiness of any achievement or the extra mile of any individual.

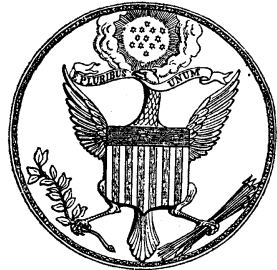
In a government-controlled system much of this may be lost, because why go an extra mile when some get rewards just because they exist as numbers? This is why we do not want a system of government where the State and its agents make the rules. But to avoid such an

order for the masses, we must each of us become individuals who make it a part of our character to go the extra mile on every road and do every task beyond the call of duty, not just for a state or organization or institution or company, but for much more than these:— for the dignity of man and his chance to be worthy of being free to choose.

The reward for the extra miles may come in promotions and increased pay, but more than such remunerations will be the compensation that will come out of the growing inward satisfaction and the respect and love of our neighbors. These gains must be earned.

A NEW ORDER OF THE AGES

by Samuel B. Pettengill



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THE ISSUES confronting our country would be better understood if we really knew what our Fathers meant when they called the American system "A New Order of the Ages." We would also know better whether it is worth the effort to preserve it.

On June 20, 1782, the Continental Congress, after considering different designs, adopted the Great Seal of the United States. It is portrayed on the back of the one dollar bill. If you have children or grandchildren, you can do something for our Republic by urging them to study the Great Seal and to understand its meaning. There is no patriotic symbol that has deeper meaning.

The Seal has two sides. The obverse shows the familiar eagle in whose claws are the arrows of war and the olive

Mr. Pettengill is a former Congressman from Indiana.

branch of peace. Over the eagle are the words, *E Pluribus Unum*—"from many, one." This side describes the physical structure of our government.

The reverse side of the Seal portrays the spiritual character of our Republic, and this is what most needs attention today.

It shows a pyramid of thirteen layers of stone. But it is an unfinished pyramid to indicate that every generation of Americans have work to do to build it higher, stronger, and still more perfect. It is scarcely necessary to note that the pyramid rests on its broad base, representing popular government, and is not inverted to balance on the precarious apex of one-man rule.

Above the pyramid is the all-seeing eye of Divine Providence surrounded by a glory. Surmounting it are the Latin words *Annuit Coeptis* meaning, "He has blessed our undertakings." At the base of the pyramid are the Roman numerals for "1776," and at the bottom of the Seal are the words *Novus Ordo Seclorum*—"a New Order of the Ages."

An Act of Faith

This seal was adopted only eight months after the surrender of Cornwallis, five months before the Treaty of Peace with England, and at the beginning of the seven "critical years" before the Constitution was adopted, a period when the lion-hearted Washington was in almost greater despair than during the worst years of the war.

Were the words "A New Order of the Ages" an ex-

pression of hope, or an act of faith? It was the latter. These men had faith. They truly believed that Divine Providence had blessed their undertakings.

But why did they call their young government a "new order of the ages"? Because it was a new order. It had long been struggled for, but as *a going concern*, it was something new in all the ages that had gone before.

In what respects was it new? Let us trace back to far beginnings the spiritual character of this young government.

Render Unto Caesar

I take you back nineteen centuries and more when some men were talking to each other near the shore of Galilee. A question was asked and an answer given: "Render unto Caesar the things that be Caesar's, and unto God, the things that be God's." When these words were spoken, those who heard them "could not take hold upon His words, and they marveled at His answer, and held their peace."

Why could they not take hold upon His words, and why did they marvel at His answer? First, because they could find no treason in these words, and second, because they must have sensed in its deep implications that here was the greatest challenge to totalitarian power that had ever been let loose upon this planet. No wonder that they marveled. It was a strange and marvelous doctrine.

They were told that there was a land and jurisdiction

in which the power of government could be rightfully asserted, but beyond that land there was another land belonging to God and his creature, Man, where Caesar should not tread. Christ said that a fence shall stand between these two lands.

These words gave birth to the idea of freedom, but for long centuries, it was hungered for in vain.

Like the eternal struggle between sea and shore, some vestige of freedom was sometimes won for a short period. It had the appearance of freedom, but it was not a matter of right, but of a monarch's grace, to be enjoyed for a brief space and then submerged by the ceaseless tides of arbitrary power. These tides are sweeping in today.

For men of our race, the first great breach in Caesar's prison wall was made by the Barons of Runnymede 745 years ago.

The Great Charter then signed and sealed by King John dealt with many matters that were important only as long as feudalism endured. But it is to the eternal credit of the barons that they erected barriers against arbitrary power, not for themselves alone, but for the rank below them, the "free men."

It is here that the Charter stated principles of universal application, and as such, laid the foundation of government by law, and not by men.

"No free man," the King was made to say, "shall be taken or imprisoned or disseized or outlawed or exiled or in any way destroyed, nor will we go upon him, nor will we send upon him, except by the legal judgment of his peers, or by the law of the land."

These words, in all English speaking countries, are the foundation of limited government, trial by jury, habeas corpus, and many other safeguards of free men—the end of Star Chamber, *ex post facto* crimes, bills of attainder, prison without trial, and confessions by torture.

Magna Charta began a struggle of seven centuries that is still going on. King John himself and other kings and parliaments and courts have time and again tried to tear Magna Charta down, and have often succeeded.

But Runnymede was followed by the Petition of Right of 1628, Ship's Money, Naseby, the head of Charles I, and the Bill of Rights of 1689—by men of the stature of Hampden, Milton, Hooker, Vane, Sidney, Coke, Locke, Pym, and Selden, of whom one was killed in battle, two executed, and four put in the Tower of London. Because they were *MEN*, the Rights of Men came marching on.

As Kipling wrote:

All we have of freedom, all we use or know—
This our fathers bought for us long and long ago.
Ancient Right unnoticed as the breath we draw—
Leave to live by no man's leave, underneath the Law—
Lance and torch and tumult, steel and grey-goose wing,
Wrenched it, inch and ell and all, slowly from the King.

The chief judge at the trial of Charles I said, "Resistance to tyrants is obedience to God." These words were also suggested for the Great Seal of the United States.

It was hard for King and court and courtiers and courtesans to give up their claim that all things should be rendered unto Caesar. Kings claimed they were above

the law; that "the monarch *is* the law." But finally my Lord Chief Justice Coke stood before King James, whose fist was clenched to strike him, and said, "The King is under God *and the law*,"—words that were heard across the Atlantic and will reverberate as long as men take pride in manhood.

A Design for Freedom

Then in the course of human events came Lexington on April 19, 1775, Concord Bridge, "the shot heard 'round the world" and the noble words: "We hold these truths to be self-evident; that all men are created equal; that they are endowed by their Creator with certain unalienable rights,"—rights that existed ages before there was any such thing as a state or government, the right to life, liberty, and the pursuit of happiness; rights which neither King nor commissar can lawfully take away; rights which men cannot rightfully vote away, because they hold them in sacred trust "for the ages."

It is plain that the words of Christ came alive again in Jefferson's deathless paragraphs. Some of the Colonial flags had the words "An Appeal to God" or "An Appeal to Heaven" over the picture of a rattlesnake saying, "Don't tread on me!"

Two years later, the Articles of Confederation were drawn up because "It hath pleased the Great Governor of the World to incline the hearts of the legislatures we respectively represent . . . to approve of . . . the said articles of confederation and perpetual union."

Then came the Constitution holding once more that the power to govern comes from the governed—"We, the people"—not their governors. The divine sanction appears in the Constitution in the requirement that the President must take an oath before High Heaven itself, to defend the Rights of Man. As is well known, the words "In God We Trust" have been used on some of our coins since 1864, and by Act of Congress in 1955 will now appear on all coins and United States paper currency.

Although the Constitution does not mention God by name, the Supreme Court of the United States has said that the Constitution is the letter and the page of which the Declaration of Independence is the spirit and the soul.

Still later came the Pledge of Allegiance, amended by Congress five years ago to include the words "under God," showing, as President Eisenhower said, that "In this way we are reaffirming the transcendence of religious faith in America's heritage and future; in this way we shall constantly strengthen those spiritual weapons which forever will be our country's most powerful resource in peace and war."

In short, as Lord Byron wrote in "The Prisoner of Chillon," men "appeal from tyranny to God."

A great American once asked, "Is life so dear, is peace so sweet as to be purchased at the price of chains and slavery? Forbid it, Almighty God!" Over and over, you see that the foundations of our Republic were laid on the Rock of Ages!

I will return to Patrick Henry's question, but let me add something more about *Novus Ordo Seclorum*. It was a new order of the ages for many reasons. I will mention only a few. It was new because it was the first time, in modern history at least, that a people deliberately debated and constructed the kind of government under which they wished to live. No Man on Horseback "waded through slaughter to a throne." Washington refused to be King.

This new order denied the divine right of kings. It also denied absolute power to its parliament (Congress), such as had been re-established in England only fifteen years before the Great Seal was adopted. It denied absolutism to any court such as Star Chamber.

But more important, and differing from other charters, including Magna Charta itself, which limited the power of kings and princes, our charter put limits on the power of the people themselves! It denied the divine right of mobs as well as of kings. It denied the "general will" of Rousseau. It required more than a majority vote on the most important matters.

It was designed "not to make America safe for democracy, but to make democracy safe for America." For, as Jefferson said, the concentrating of all powers in the same hands is the definition of despotism, whether exercised by many voices, or by one.

This willingly self-imposed restraint by the people on the sovereign power of the people themselves is utterly new in history. The majority cannot override the rights of a minority or of a single individual safeguarded by

the Constitution. Even the whole people are restrained, because they cannot alter the Constitution except in the deliberate manner therein set forth, in which the minority have the right to be heard and to oppose.

And because the sovereign power belongs to the people of fifty states, as well as the United States, it is inconceivable that any majority of the people *who are not asleep* will ever vest total power in a single unitary State, as in France, or a presidium as in Russia, or a Castro as in Cuba.

While the Constitution can be amended, and while a mad people could vote themselves into despotism, one thing is sure:—our Fathers never contemplated any changes that would fundamentally alter the character of our Republic.

They had posterity in mind. They had *us* in mind. They hoped that for all time Americans would insist that the individual has rights and dignities that are beyond the power of princes or the might of majorities.

Great Events of History

If I were teaching American history to boys and girls, I would ask them to study the great seals of our country and of all the states. They would see a single golden thread running through them all—the Rights of Man under God.

History should be a vital, gripping thing to our boys and girls. I object to history books that “squeeze out the dying words of Nathan Hale to make room” for social

studies that teach dependence on the State and the immoral doctrine that men have the *legal right* to live on the sweat of other people's brows. I object to classrooms that see no more of the flag than they do of the Crucifix or Star of David. I object to courthouses and city halls that do not fly the flag of their own state along with Old Glory.

In addition to mathematics and physics, we need more American history, honestly written, more British history, and the history of freedom everywhere. How can we see far into our future unless we stand on the shoulders of the giants of the past?

We need the acquaintance of heroes and the inspiration that comes from marching in their footsteps. For in the last pinch, when the chips are down, military hardware costing billions is useless matter without the intrepid spirit of man. John Paul Jones taught us that. How can we expect our youth to emulate heroism when we remove our heroes from the printed page?

As the great Edmund Burke, friend of the American Revolution, wrote of the ragged Continentals: "It is the love of the people, their attachment to their government from a sense of the deep stake they have in such a glorious institution, which gives you your army and navy, and without which your army would be a base rabble and your navy nothing but rotting timbers."

We have heard the tread of the returning Caesars. There was fascism in Italy and Germany, in which man, like a two-legged ant, was merely a cell in the greater organism of the State which alone was said to have su-

preme meaning. As Mussolini shouted: "Nothing outside the State, nothing against the State, everything for the State."

What threatens today is a world-wide human anthill.

The Communist Tyrant

But bad as fascism and Nazism were, and although both attempted to put the Church in their service, neither denied the existence of God, nor the people's right to worship their Creator.

It is one of the great ironies of history, due either to the accidents of war or the follies of statesmen, that having unhorsed Hitler, we helped lift Stalin into his saddle and fed his horse!

For here is the deadliest foe civilization has ever faced. The cruelest tyrants of previous ages claimed total power over their people, but all of them, to my knowledge, recognized that there were gods over them who must be appeased and sometimes obeyed. Even Nero and Caligula did that.

The communist tyrant, however, denies the existence of any God. To him, there is no such thing as Right and Wrong, Truth, Honor, or Faith. No treaty is binding. Nothing is immoral which feeds the power of the State. He considers man as nothing but a biological accident, a protoplasmic sport that somehow distinguishes his physical appearance from that of the cockroach or hyena. This tyrant's creed is the nihilism of the soul.

Along with the growth of this vile creature's power,

we have grown soft, fat, and flabby within. The covetousness of Karl Marx has infected us. And the morbid doctrine of Sigmund Freud that man is the helpless slave of his "id," and therefore not responsible to anyone for anything, is making us lazy, undisciplined, and unprincipled. This is evidenced by the rapid rise of divorce, crime, and juvenile delinquency. Many people pity the murderer and rapist more than his victim.

Our elections have become auctions of the public treasure, and millions of parasites use the vote to reap where they have not sown. The breeding of illegitimate children is becoming a profession and we are turning sturdy Uncle Sam into a male nurse.

We take struggle and discipline out of our children's lives, and then wonder at the treasonable conduct of many American prisoners of war in Korea.

The list of our troubles seems endless. Khrushchev says, "The United States is living the last years of its greatness." Some of my friends think we have passed the point of no return. They have tossed in the sponge.

A Hopeful Sign

I do not agree. They have not read history. Regenerative forces are always at work in any society although outmatched, for a time, by the forces of decay. There is always a saving remnant at work, as the Old Testament says. May we be part of it! Periods of vice and corruption are followed by the return of strength and honor. Communism, as the equal sharing of goods, has already

been abandoned in Russia, and the German socialist party only this year turned the pictures of Marx and Engels to the wall. I do not believe the Russian slave state will endure for the ages.

In our own country we still have our schools, churches, libraries, and the Boy Scouts, the Campfire Girls, the YM and YWCA's, the Catholic Youth groups, the 4-H Clubs, Future Farmers of America, Junior Achievement, Little League Baseball, Freedoms Foundation at Valley Forge, and scores of similar organizations building men and women. Even the honor student as well as the athlete is beginning to get recognition from his fellows!

Nevertheless, no great political leader since Theodore Roosevelt has said: "I wish to preach not the doctrine of ignoble ease, but the doctrine of the strenuous life." T. R. appealed to the strong side of men and women, not to their softness, laziness, envy, and self-pity. It has been said that one generation of luxury and licentiousness can capture a fortress that withstood centuries of hardship and struggle. Only from struggle comes strength.

We no more know the solutions to all the problems we face than we know what a little child will face in life. But we need not despair for him. We can do for him, or her, the one thing without which all remedies are valueless, and with which all problems grow small. We can build him strong and straight—physically, mentally, and spiritually. In doing this, we will strengthen ourselves.

FREEDOM OF CHOICE

by *Arthur Kemp*



AT ATLANTIC CITY in June, and again at Dallas in December, the American Medical Association's House of Delegates proclaimed and reaffirmed the belief that the "free choice of physician is the right of every individual" and that such freedom of choice, together with free competition among physicians, constitute prerequisites to "optimal medical care." In so doing the House of Delegates, by inference, took a position in favor of individual freedom of choice in general and expressed a preference for maintaining a social, political, and economic framework in our society conducive to the preservation of such freedom of choice.

All too frequently the term freedom has been misused or abused. Perhaps this is inevitable when the concept of freedom is capable of stirring up considerable emotion in the human breast; indeed, some men have died for it, and many others have proclaimed their willingness to do so. Less often, however, have men had the patience to devote attention to the less emotional and

Dr. Kemp is a Professor at Claremont Men's College, California, and formerly served as Director of the Economic Research Department of the American Medical Association. This article is reprinted by permission from the February 27, 1960 issue of *The Journal of the American Medical Association*.

more mundane restrictions on freedom when these do not directly affect them. Certainly it behooves members of the medical profession to give attention to the broader meaning of the term "freedom of choice" and to its implications.

If freedom of choice were to relate merely to the number of courses of action open to a person, it would be more accurately described as power of choice. But freedom of choice represents something more fundamental than power; it represents the right of the individual person to be a free agent in his interhuman relationships, to make his own decisions, to be free from the arbitrary authority of others, and to be able to choose how he wishes to use his services or property rather than to be subject to coercion by others. Freedom of choice means that the person is able to choose his own course of action and his own pattern of living, subject to the requirement that he shall not act so as to violate the freedom of choice of others.

Freedom in this sense, it should be noted, is freedom of, not freedom from or freedom to; the preposition is of great importance, for the latter represent not different aspects of the same thing but entirely different conditions. This calls to mind the famous four freedoms enunciated by President Franklin D. Roosevelt during World War II—freedom of speech, of worship, from want, and from fear—later called "a noble pun" by the British economist, Joan Robinson. The two pairs of freedoms were, in fact, of entirely different character. Mr. Roosevelt meant security from want and fear, not

freedom or liberty. Many philosophers, including Franklin and Jefferson, have pointed out that freedom and security are inconsistent human conditions. Indeed, make freedom of choice into freedom from choice and one comes close to a definition of slavery.

Alternative Methods for Society

The struggle and debate of our time is intimately related to this difference between freedom of choice and from choice. Such a difference relates to the alternative methods of organizing human activity and is not simply a struggle between the United States and the Soviet Union or between the free world and the unfree world. Human activity can be organized so that the individual person has freedom of choice or so that he has little or no choice. The latter is the technique of the totalitarian state while the former is the mechanism of the market place with limited government and the separation of political powers.

A freedom-of-choice society in the economic sphere is a market society. Individual economic transactions are conducted through the voluntary cooperation of reasonably well-informed persons in such a way that both parties benefit from them. A free-choice society provides a mechanism for bringing about coordination with a minimum of coercion. Human activities, so far as possible, are conducted in the market, not in the political sphere. In this way coercion of individual persons to conform is minimized and freedom of individual choice

is maximized. Each person can choose the color of tie he wants, the architecture of his house, and the cut of his clothes. He does not have to submit to what the majority wants; he may make his own choice and get it.

This is, of course, exactly the opposite from that organization of society where decisions which could be made by the market are made on a political yes or no basis. Even if these decisions are reached by the expedient of democratic majority rule (which may be transitory) rather than by dictatorial fiat, the political decisions are the results of group pressures instead of individual choices.

We live in a society still essentially free, one that gives to the individual person the right not only to choose his physician but to make other choices as well. Indeed, we have even permitted the individual person to choose to use his capital and his services to advocate the abolition of freedom of choice itself. Throughout the history of mankind this sort of society has not been the general rule but the exception. Perhaps this is inevitable. The totalitarian collectivist principle is simple and straightforward; it appeals to those who say, "Do something now." The necessity of restraint, group and individual, the recognition of ignorance and the imperfection of human knowledge, and the denial of a millennium and the aim of establishing conditions that make life not perfect but workable—all these attributes of a free-choice society constitute a highly sophisticated doctrine.

It is sobering to see the growing number of so-called leaders of political thought or politicians who advocate

an ever-growing governmental assumption of responsibility for all sorts of complex economic and social problems—full-employment, care for the aged, care for the indigent, government health services, subsidized housing, and so on and on. Yet the moral ethic on which our civilization rests emphasizes individual responsibility. Can such a civilization survive? Perhaps, but only if it recognizes the difference between freedom of choice and freedom from choice.

CONSCIENCE OF THE MAJORITY

by Leonard E. Read



IN *his Education for Privacy Marten ten Hoor, Dean of the College of Arts and Sciences, University of Alabama, decries dictatorships in these appropriate terms:*

"We are living in a world and in a time when powerful leaders with millions of fanatical followers are committed to the forcible regimentation of their fellow men, according to formulas which have no initial authority but that of their own private dogmatism. They not only refuse to recognize the right of private thought and personal conscience to be considered in the management of public affairs, but they have abolished the concept of the individual as a private personality and have reduced him to the level of the bee in the hive. To restore the individual to his former dignity as a human being is the urgent need of the day."

Are majorities, when unlimited as to the areas of life they control, leading us down the same disastrous road as dictatorships? If so, what are the principles, the un-

derstanding of which would answer "the urgent need of the day"? These questions are the subject of this inquiry.

* * * *

DECLARED A PROFESSOR of economics at one of our larger universities: "What government should do is whatever a majority of the people vote that it should."

This teacher of young America was speaking the conviction of a vast segment of today's voting public: *The sole criterion of what government should do is whatever the voting majority demands of it.* This belief that sovereignty exists exclusively in "the will of the majority" is the same as a belief in unlimited democratic government. Regardless of the popularity of this view, its shortcomings must be understood and explained unless we want the majority to be the ruler of our affairs, the manipulator of our lives, the shaper of our destinies. For, according to this notion, the majority is almighty; there is no moral authority above the majority; the scope of government is not limited by any principle, but only by the will of the majority.

The principle of limited government is elusive. Even some of the very men who wrote the principle into the Declaration of Independence in terms of the inalienable rights of individuals, promptly defied this principle by unlimiting majority rule, that is, by not applying the limiting principle to the democratic state. They reasoned that the rule of the majority (democracy) could not be intelligent without a well-educated electorate, so they

proceeded to "secure" the required wisdom by a system of government education.¹ By doing this, they lowered the barriers they themselves had erected, permitting majority rule, in this precedent-setting instance, to get out-of-bounds, to possess powers over individuals never intended in their own distinctive design for limited government. Like their progeny down to this day, these sponsors of state education must have concluded that any goodness of which an individual is capable would show forth in the majority if all were educated in goodness.

These men failed to see that goodness is never evoked by coercion.² And they overlooked one striking fact: *Whatever goodness may be manifested in individual action tends to be lost in mass action.* The majority, regardless of the people who compose it, is an amoral mechanism; a majority conclusion is a concentration—an amalgam—of views which does not include the voice of individual conscience. This is a serious charge considering that we as a people are submitting ourselves to majority rule: a whole nation's destiny in the grip of a conscienceless force, an amoral mechanism that knows not right from wrong, incapable of learning, and powerless to think or reason—like putting ourselves under the

¹"He [Thomas Jefferson] was the first American statesman to make education by the state a fundamental article of democratic faith." *Encyclopaedia Britannica*, Vol. XII. Chicago: Encyclopaedia Britannica, Inc., 1946.

²The three distinguishing features of government education are coercive: compulsory attendance, curricula dictated by government, and the forcible collection of the wherewithal to pay the educational bill.

rule of a robot! So, let us examine the charge that majority action displaces individual conscience.

First, what is conscience? "A knowledge or feeling of right and wrong, with a compulsion to do right; moral judgment that prohibits or opposes the violation of a previously recognized ethical principle."

Second, what or who is capable of having a conscience? Is it not self-evident that this is a quality or characteristic that only an individual human being can possess?

Third, what is a majority? It is the greater part of a number in excess of two.

Obedying One's Own Conscience

Let us now take a minimum grouping of three individuals—any three on earth—and reflect on their "knowledge or feeling of right and wrong," that is, let us take note of their several consciences. Our first discovery is that no two are absolutely identical; no two among all who live are alike; no two have *precisely* the same concept of goodness or rightness or truth!

This is not to suggest that truth itself is variable, but that fallible human beings will vary in their knowledge of and proximity to truth, even though each were to do his very best at all times. A person behaves conscientiously only insofar as he obeys his own conscience, wherever it leads. His only alternative would be to act unconscionably. Therefore, except in matters where no controversy exists—like two plus two equals four or the blending of blue and yellow makes green—the averaging

of two varying consciences must, perforce, result in a conclusion which tends to disenfranchise conscience.

Example: The chairman appoints a committee to prepare a report on what the nation's tariff policy should be. It is a foregone conclusion that the conceptions of right policy are, to some degree, at variance. For instance:

A believes in private property, namely, that each individual has a moral right to the fruits of his own labor, and further believes that this right includes the right to control the exchanges thereof; that any forcible shifting of control to others is an infraction of the private property principle. He stands for free exchange and, thus, rejects the tariff idea.

B believes, just as sincerely, that domestic producers must be protected against all foreign competitors who pay lower wages than are paid at home.

C accurately reflecting what his conscience dictates as right, favors "reciprocal trade agreements."

The committee, however, has accepted the responsibility of submitting a report. Finally, after discovering that precise agreement is impossible, B and C effect a compromise: Tariffs should be hiked on all foreign products that are showing a competitive advantage over home products (or any one of countless other possible compromises). B and C, of course, vote "yea," A votes "nay." The majority carries the day. Their compromise becomes the committee's report.

Be it noted that the report—*like all majority reports where the issues are in controversy*—is not an accurate reflection of what is regarded as right by A or B or C.

All connection with conscience, that is, with the individual's precise conception of rightness, has been severed. It is this severing that makes a conscienceless mechanism of the majority.

It should be borne in mind that the amorality of a majority is not overcome by increasing its number, whether it be upped to ten or to the number in a national plebiscite. Indeed, the more persons involved, the greater is the likelihood that the majority conclusions will be worsened—in all events made devoid of conscience.

Government's Role

When we consider the extent to which public policy in the U. S. A. today is decided by majority vote, and when we recognize the consciencelessness of this mechanism, we need not be surprised at a decaying individual responsibility and at our descent into socialism. Rather, we should count ourselves blessed in having some remaining time to put this conscienceless force in its proper place. It does have a place.

Assuredly, it will take a lot of doing to unfasten the grip of this amoral force on ourselves. Perhaps the untangling should begin by reflecting on the basic question that democracy poses: *Who should rule?* The answer it gives is: *The majority*. There is an enormous enthusiasm for this answer, and not without reason. For, the alternative, increasingly in evidence, is the dreaded one-man say-so, dictatorship. Not only is that the way most peo-

ple see it but, unfortunately, that is the only way most people see it. Their high preference for democracy over dictatorship has effectively blinded them to a far more important question than who shall rule: *Regardless of who rules, what shall be the extent of the rule?*

If the question as to the extent of governmental rule is not posed and properly answered, the conscienceless majority will continue its rampage unabated. Unrestrained, knowing no bounds, this amoral, political mechanism can and will be—indeed, is—as vicious, as tyrannical, and as destructive of the rights of man as any culprit having a monopoly of the police power has ever been.

Very well. If democracy poses and answers the question of who shall rule, what is it that poses and answers the question of what shall be the extent or the scope of the rule?

As we have observed, it is not democracy. The majority, when operating in its political magnitude—a force severed from conscience and reason—cannot possibly know its place. It will steal and kill with the same reckless abandon as a bank bandit and with the same ignorance of its crimes as a mob or a runaway truck.³ Democ-

³ This is no exaggeration. A majority through the instrumentality of the State will take property without consent for golf courses, for paying farmers not to produce, for building baths for Egyptian camel riders, or for whatever. The participating individuals have no more sense of wrongdoing than does a member of a lynching party. If asked, "Who did it?" he will reply, "The lynching party." There is more truth than exaggeration in Aldous Huxley's comment, "Humanity is in inverse proportion to numbers; a mob is no more human than an avalanche."

racy or majority rule, as applied to political action, is powerless to limit itself. Popular elections in our times attest to this observation.

Liberalism Not the Answer

And, contrary to the claims of Ortega, liberalism does not contain the limiting principle. (Ortega used the term in its classical and finest sense.)⁴ Liberalism, which insists on the rights of the individual and a severe limitation of the State, does not go beyond the rationality of man for the source of its strength.⁵ While the genuine brand of liberalism does pose and satisfactorily answers the question in an arbitrary way, the answer is founded more on a splendid opinion than on a fundamental principle.

Nor does the term "Americanism" indicate the principle that prescribes governmental limitation. Americanism has almost as many meanings as there are people who use the term. It means everything from constitutional government to vacations with pay to a democratic attitude of people toward each other to TVA to private enterprise to a melting pot. Americanism neither theoretically nor practically explains what shall be the extent or scope of government.

What we are searching for may be said to have no

⁴ See pp. 125-126 of *Invertebrate Spain* by Jose Ortega y Gasset. New York: W. W. Norton & Co., Inc., 1937.

⁵ For an example of this type of rationality at its best, see F. A. Hayek's reasoning on "the rule of law" in his *The Constitution of Liberty*. Chicago: The University of Chicago Press, 1960. 570 pp.

name at all. A certain something—an idea or a concept—momentarily, almost fleetingly, insinuated itself into the consciousness of a few persons who happened to be Americans—and a miracle was wrought! People became so fascinated with the miracle's material outpouring that they failed to reflect on the mysterious concept which conferred these blessings. The concept flitted in and out of consciousness so rapidly—like a dream or an idea that is promptly forgotten—that no one ever gave it a name.

A Happy Sequence

More often than not the good things which happen to us are over and beyond our own creation. Minor inadvertencies or happenstances, of little significance when viewed separately, sometimes combine or occur in certain sequences with the most unexpected, astounding, and efficacious results. If we are observant enough to take note or discover what minor events combined to form the grand result, perhaps we can, by their repetition, continue to enjoy the blessings they confer. Stated another way, mankind advances by developing laws or theories on the basis of observed fact and successful practice. A splendid example of theory devised after the fact was cited by Eugen von Böhm-Bawerk. Said this wise theoretician of free market economics: “. . . he [the common man] practiced the doctrine of marginal utility before economic theory discovered it.”

It is my contention that a sequence of seeming inad-

vertencies—an at-random combination—taking place between 1620 and 1791, if viewed in their wholeness, contains the answer we are seeking.⁶ We shall find in the combination of these events the only principle for the proper limitation of government or, in other words, the answer to the question, *What shall be the extent of the rule?*

Two facts, relevant to this thesis, stand out: (1) For a time, government in the U. S. A. was more limited than ever before in any other country, and (2) there followed an outburst of creative energy and an acceptance of personal responsibility unprecedented in all history. As in so many cases, most of us have attributed these phenomena to something peculiarly brilliant in our own makeup. But such credit has no more validity than did the observation of the fly on the chariot wheel, "Look at all the dust I am making." As I believe, and hope to demonstrate, the outburst of energy was the effect of the limitation. But, what was responsible for the limitation?

Part one of the unforeseen combination probably occurred during the first three decades of the seventeenth century. An excellent case in point followed the landing of our Pilgrim Fathers at Plymouth Rock. The members of this little Colony began their life together in a state of communism. For, regardless of what each Pilgrim produced, all the produce went into a common ware-

⁶ The idea I am trying to convey was well phrased by Adam Ferguson: "how nations stumble upon establishments which are indeed the result of human action but not the execution of human design." Quoted by Hayek in his *The Constitution of Liberty*, p 57.

house under authority, and the proceeds of the warehouse were doled out as the need seemed to require. In short, they tried to live by a principle which, more than two centuries later, Karl Marx set forth as the ideal of the Communist Party, "*from each according to ability, to each according to need.*"

Return to Freedom

There was a compelling reason why the Pilgrims threw overboard this communal or communistic practice. Many of them were starving and dying! It seemed that when they organized themselves in this manner, the warehouse was always running out of provender. The needy became everyone.

During the third winter Governor Bradford met with the remaining members of his Colony. They agreed to quit the idea of "from each according to ability, to each according to need" and would, come spring, try the idea of *to each according to merit*.

To each according to merit! It is inconceivable that these people were fully aware of what they were saying. In the Old World it had never been that way. Governments were sovereign. One kept whatever of his product the State allowed. It can be assumed that *to each according to merit* was conjured up in desperation. Perhaps it can be said that famine uncovered one of the principles leading to plenty.

Using hindsight—which we can do and Governor Bradford could not—*to each according to merit* is an excel-

lent definition of the private property principle. It is another way of saying that each individual has a right to the fruits of his own labor. "Each of you is to have what you yourselves produce" was the sense of the Governor's conclusion that third winter.

What happened came the spring? Read Governor Bradford's own words:

The women now wente willingly into ye feild, and tooke their little-ons with them to set corne, which before would aledg weaknes, and inabilityie; whom to have compelled would have bene thought great tiranie and oppression.⁷

The result of practicing the private property principle:

By this time harvest was come, and in stead of famine, now God gave them plentie, and ye face of things was changed, to ye rejoycing of ye harts of many, for which they blessed God. And ye effect of their particuler [private] planting was well scene, for all had, one way & other, pretty well to bring ye year aboute, and some of ye abler sorte and more industrious had to spare, and sell to others, so as any generall wante or famine hath not been amongst them since to this day.⁸

One cannot read this statement by Governor Bradford without detecting his sense of amazement that any such "plentie" had come about. These colonists attributed the outcome, if you please, to God, a confession that it was not of their own creation. This practice of the private property principle, I am submitting, was but the first in a sequence of happy actions which made for a

⁷ Taken from *Bradford's History "of Plimoth Plantation"* from the original manuscript. Printed under the direction of the Secretary of the Commonwealth by order of the General Court. Boston: Wright & Potter Printing Company, State Printers, 1901. p. 162.

⁸ *Ibid.*, p. 167.

combination that contains the key to a principled limitation of the State.

Had Governor Bradford been able to glimpse the latter half of the next century he would have seen that his words, "so as any generall wante or famine hath not been amongst them since to this day," were, indeed, prophetic. For, after him and the other Plymouth colonists, and by reason of the practice of the private property principle which they had so fortunately hit upon, came decades of growth, development, progress. Here was something new, but something which could not be preserved under any of the Old-World forms of unlimited government. Early Americans were keenly conscious of this fact. It was this consciousness, a magnificent political skepticism, inspiring a dread of state interventionism—to use a present-day term—which accounted for their long delay in forming a government.

"Endowed by Their Creator"

Then came the second in the sequence of happy actions—the American Revolution!

The real American Revolution was not the armed conflict with King George III. That was a relatively unimportant incident. It was, instead, a concept which, when understood, is seen to be a fundamental principle. To fully appreciate the fundamental nature of this revolutionary principle, it is necessary to keep in mind that in other lands and during previous times mankind had been contending with and slaying each other by the mil-

lions over the age-old question of which among the numerous forms of authoritarianism—that is, man-made authority—should preside as sovereign over man.

Then, in 1776, in a fraction of one sentence, was recorded the real essence of the American Revolution—concisely and solemnly stating for the first time in any significant political action⁹—the idea which rejected the *ancien regime*: “. . . they [men] are *endowed by their Creator* with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness. . . .”¹⁰ There you have it! This is *The Principle*, the very essence of the American miracle.

Endowed by their Creator! Was this an at-random action, that is, an action which was not consciously related to the grand combination? There appears little evidence to the contrary. For decades American thinkers had been examining and rejecting one form of authoritarian government after another. From what form, among them all, was man endowed with his right to life, liberty, and property? What previous form of government would preserve “to each according to merit”? Not a single one! From where, then, come these rights? There *are* such things as rights. Therefore, there must

⁹ The Declaration of Independence, in a sense, was a climax to the Whig revolution that had been under way in England throughout the preceding generations—the theoretical break with absolutism.

¹⁰ There seems little doubt that the authors and signers of the Declaration considered the protection of private property of utmost importance, equivalent to their “pursuit of happiness.” See R. Carter Pittman, “Equality Versus Liberty: The Eternal Conflict,” p. 122 of this volume.

be a source. Ah, the Creator; that's it. Some of the eighteenth century clergy were saying this. That would dispense with the whole squabble over the forms of authoritarian governments.

This is no attempt to belittle the spiritual faith of our Founding Fathers. Some were devoutly spiritual; others, it has been suggested, were agnostic or deistic. No, this claim that "endowed by their Creator" was, in a sense, an inadvertency is based on the conviction that the writers of the Declaration were not wholly aware that they had written *the principle on which all sound political thinking must be premised!* They could not have been aware of the significance of their act because, by itself, without the third action which was to come later, "endowed by their Creator" was, from a practical and a political standpoint, little more than graceful phrasing.

Before going to the third action in our remarkable sequence, let us reflect further on this revolutionary concept, this break with all political history. *Men are endowed by their Creator with certain inalienable rights; that among them are the right to life, liberty . . .* is at once a spiritual, a political, and an economic principle. It is spiritual in that it proclaims the Creator as the endower of men's rights and, thus, as sovereign; political in the sense that such an acknowledgment implicitly denies the State as the endower of men's rights and, thus, the State—be it managed by a dictator or a majority—is not sovereign; and economic in this way: If a man has a right to his life, it follows that he has a right to sustain his life, the sustenance of life being nothing

more nor less than the fruits of one's own labor. Note the relationship here to the private property principle—"to each according to merit."

The first in the sequence of revealing actions took place in 1623,¹¹ the second in 1776. The third came to pass during the following fifteen years.

Without Benefit of Hindsight

The Constitution and the Bill of Rights may not be generally thought of as an at-random action. Nearly everyone will claim that the framers of these documents were fully conscious of what they were doing. In a way, yes. But were they not thinking more about how best to implement "That government is best which governs least" than deductively reasoning from the premise, "Men are endowed by their Creator"? There is no evidence that they were aware that their work was the last in a series of three political moves which, separately, were more or less insignificant and unenduring but which, if pieced together, understood and believed in by their progeny, would present a picture making perfect political sense. Their progeny could use hindsight in assaying the significance of their actions; they could not.

To recapitulate: In the early 1600's, the principle of private property took its root in this land of ours, a po-

¹¹ It is not my contention that the Plymouth Colony experience was the sole source of the private property idea but, rather, to represent it as typical of what was going on in early seventeenth century America—at Jamestown and, no doubt, in many other circles. The Plymouth experience is used because its records are so well preserved.

litical acknowledgment that each individual had a right to the fruits of his own labor. In 1776, the Declaration of Independence, a political document, identified the Creator as the source of this and other rights, thus denying the State or any other human authority as the source. Practically, the Creator as the endower of rights has no meaning unless men and their political agencies abdicate the role of Creator, that is, remove from themselves any pretense of serving as the endower of rights.

That the Constitution and the Bill of Rights—the third in the sequence—were perfect complements to the right to the fruits of one's own labor and to the concept that the Creator is the endower of rights, there can be no doubt. These political instruments were essentially a set of prohibitions not against the citizenry but against the thing the citizens had learned from their Old-World experience to fear, namely, over-extended government.¹² They more severely limited government than government had ever before been limited. They deposed government as the endower of rights. Furthermore, government was shorn of the responsibility for the people's security, welfare, and prosperity.

There were remarkable benefits which flowed from this severe limitation of government. First, when government is so limited that it has nothing on hand to dispense nor the power to take from some that it may give

¹² The words "no" and "not," employed in restraint of governmental power, occur 24 times in the 7 original articles of our Constitution. In the Bill of Rights the words "no" and "not" and the correlatives "or" and "nor"—all in restraint of government—appear 22 times.

to others, to whom or to what do a people turn? They turn to themselves! As a result, there developed among early Americans a quality of character which Emerson later praised, "self-reliance." Americans earned a world-wide reputation for being a self-reliant people.

Second, when government is limited to the only principled function it possesses, that is, when it is limited to restraining and penalizing fraud, violence,¹³ predation, misrepresentation, and to the invoking of a common justice, there follows as a consequence of that limitation a freeing, a releasing, of such creative energies as are in the people. When government duly inhibits the destructive actions of people, there is no force inhibiting the creative actions.

A Burst of Creative Energy

It was this freeing of creative human energy on an unprecedented scale, *among a self-reliant people*, that accounted for the greatest outburst of productive and creative energy ever known. The American miracle came about as a consequence of three political actions taking place in a fortuitous sequence, a sequence that Americans did not contrive nor plan, nor even name.¹⁴

¹³ Violence, as here used, is meant to include foreign as well as domestic threats to life and property.

¹⁴ America's fortuitous combination, left nameless, accounts for the wide variety of incorrect and misleading titles used to identify the American ideal: Democracy, Republican Form of Government, System of Checks and Balances, Constitutional Government, and so on. Any one of these, at best, is but a part of something much more profound.

Suffice it to say, government today in the U. S. A. is again unlimited. The rights of man are now thought to derive from the State. Democracy reigns! The answer it gives to the question as to who shall rule is *the majority*. The extent of the rule, today, is whatever the conscienceless majority decides. That the road we are on must lead to disasters common to all Old-World political arrangements is evident enough. In principle, there is no distinction—none whatsoever—between our form of many men playing the Creator role and their form of one man playing the Creator role. Ask yourself, what precisely are the essential differences between the divine right of the majority and the “divine right of kings”? If finding no differences, why, then, should we not suffer the fate of the Old-World arrangements?

regrettably follows.

The Simple Lesson

However, it is not necessary that we suffer the fate of Old-World societies. Our own history has a lesson to teach us if we will but open our minds to it. The lesson is simple: *The Creator, not the State, is the endower of men's rights.* As in other aspects of life, so in the political aspect of life, this is the primary principle around which all else must be built.

This concept, with a minimum of reflection, should be acceptable to most people. For, the alternative to this is the State, a man-concocted arrangement, as the endower of men's rights. Is it not clear that man does not obtain his right to life, for instance, from any particular

Joe Doakes or from any two Joes or from any 182 million Joes? How, then, can any Joe-contrived agency, government or otherwise, gain an endowment which does not exist in the Joes who form the agency? Going one step further, if the State or the majority does not and cannot grant the right to life, does it not follow, logically, that they do not possess the moral right to deprive anyone of life and liberty and the means to sustain them?¹⁵

Once the Creator concept is settled on, the rights which are socially inalienable become quickly apparent. Society, regardless of how it organizes itself, cannot take life, liberty, or the means to sustain them. People are free to act creatively as they please. The moral questions, so far as they pertain to society, are settled in the acceptance of the Creator Principle. There are no moral principles remaining for the amoral mechanism, the conscienceless majority, to vote on.

¹⁵ This is a tricky point and, at first blush, would seem to deny government the right to impose penalties of any kind whatsoever. My own thoughts on the matter go like this: if a man has a right to life, liberty, and property, he has a right to defend his life, liberty, and property. Also, it is not improper that he delegate this right of defense to a formal agency—government. In short, man, or the government which man organizes, has a right to employ defensive or repellent force against aggressive force, that is, against any person or persons who would take life, liberty, and property. Those who employ aggressive force *initiate* the action. Any truly defensive force remains inactive until aggressive force appears. Thus, if aggressors are killed or otherwise penalized in the employment of defensive action against them, they are killed or penalized by an action which they initiated—by their own hands, as in suicide. Government has no moral right to take (aggress against) anyone's life, liberty, or property any more than has an individual. It has only the moral right to inhibit aggressive actions, as has an individual.

Left for democracy, for majority vote, will be questions where conscience does not come into play—for instance, who shall be elected to manage the agencies limited to the defensive functions? An amoral mechanism to decide amoral questions! Splendid! But do not let the amoral mechanism decide moral questions.

Considering the extent to which interventionism has insinuated itself into our lives in a cancerous manner, it looks, on the face of it, as if our social situation were beyond repair. Certainly, there is not one of us who can detail the remedial pattern. It is utterly baffling.

Yet, what miracles may right thinking bring about? Could any of us, in 1860, have detailed the pattern for delivering the human voice around the world in one twenty-seventh of a second? Indeed, not. But it came to pass. Not a man on earth knows how to make an ordinary wooden lead pencil, let alone an automobile or a jet airliner.¹⁶ But we do have them!

If the remedy for our plight required any measure of mass understanding, a reversal in national form would be impossible. But impossibilities such as that have never been obstacles to progress. Required only is a leadership in reaffirmation of the Creator Principle—and faith that right ideas radiate and do, indeed, perform miracles.

¹⁶ Should the reader question the point that no person knows how to make a pencil, send for a copy of my *I, Pencil*. Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y. (No charge)

FREEDOM: THE MORTAR OF MATURITY

by Stephen B. Miles, Jr.



TODAY many of those who have been most sympathetic with our past moves toward collectivism are starting to beat the drums to make the government responsible for the "mental health" of "its" citizens. They point to the facts that half of our hospital beds are occupied by "mental" patients and that one out of every 10 or 12 of us is destined to spend some time in a mental hospital. They conclude that "mental health" has now become important enough to be taken over by government.

But here may be an issue made to order for libertarians. For mental distress is largely, if not mainly, loss of contact with reality. In fact, this is how schizophrenia, responsible for 55 per cent of the "mental cases" in hospitals, is now described. And loss of contact with reality is directly traceable to loss of freedom.

The classic example of contact with reality used to be farming. The farmer prepares the ground; sows; the seeds grow into plants; he harvests the crop. The better he has done his job, the better the harvest—and the bet-

Mr. Miles offers a management consulting service in Los Angeles and does free-lance writing and editorial work.

ter he and his family will live. But today, farmers (and others) are not free to work in this way. Often the work a man does bears little relation to the rewards he reaps. And so it is little wonder that he tends to lose contact with reality.

In the Winter 1959-60 number of *Modern Age* (reprinted in *Essays on Liberty*, Vol. VII, p. 149), William C. Mullendore traces the confusion of our society to lack of "responsible individualism." It may be that one of the most striking examples of that confusion is precisely the same mental distress that the socialists would cure by less individual responsibility.

Problem Children

Examining studies of insanity, one finds such cases as the man who, all during his childhood, was protected by his mother—and when it finally became necessary for him to get a job and assert himself, went into a tailspin. Here is a young woman who had been told all her life by an older sister what to do, what to eat, what to wear—and who had broken down shortly after getting married. Here is another young lady who had waited on her invalid father day and night for the 30 years since he suffered a stroke and so became totally dependent on him for an emotional outlet. Here is a man with a history of almost constant illnesses as a child who, as a consequence, was never expected to do any real work or assume any real responsibility even during his well periods. And so it goes.

Most of these persons as children went regularly to school and studied their school lessons. Many of them became known as especially "bright" students. But none of them learned enough about the fine art of controlling situations, rather than being controlled by them, to develop the maturity necessary to cope with life once the crutch of overprotection or emotional dependence was withdrawn. They did not learn how to make their own decisions and choices—and how to take the consequences. They did not have the *freedom* that comes only with standing on their own two feet and physically and mentally "slugging it out"—a freedom more vital to man than any of his gregarious "drives."

Even a new-born infant seems to have a deep-seated need for freedom of movement. When the baby gets a little older and stronger, he will scream and kick and struggle and get red in the face if he is constrained from turning over when he feels like it, or stretching, or doubling up. The behaviorists call this "rage." It would be equally appropriate to call it a demonstration of man's basic, and elemental, love for freedom, and of his growing awareness that he is an individual with inalienable rights.

Evolution Toward Liberty

The normal development of the child is such that, as he grows older, more and more freedom becomes available to him, seemingly restricted to that amount he can use in each of his stages of growth. Just as by using his

freedom to pit himself against the obstacles of the world, the child—and later the man—develops the physical, mental, moral, and spiritual muscles that will build maturity and enable him to understand his world, so has our civilization developed by gradual (and fitful) steps. The evolution of life itself, if read correctly, suggests that the need to be free is one of the primary needs of man. Lecomte du Nouy says in his great book, *Human Destiny*:

“Evolution has all the appearances of being a choice, always made in the same ascending direction towards a greater liberty. . . . The increasing freedom of living beings is evident if one starts from the monocellular being and the mollusks: freedom of movement, liberation from the chains imposed by a strict dependence on the environment (concentration of saline medium, temperature, food, etc.) . . . liberation from the necessity of using the hands for walking or digging, liberation from the time-consuming method of transmitting useful acquired characters and experience (through speech and tradition), and last of all . . . liberation of conscience.”¹

The quest for freedom is not simply a thing added on, as dictators and bureaucrats seem to assume, or even one of the luxuries of integrity. It is part and parcel of the stuff of which human life is made, built in through a hundred million years of evolution, a million years of pre-history, thousands of years of history. When the circumstances of a man's life deprive him of freedom,

¹ Du Nouy, Lecomte. *Human Destiny*. Longmans, Green and Co., 1947. pp. 92-93.

they also deprive him of sanity and maturity for which he was born. Without freedom he cannot build up and toughen those inner resources which give him the flexibility and initiative so necessary for the give and take of life.

By Trial and Error

It is by freely trying out many different modes of behavior and then evaluating the consequences that are associated with such-and-such a type of behavior under such-and-such a circumstance that the wild gyrations of childhood, laughter one moment and tears the next, are narrowed down with the oncoming of maturity to smaller and more controlled emotional swings that will enable him to face the problems of life with initiative, self-reliance, and love. The gradual integration of reality into the patterns of thinking, feeling, and behaving is interrupted for the mentally disturbed individual. *He* somehow never learns to be self-reliant in the confidence that things will turn out as planned; to take the initiative, and thus make himself into an agent through which the cosmic creative force may flow;² or to love, which for the mature individual involves self-discipline and responsibility for others. He knows only the dependence of the child—but he yearns to express the emotions of adulthood, the emotions intended to fit him for maturity, without knowing how to do so.

² See Leonard E. Read, "Economics for the Teachable," *Essays on Liberty*, Vol. VII, p. 78.

He is torn between two worlds, and the result is the extremes of behavior of the manic-depressive; the delusions of persecution and of grandeur of the paranoid; and the silliness, negativism, apathy, and "split personality" of the schizophrenic.

The Inner World of Man

Friedrich Hayek shows in *The Sensory Order* that reality is not simply something in the "outer world" to be reached out to by sensory organs, but rather is created by each individual for himself.³ Such a concept of the development of reality makes it even more apparent that a nice balance between emotional responses, between work and accomplishment, between experience of effect and understanding of cause is required—in order that relationships (which are all we know) may be integrated in a constantly tightening nexus. The "development" of "reality," so conceived, which is here called maturity, is threatened by injudicious interference with the freedom of the individual, whether it be by parental overprotection, teacher coddling, welfare-statism, or whatnot. In its most extreme form, non-freedom leads to, or perhaps is, insanity. (For his 1984, George Orwell expanded a lunatic asylum to be coterminous with civilization.)

Life always throws down a challenge to the newcomer. That challenge reads: "Prove thyself." Parents, teachers,

³ Hayek, F. A. *The Sensory Order*. Chicago: The University of Chicago Press, 1952.

friends can help the individual get ready to meet that challenge, but they can protect him from accepting it *and the attendant risks* only by withdrawing him from the enterprise of life.

And the attendant risks. Facing challenges from which the teeth have been pulled just will not do. Such a situation is as artificial as providing a dog simultaneously with food and with electric shocks—and likely to have the same result: breakdown.

Whatever can be said in opposition to an agency using coercion against one group or individual to protect another (and it is much) the greatest harm may, in the last analysis, be caused not by the coercion, but by the protection. Society can provide the individual with anesthesia but not with maturity. Only by “bringing off” affairs where he has freely staked something of value can the individual learn—and by learning, hold the bricks of security in place by freedom, the mortar of maturity.

EQUALITY VERSUS LIBERTY: THE ETERNAL CONFLICT

by *R. Carter Pittman*



NO ONE questions the right of all men to equal justice under law, but propagandists have carried the doctrine beyond equality of rights to equality of things, and men are heard to proclaim human equality who would revolt at the suggestion that all birds, all fish, all cattle, all dogs, or all race horses are equal. Of course, all men are *not* created equal any more so than are all other members of the animal kingdom. Even if they are *created* equal, creation ends when life begins, and life is always unequal. Nevertheless, we are told over and over again and again that all men are equal, and the Declaration of Independence is cited as final authority.

The Declaration of Independence never became living law in America, and no provision of the federal Constitution or Bill of Rights can be traced to it; its influence on state constitutions and bills of rights has been insignificant. It was written to serve the temporary purposes of a sanguinary conflict. It was and perhaps will ever be history's most effective piece of propa-

Mr. Pittman is an Attorney of Law, Dalton, Georgia. This is a condensation of an article published in the *American Bar Association Journal*, August 1960.

ganda, but it neither grants nor protects human rights.

The first paragraph of the Declaration speaks of the necessity "for one people . . . to assume . . . the *separate and equal* station to which the laws of nature . . . entitle them," thus reaffirming the *separate and equal* station doctrine established by nature under which all great people have progressed throughout history. Then follows, "all men are created equal," equating "one people" with "all men" and "created" with "laws of nature." No one who helped to write it or who voted to adopt it ever asserted the doctrine of human equality either before or after July 4, 1776, but the Declaration of Independence, like the Constitution, has "taken on new meaning" by the application of "new philosophy" and "modern authority."

At about the time when Thomas Jefferson, Benjamin Franklin, John Adams, Robert Livingston, and Robert Sherman were named as a committee to write the Declaration of Independence, to accord with instructions from the Virginia Convention, which met in May 1776, George Mason's original draft of the Virginia Declaration of Rights was a popular subject of conversation in Philadelphia and all over America. A draft of ten paragraphs of Mason's original was mailed to Richard Henry Lee by T. L. Lee from Williamsburg on May 25. It is among the *Mason Papers* in the Library of Congress at this time. The original was extended by Mason into the committee draft in eighteen paragraphs and was reported on May 27 and published in Dixon's *Virginia Gazette* of June 1. It was published in Philadelphia newspapers

on June 6, June 8, and June 12 of 1776. It was published and republished in newspapers and magazines all over America and in England.

Jefferson Drew from Mason

Jefferson, to whom was assigned the task of writing the preamble to the Declaration of Independence, took the first three paragraphs of Mason's original draft of the Virginia Declaration of Rights and rearranged and rephrased them to make a Preamble for the Declaration of Independence.

The preamble for the proposed Virginia Declaration of Rights as published stated that it was "the basis and foundation" of government in Virginia. Its first paragraph was:

That all men are born equally free and independent and have certain inherent natural Rights, of which they cannot, by any Compact, deprive, or divest their Posterity; among which are the Enjoyment of Life and Liberty, with the Means of acquiring and possessing Property, and pursuing and Obtaining Happiness and Safety.

The Virginia Convention, before officially adopting Mason's original or the committee draft, changed the first paragraph to read:

That all Men are by Nature equally free and independent and have certain inherent Rights of which when they enter into a State of Society, they cannot, by any Compact, deprive or divest their Posterity; namely, the Enjoyment of Life and Liberty with the Means of Acquiring and possessing Property, and pursuing and obtaining Happiness and Safety.

Jefferson never saw that version until he returned to Virginia long after the Declaration of Independence was adopted. Jefferson's rendition from the Mason original was:

That all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the Pursuit of Happiness.

So the "basis and foundation" of the first free government in America was *equality of freedom and independence*, while the Jefferson perversion was *equality at creation*. The Declaration of Independence does not say that all men are equal. It says that they were *created* equal. There equality ends.

When the United States Constitution was under discussion at the Philadelphia Constitutional Convention in 1787 not one delegate from any of the twelve states represented suggested that "all men are equal" either at creation or in life. On June 26, 1787, on the floor of the Convention Alexander Hamilton, the patron saint of the Republican Party, said:

Inequality will exist as long as liberty exists. It unavoidably results from that very liberty itself.

Apparently every mind in the Convention assented, because not a word may be found in all the *Notes of Debates* to indicate that any delegate believed in the doctrine of human equality in 1787.

So far as we have found, the doctrine of human equality was not suggested by anyone in the battle that raged over ratification and a bill of rights.

The Constitution proclaims in its preamble that it was established "to . . . insure domestic tranquility . . . and secure the blessings of liberty." Nowhere does it hint a purpose to insure or impose equality of men or things. The due process clause of the Fifth and Fourteenth Amendments which render life, liberty, and property immune from attack except by the orderly processes fixed by law, insure that American governments may not impose equality.

Lincoln on Equality

In his famous Gettysburg Address in 1863, Lincoln recited from the Declaration of Independence in this context:

Fourscore and seven years ago our fathers brought forth upon this continent a new nation, conceived in liberty, and dedicated to the proposition that all men are created equal.

At the hour when Lincoln made that speech the Declaration of Rights of his home State of Illinois proclaimed in the words of George Mason:

That all men are born equally free and independent, and have certain inherent and indefeasible rights, among which are those of enjoying and defending life and liberty, and of acquiring, possessing, and protecting property and reputation, and of pursuing their own happiness.

Lincoln's task in 1863 was much like Jefferson's in 1776. Equally they needed a phrase that would arrest the imagination and stir emotions. When Lincoln recited from the Declaration, few remembered the phrase.

For nearly a century before 1863 it was seldom mentioned. In 1863 as in 1776 it kindled a flame that spread. It aroused emotions of sympathy. That is the primary reason for and the most powerful result of propaganda. The maxim, "All is fair in love and war," is not alone for Machiavelli.

Only a year before, on August 14, 1862, President Lincoln demonstrated that he was not an equalitarian. Speaking to a large group of Negro delegates in Washington, he said:

You and we are different races. We have between us a broader difference than exists between almost any other two races.

Whether it be right or wrong I need not discuss; but this physical difference is a great disadvantage to us both, as I think . . .

Even when you cease to be slaves, you are yet far removed from being placed on an equality with white people. On this broad continent not a single man of your race is made the equal of a single man of ours. Go where you are treated best, and the ban is still upon you. I cannot alter it if I would . . . See our present condition—the country engaged in war, our white men cutting one another's throats, and then consider what we know to be the truth. But for your race among us there would be no war, although many men engaged on either side do not care for you one way or the other. It is better for us both, therefore, to be separated.

The Declaration of Rights of California, home state of Chief Justice Warren of the Supreme Court, is almost a verbatim copy of the official Virginia Declaration of Rights. It proclaims:

All men are by nature free and independent, and have cer-

tain inalienable rights, among which are those of enjoying and defending life and liberty; acquiring, possessing and protecting property; and pursuing and obtaining safety and happiness.

No member of the Supreme Court can find support for equalitarianism in the fundamental laws of his home state.

National Constitutions Compared

The constitutions of the various republics of the world to be found in three volumes of Peaslee's *Constitutions of Nations* reveal that the doctrine of human *equality* has been universally rejected in the constitutions of the noncommunist world. The constitutions of a few communist countries proclaim the doctrine of human equality but none of the living constitutions of free republics, so far as we have found, now proclaim or perpetuate that doctrine.

Thirty-one of the constitutions of the nations of the world contain Aristotle's equality clause, as does Florida, to-wit:

Equal before the law.

For all men to be "equally free and independent" they must be "equal before the law." There is no such thing as freedom and independence under men. It exists under law or not at all. The Fourteenth Amendment guaranty that no state shall deprive any citizen of "equal protection of the laws," is but another way of expressing man's inherent right to *equality of freedom and independence* under law.

The same concept of equality before the law is expressed, sometimes in the words of Mason, and sometimes in the words of Aristotle, and protected by safeguards, in more than seventy of the eighty-three constitutions edited by Peaslee in 1950. Only four contain the concept of cultural, economic, or social equality that Myrdal found to be the "American creed." Those four are Guatemala, the Mongol Peoples Republic, the Ukrainian Soviet Socialist Republic, and the Union of Soviet Socialist Republics.

Mongolia puts it this way: "Equal rights in all spheres of the state, economic, cultural, and sociopolitical."

Russia puts it this way: "Equality of rights of citizens of the U.S.S.R. irrespective of their nationality or race; in all spheres of economic, government, cultural, political and other public activity."

While Russia has partially succeeded in reducing most of her people to the level of degradation approaching cultural "equality," she has been careful not to interfere with the segregation practices and racial *mores* of her people. Even Russian despots have more sense than to attempt a thing like that.

Soviet Segregation

In the summer of 1955 Justice Douglas and Robert F. Kennedy, an attorney for a Senate Committee, toured Russia. Mr. Justice Douglas found something he didn't fully tell. Mr. Kennedy spilled it in the *New York Times Magazine* of Sunday, April 8, 1956. Here is a part:

In every city that we visited there were two different school systems. There was one set of schools for the local children—those of a different color and race from the European Russian children. State and collective farms were operated by one group or the other, rarely by a mixture of both.

Although work is supposedly being done to minimize the differences, many of the cities we visited were still split into two sections, with the finer residential areas being reserved for the European Russians. European Russians coming into the area receive a 30 per cent wage preferential over local inhabitants doing the same jobs. The whole pattern of segregation and discrimination was as pronounced in this area as virtually anywhere else in the world.

A distinguishing feature of communism is that it never practices what it preaches. It always says one thing to distract attention as it does another.

Karl Gunnar Myrdal, whose book, *American Dilemma*, is now *corpus-juris-tertius* and “modern authority” in the Supreme Court’s pseudo-socio-law, defined the “American creed,” on page 4 of his book, as the “fundamental equality of all men.” On pages 4 and 9 he unwittingly copied Hamilton to admit that liberty and equality cannot co-exist because, as he insists, there is an “inherent conflict” between them and “equality is slowly winning.” After defining the “American creed” as “the fundamental equality of all men,” he says that its

tenets were written into the Declaration of Independence, the preamble of the Constitution, the Bill of Rights, and into the constitutions of the several states. The ideals of the American creed have thus become the highest law of the land.

He must have known that the federal Constitution and Bill of Rights and those of the states were written

“to secure the blessings of liberty” and that neither says a word about securing human equality.

On pages 12 and 13 Myrdal said:

The worship of the Constitution . . . is a most flagrant violation of the American creed which is strongly opposed to stiff formulas.

On page 18 Myrdal finds judges and lawyers to be anathema to those indoctrinated with the “American creed” saying:

. . . the judicial order is in many respects contrary to all their inclinations.

Naturally so *because liberty may not exist without a constitution sustained, as written, by an emancipated judiciary selected for learning and honor. Equality may be established only where the judiciary is so prostituted that it will undermine that which its members take an oath to support.*

Why the Declaration Says “Created Equal”

Why did Thomas Jefferson, Benjamin Franklin, and John Adams, the subcommittee that drafted the Declaration of Independence, use a phrase so susceptible to misuse and misconstruction as “all men are created equal”? The answer to that question is partially explained in the *Writings of John Adams*. Prior to 1776 two half-demented philosophers of France, named Helvetius and Rousseau, had maintained that “all men are equal,” and had preached “the brotherhood of man.” France was

saturated with it. That philosophy had caught on with the simple-minded peasants and philosophers of France. Nothing appealed so powerfully to the ignorant French peasants as the doctrine that "all men are equal" or are brothers. To the peasant that meant that *all men are kings*. The slogan was echoed all over France: "Every man a king!" The thought didn't occur to them that if all men are kings, then all might be peasants or slaves.

The Declaration of Independence recites that its purpose was "to enable the states to levy war, conclude peace, contract alliances, establish commerce, and to do all other acts and things which independent states may of right do." Those who wrote it and those who signed it knew that it was written for the principal purpose of bringing France into the Revolution on the side of America. The war had been going on for a full year. America was in an unequal struggle for life over death. Washington had been at the head of America's armies a year before July 4, 1776. Washington's task looked hopeless. Jefferson's task was to win the case for America by writing a powerful preamble that would appeal to the *hearts*—not the minds—of the French people. Since the doctrine of human equality had become a popular creed in France and since Helvetius and Rousseau were the prophets of that creed, Jefferson directed the Declaration at the hearts of the French people by declaring that "all men are created equal."

In their old age Thomas Jefferson and John Adams progressed from political rivals to bosom friends. On the thirteenth day of July, 1813, Adams' mind went back to

July 4, 1776, when he and Jefferson labored together in Philadelphia. He wrote to Jefferson that day:

Inequalities of mind and body are so established by God Almighty in his constitution of human nature that no art or policy can ever plane them down to a level. I have never read reasoning more absurd, sophistry more gross, in proof of the Athanasian creed, or transubstantiation, than the subtle labors of Helvetius and Rousseau to demonstrate the natural equality of mankind. *Jus cuique*, the golden rule, do as you would be done by, is all the equality that can be supported or defended by reason or common sense.

About a year later, on the fifteenth day of April, 1814, John Adams wrote to John Taylor of Virginia:

Inequalities are a part of the natural history of man. I believe that none but Helvetius will affirm, that all children are born with equal genius.

That all men are born to equal rights is true. Every being has a right to his own, as clear, as moral, as sacred, as any other being has. This is as indubitable as a moral government in the universe. But to teach that all men are born with equal powers and faculties, to equal influence in society, to equal property and advantages through life, is as gross a fraud, as glaring an imposition on the credulity of the people, as ever was practiced . . . by the self-styled philosophers of the French Revolution. For honor's sake, Mr. Taylor, for truth and virtue's sake, let American philosophers and politicians despise it.

Much has been falsely written and more has been mistakenly said about the influence of the human equality doctrine of the Declaration of Independence on France. We may not complete the story about America without telling the story of France.

In 1783 Benjamin Franklin translated and prepared

for publication a French edition of the Declaration of Independence and all American state bills of rights and constitutions adopted up to that time, including the committee draft of Virginia's Declaration of Rights and Constitution, both written by George Mason—but not the official draft of the Virginia Declaration which Franklin did not have because it was not published in any form for distribution outside of Virginia until well into the 1800's. As is well known, that book greatly influenced the French Revolution. In August 1789, France adopted the celebrated French Declaration of Rights which copied much from those published by Franklin.

Since Helvetius and Rousseau had been the prophets of the creed of equalitarianism, one would expect the French Declaration of 1789 to have asserted the doctrine that "all men are created equal" as did the Declaration of Independence. But, instead of following Helvetius, Rousseau, or the Declaration of Independence, France rephrased George Mason's original and asserted as the first paragraph of her Declaration language which, when translated back to English, comes out: "Men are born and always continue free and equal in respect of their rights." Her Declaration then defines "the natural and imprescriptible rights of man" as "liberty, property, security, and resistance to oppression."

The French Revolution teaches that liberty does not reside in the power of the majority to run the state but it lies rather in the security of a minority from the arbitrary exertion of the majority exercising the powers of the state. In that bath of blood *equality* finally became

the revolutionary creed. The nobility was leveled to the middle class and finally the middle class was leveled to the proletariat. The attempt to create a classless society resulted in the complete suppression of liberty. Power now moved smoothly over a level plateau. The promised liberty and freedom of the French people vanished in the dead sea of equality.

In his *Essays on Freedom and Power* (1948 edition), page 154, Lord Acton had this to say about the effects of the doctrine of equality in the French Revolution:

The deepest cause which made the French Revolution so disastrous to liberty was its theory of equality . . . With this theory of equality, liberty was quenched in blood and Frenchmen became ready to sacrifice all other things to save life and fortune.

Speaking on Charter Day at the University of California on March 23, 1907, Nicholas Murray Butler, President of Columbia University had this to say:

The political and social anarchy which Lord Acton described must be the inevitable result whenever the passion for economic equality overcomes the love of liberty in men's breasts. For the state is founded upon justice, and justice involves liberty, and liberty denies economic equality; because equality of ability, of efficiency, and even of physical force are unknown among men.

The American Revolution was kept under control by constitutions that limited power in order to preserve liberty. Virginia's Bill of Rights and Constitution were both written before the Declaration of Independence. All of the thirteen states immediately followed the example and adopted new governments. The French Revolution

went out of control when it subordinated the liberties of men to the power of a government immediately responsive to equalitarian mobs. Unbridled power and liberty are in eternal enmity. As Lord Acton said, "Power tends to corrupt and absolute power corrupts absolutely" and again, "A nation can never abandon its fate to an authority it cannot control."

It is *equality of freedom and independence* that gives unto man his opportunity to be rich or poor or to be good or bad. Equality of men leaves no choice, because if all men are equal by nature or inherently, there can be no differences and no distinctions. All have an equal right to stand at the judgment bars of God and man—but all are not entitled to the same judgment. Virtue and depravity are not entitled to the same rewards on earth or in Heaven.

It is inequality that gives enlargement to religion, to intellect, to energy, to virtue, to love, and to wealth. Equality of intellect stabilizes mediocrity. Equality of wealth makes all men poor. Equality of religion destroys all creeds. Equality of energy renders all men sluggards. Equality of virtue suspends all men without the gates of Heaven. Equality of love stultifies every manly passion, destroys every family altar, and mongrelizes the races of men. Equality homogenizes so that cream does not rise to the top. It puts the eagle in the hen house so that he may no longer soar. It subverts civilization by encouraging the Hottentot to claim equal footing with the cultured and intellectual in any scheme of social administration.

Equality of freedom cannot exist without inequality in the rewards and earned fruits of that freedom. There can be no equality of freedom, without leaving to all men a free and lawful choice of the "means of acquiring and possessing property, and pursuing and obtaining happiness" as Mason had it when Jefferson, like the gypsy, first defaced and then claimed as his own.

It is inequality that makes "the pursuit of happiness" something more than a dry run or a futile chase. It is inequality that makes the race. It is the father of every joy and the giver of every good gift. More than 2,000 years ago Aristotle said: "Equality may exist only among slaves." Slavery is the end result of leveling. In the fruitless effort to achieve equality short of slavery the peaks must be bulldozed into the valleys to make a level plain. Such may be done only through the process now called "social engineering" which holds that the end justifies the means. Those means must ever be force, restriction, terror, and a complete loss of liberty.

Equality may be imposed only in a despotism. Equality beyond the range of legal rights is despotic restraint. It is nowhere sought to be imposed except in the communistic sewers of slavish slavery. As Francis Lieber pointed out in his great work on *Civil Liberty* (page 334) 100 years ago: "Equality absolutely carried out leads to communism."

The prophecy is now being realized in America. It is *not* the "American creed." It is the creed of Marxism and the come-on of communism.

A MATTER OF COMMON INTEREST

by *Paul L. Poirot*



WHEN PERSONS with a common interest cooperate voluntarily, their organized effort constitutes a powerful creative force. On the other hand, some of the world's most perplexing problems stem from attempts to reconcile conflicting interests by merging them into one big organization.¹

Why organizational efforts succeed in some cases and fail in others will continue to puzzle mankind until the elemental fact is recognized and accepted that an individual does best what he understands and wants to do of his own choice. No police force is needed to compel anyone to do as he pleases, whether by himself or in concert with others. When everyone involved in a project is truly interested and wants to help, no effort need be diverted to persuade the unwilling or to whip the laggards into line.

¹For further discussion of some of the problems of organization, see: Read, Leonard E. "On That Day Began Lies," *Essays on Liberty*, Vol. I., p. 231; Brown, W. J. "Imprisoned Ideas," *Essays on Liberty*, Vol. V, p. 18.

Dr. Poirot is Managing Editor of *The Freeman* and a member of the staff of the Foundation for Economic Education.

Persuading a person to do other than he chooses seldom resolves conflicting interests but, more often, pushes the conflict into open violence. This, in turn, invokes government action. Thus it is, that efforts to merge and organize conflicting interests lead to increasing governmental power over human affairs.

One could cite many examples of the disastrous consequence of trying to organize without a common objective, including the broken treaties and agreements at the international level. Closer to the experience or observation of most of us, however, is the example of actively competing sellers of a particular commodity or service trying to combine or organize to protect their presumed common interests. What they presume to have in common is a right to supply all of a given market demand for their product or service. They hope for a monopoly power to exclude from "their" market certain other suppliers categorized as "unfair competition."

When competing sellers succumb to this ancient and hardy temptation, they overlook the fact that any organization to control a particular segment of a market necessarily must include the customers as members of the organization—because they constitute the demand side of that market. It is most difficult to explain to an intelligent customer that it would be to his advantage to buy at a high price from a "fair" seller when he could get the same thing at a lower price from an "unfair" seller. If the customers refuse to cooperate voluntarily in the organizational effort, the stage is set for coercion—and government intervention. Sometimes the government

intervenes in behalf of sellers by imposing and enforcing tariffs or other trade barriers. In other cases, the government condemns the action of the sellers as a "combination in restraint of trade." In either case, whether through protectionism or through antitrust activities, the governmental intervention is a consequence of an attempt to merge and organize conflicting interests. A true commonality of interest exists between a buyer and a seller—not between sellers who are competing for that buyer's patronage, or between buyers who are competing for the available supply of some commodity or service.

Price Controls and Cartels

How often one hears the proposal: "If only the consumers would organize!" The implication is that consumers would be well advised to gang up on suppliers in some way, as though they could then command twice as much for half the price, or something like that. But what supplier wants to cooperate in such a program? Where is the supply to come from to give every consumer all he wants at a price he would like to pay? We have been through all that, many times, and especially under the price control and rent control regulations of World War II. We should know that consumers will not stay organized under such conditions; first one and then another will desert the organization and turn to "the black market" for supplies.

The same thing happens when sellers attempt to or-

ganize a cartel or monopoly. No sooner does such organized curbing of the supply begin to reflect itself in higher prices than one or more of the member suppliers finds an opportunity to improve his own position by selling a little bit more than his quota. This is why such combinations in restraint of trade must, and do, quickly fall of their own weight, despite coercive efforts to enforce the monopoly. Meanwhile, as we have observed, the government will have been drawn in, either to suppress or to sustain the attempted coercion. No matter which side government takes, an organized effort that must rely on force against either its own members or against outsiders always results in an expansion of government activities—an extension of government control over human affairs.

The economic and moral case against business combinations in restraint of trade is fairly well understood in the United States today. But not everyone who understands about cartels in business is equally aware that many, if not most, of the labor unions are organized around that same absence of a common interest. What can be the common objective of two or more workers who are competing for the same job opportunity? And what could be more logical than peaceful cooperation between an employee who wants to perform a service and an employer who wants to hire him?

Nevertheless, we find labor unions insistent on compulsory union membership, compulsory collection of union dues, compulsion over their own members, and compulsion against their only customers: the employers

of labor. This also is a form of combination in restraint of trade. It is quite possible that compulsory unionism, directly and indirectly, is accountable for a larger proportion of the growth of government in the United States in the past 30 years than is any other organized effort, including the threat of Soviet communism.

"Full Employment" Implemented

Lest anyone think this a reckless and unfounded charge, let him consider some of the following aspects or developments of a labor-oriented national policy of "full employment":

1. A Social Security program with its multibillion-dollar annual tax bill. One of the major arguments for the program in 1935 was that it would provide job opportunities for younger workers as the older ones retired.

2. State and federal unemployment compensation payments of billions of dollars a year.

3. Billions of dollars of farm price supports designed at least in part to slow the movement of farm workers into union-controlled jobs and to hold down the cost of living of urban families.

4. The countless make-work projects—highways, airports, government buildings, dams, river and harbor improvements, and other spending programs supposed to relieve "distressed areas" from one end of the country to the other.

5. Public housing, "urban renewal," and other federal and state aid programs largely for the supposed benefit of low- and middle-income families.

6. The damage and cost of strikes, slowdowns, boycotts, featherbedding practices, and other burdens of compulsory unionism.

7. The legalized looting of private pensions, insurance

funds, and other savings because of the inflationary deficit financing that inevitably goes with a program of "full employment" through government intervention.

The foregoing list is not meant to suggest that organized labor is the only pressure-group activity responsible for the inordinate growth of government in our time. Nor would it be proper to conclude that competing workers have no common interest at all around which to organize. Their true common interest lies in the restoration and preservation of a competitive market economy under a government limited to the defense of life and property—an interest that ought to be shared by every person in the world concerned for his own well-being. Trying to organize around a special privilege, at the expense of other persons or groups, is to forfeit freedom and invite government control.

If ever there were grounds for common cause in this nation, surely the paramount common interest today would lie in re-examination of our so-called voluntary associations—all of them—so that we might support and strengthen the real ones, withdraw from the others, and thereby relieve ourselves of excessive government and taxes.

UNION POWER AND GOVERNMENT AID

by *Sylvester Petro*



UNION POWER over the last sixty years has varied in accordance with the privileges and immunities which governments in this country have given trade unionists. One is tempted to go further and say that government has responded to more or less clear shifts in public opinion. But the situation is more complicated than that.

The problem of ends and means is universal in political economy. Though there may be agreement concerning ends, policy judgments all involve choices among *means*. A proper choice of means requires a degree of knowledge and sophistication far beyond that which the general public possesses. These limitations rule any discussion of the role of public opinion. One may say that opinion rules all governmental action, but the problem is—whose opinion?—and how?

As a logical matter, union membership and union power need not necessarily vary in direct proportion

Dr. Petro is Professor of Law at New York University School of Law. For an elaboration of his suggestions on putting the principles of freedom to work in labor relations, see *The Labor Policy of the Free Society* (New York: Ronald Press, 1957).

with each other. Quite the contrary is possible—union power might increase while membership declined, or vice versa. There are other problems of definition. In the abstract, union power might be defined as the capacity of unions to gain their ends. More concretely and realistically, it means the ability of unions to extract immediately from employers and ultimately from society and the consumers a greater return for the efforts of union leaders and members than a free market would accord them.

Power so defined will vary from union to union, so that gross membership of all unions does not necessarily correspond to the total power of all unions. Yet, as will appear more clearly later, there is a definite relationship between union membership and union power. Growth of union membership and increase of union power come from the same source: special privileges and immunities granted by governments.

The Growth of Membership

Union membership has grown in this country from 440,000 in 1897 to 17,024,000 in 1959. The 1959 figure includes all AFL-CIO unions and all independent national and international unions with reported U. S. membership in excess of 100,000. Canadian members are excluded.

It will not do, however, to notice only the extremes. Significant insights are to be derived from looking at what happened in between:

<i>Years</i>	<i>Number of Members</i>
1910	2,116,000
1915	2,560,000
1920	5,034,000
1925	3,566,000
1930	3,632,000
1935	3,728,000
1936	4,164,000
1937	7,218,000
1938	8,265,000
1939	8,980,000
1940	8,944,000
1941	10,489,000
1942	10,762,000
1943	13,642,000
1944	14,621,000
1945	14,796,000
1946	14,974,000
1947	15,414,000

Not much has happened since 1947. While unions today claim, as has been noted, a total membership of 17,000,000, even if that claim is credited the figure would suggest that union membership as a percentage of the labor force has lost ground in the last thirteen years.

Certainly there has been a great preoccupation among the top men of the AFL-CIO over the fact that unions have at best, from their point of view, stood still, and at worst seriously lost ground since World War II ended. If newspaper stories are to be credited, there was much

head-shaking amid the palms at Bal Harbour, Florida, in February, where the dedicated men of the AFL-CIO met to ponder their problems. A story by Mr. A. H. Raskin in *The New York Times* (Feb. 10, 1960, p. 16) quotes John W. Livingston, the federation's organizing director, as attributing the sad situation to "ferocious attacks" by employer groups and "labor's" inability to overcome internal feuds. The unionized sector is supposed to represent only 39 per cent of the organizable potential today—as against 40 per cent in 1955. Plans to combat the decline include stepped-up organizing and a vigorous approach to the resolution of interunion rivalries.

If the conclusions I have derived from study of our labor law history are accurate, these measures are not likely to prove effective without positive government assistance and connivance. For nothing emerges more clearly and convincingly from that history, in my opinion, than the conclusion that unions unaided by government cannot induce substantial numbers of the working force to become and to remain members. They need compulsion and coercion in order to get and keep great numbers of members, and these they can exercise only when government does not do its basic duty to society.

I could be wrong on this, although I think I am not. But even if unions can induce great numbers to become members, without special privileges of compulsion and violence they can get no better wages and working conditions than the free market would provide. If that

is true, I cannot see why they should be successful in keeping great numbers, if we as a nation deny unions the privilege of compulsion.

The essential basis of the general conclusion can be stated briefly and simply: during the period when the laws of the land were applied with some rigor to trade-union action, unions made little or no net progress in enlisting and keeping members; they about kept pace with the growth of the labor force. But when all branches of government came to the assistance of the unions, their membership growth was dramatic. Then, when law and its administration became a little more even-handed, unions were once again unable to achieve any material growth.

The key period in union growth covered the years 1935-1945, and more particularly 1936-1940 and 1942-1943. But before exploring the relevant events of those periods it will be well to broaden the perspective. We shall not be able properly to evaluate the governmental conduct of those key periods unless we have some basis of comparison.

Government and Unions: 1800-1917

From the beginning of our history as a nation till World War I, trade unionism was viewed by law and government as no different from other forms of voluntary association. Today's orthodoxy, although it is losing some of its dogmatic confidence, continues to insist that trade unions were dealt with unfairly by the common

law, and by state and federal governments. But this position rests upon mere assertion. The fact is that government, even with the best will in the world, has always had trouble applying the laws of the land to trade union action. At common law, unions were not considered suable entities and could therefore not be reached by ordinary suits at law. Violence has always been a feature of trade union organization and collective bargaining, and local police have always had an extremely difficult time keeping the peace in labor disputes.

Perhaps unions should have been outlawed as criminal conspiracies, but, current orthodoxy to the contrary notwithstanding, neither the common law nor legislation actually did so. Hence unions as such were allowed to survive in spite of their having committed the most viciously antisocial kinds of acts. Indeed, Eugene Debs was virtually canonized even in his own day, although he was guilty of the worst kind of defiance of law and order.

Still, it was pretty well understood, at least among the responsible members of society and of government, that trade unions had no special privilege to violate either the basic laws of civilization or the rules and principles of the common law. There was a good deal of uncertainty among common-law courts as to just where the line ought to be drawn as regards such forms of monopolistic coercion as the closed shop, secondary boycotts, and stranger picketing. But that uncertainty existed, I believe, because of the essential difficulty of the legal problem—not because the courts were intent upon pro-

viding special privileges for union coercion. The important thing was that there was no uncertainty at all as regards the impermissibility of outright violence. Courts were firm on that issue, and even the police and the politicians were of the view that a man was not entitled to use violence merely because he was a trade union officer or agent.

Almost equally important, the common-law rights of employers were still intact. They could refuse to hire a man because he was a union member; hire him only on condition that he refrain from union membership; and fire any employee for joining a union. Employers could also refuse to bargain with unions, just as they could refuse to bargain with any other person or agency.

Beginning in the 1890's and continuing into the 1930's, trade-union expansionism also had to contend with the antitrust laws. These laws did not explicitly or directly limit monopoly-type coercive organizing techniques, but in putting limits upon certain kinds of secondary boycotts they did have an indirect effect of that kind, for secondary boycotts have always been used mainly as organizing devices. While the antitrust laws did not apply to union violence, they did constitute a limit upon industry-wide strikes where it could be shown that the intention was to affect market prices.

To sum up on the conditions existing till roughly World War I, one may say that unions were in the same position, legally, as all other self-interest groups. We might call this the period of free competition. Unions had no special privileges or immunities. They could use

some forms of monopolistic coercion in order to compel membership and bargaining. But the government did not do their organizing for them, and it did not force any employer to bargain with them. Perhaps even more important, employers still had intact the freedom of contract which was so essential a feature of the common law scheme of things.

Today we consider it vital that as purchasers we remain free to break off relations with any seller who does not suit us. This, we recognize, is what keeps businessmen serving the public, rather than exploiting it. In those days it was considered equally vital that the purchasers of labor have a right to break off relationships with unions when they proved unreliable or exploitative suppliers of labor. The famous *Hitchman Coal* case, which held that employers had a constitutional right to condition employment on a promise by employees not to join unions, was perhaps the clearest expression of the then prevailing policy.

In this period of what I have called "free competition," trade unions survived and even grew, but their growth was anything but spectacular. By 1917 they had gained a membership of less than three million (2,976,000).

Government and Unions: World War II

From 1917 to 1920 unions grew to a little over five million members. In 1914, however, a significant event had occurred. Devoting serious effort to political action,

unionists achieved a substantial success when Congress passed the Clayton Act, in 1914. The Clayton Act did not, in fact, free unions from the strictures of either the Sherman Act or the equity powers of the federal courts. As regards both, the legal situation changed not at all, for the Supreme Court in the *Duplex* and the *Tri-City* cases held that the Clayton Act was merely declaratory of existing law. And yet merely securing the Clayton Act was a substantial success. Moreover, it originated a pattern of thought and action, especially in Congress, which continues to this day: a predisposition to deal very gently with union petitions and complaints.

Another familiar pattern was set in the early days of World War I: Unions utilized the emergency in order to exact concessions from the nation.

Professors Harry A. Millis and Royal E. Montgomery have long been identified as friends of the "labor movement." We may assume that their account of the policies adopted during World War I was not distorted by a bias against unions. In their carefully researched book, *Organized Labor* (McGraw-Hill, 1945), they reported quite candidly that the AFL leaders conditioned their support of the war effort on the government's recognition of "the organized labor movement as the agency through which it must cooperate with the wage-earners." (p. 136) The government agreed. When it began organizing the various bureaucracies which were to run the country during the war, the government accorded suitable recognition to Mr. Samuel Gompers and his associates in the "labor movement." They were key figures in the Council of

National Defense, the Emergency Construction Board, the Fuel Administration, the powerful War Industries Board and other such agencies. (p. 138)

In this period the basic features of the Railway Labor Act and the Wagner Act were conceived: compulsory collective bargaining and protection of workers against discharge for union membership. Compulsory arbitration was not used during World War I, but the government's mediation agencies, counting trade-union leaders among their members, paid due regard to union demands. Millis and Montgomery sum up the situation: "Organized labor made only one real concession—relinquishment of the right to strike—but it made this concession in general terms, with no penalties attached. In such a setting, the trade union growth that has already been summarized was almost inevitable." (p. 139)

Incidentally, the unions did not honor their no-strike pledge during World War I any more faithfully than they did during World War II.¹

¹There were 3,789 work stoppages in 1916, in 1917 there were 4,450, and in 1918 there were 3,353. Taking the years 1935-39 as base years with an index of 100, 1916 shows up with an index number of 132 for work stoppages and 142 for number of workers involved; 1917 shows up with 155 and 109, respectively; and 1918, 117 and 110. These levels were not attained again till 1937, the year in which the Wagner-Act policies took hold. And after 1937, till 1941, work stoppages and number of workers involved did not come near what the unions achieved during World War I. However, they surpassed their old record of wartime strikes for two of the years of World War II (for 1944 and 1945 the figures were 173 and 188 and 166 and 308, respectively). The other years, 1941-43 averaged about the same in terms of number of work stoppages, but substantially higher in terms of number of workers involved (1941: 150 and 210; 1942: 104 and 75; 1943: 131 and 176). (Bureau of Labor Statistics figures)

Lest accurate perspective be lost, special emphasis should be laid upon the fact that during World War I, while government lent administrative aid and prestige to the unions, the basic legal structure remained unchanged: neither statutory nor common-law principles were modified. When the war ended, the basic rules of the competitive society once more became applicable. Probably for this reason, union membership declined after the war ended, and remained down for the next fifteen years.

Government and Unions: 1920-1935

Total union membership fell from 5,034,000 in 1920 to 3,728,000 in 1935. Some have suggested that the depression caused this drop, but that explanation is unacceptable. Actually, union membership remained steady at about 3,500,000 from 1923 on, having fallen from 5 million in 1920 to 3,629,000 in 1923. The real explanation, I feel, lies in the fact that government was giving unions no great assistance during the years 1920-1935. The implication is that without such special assistance unions could not keep more than about three and a half million members enrolled.

While government aid to unions was limited in this period, it will not do to neglect the steps which were taken in the direction of special privilege. Two were especially significant. The first of these was the enactment of the Railway Labor Act in 1926, establishing for the first time the statutory principles of protection

of union membership and of compulsory collective bargaining between employers and the majority representatives of their employees. The second was the Norris-LaGuardia Act of 1932, which made it virtually impossible for employers to secure injunctive relief in the federal courts against monopolistically coercive union boycotts, and extremely difficult to secure such relief from even outright union violence.

Both statutes contained latent features which were in the succeeding years to transform conditions in labor relations. The elemental compulsory bargaining principles of the Railway Labor Act were to become the framework of the Wagner Act. The restrictive features of the Norris Act were to produce antitrust exemptions for unions. Perhaps even more important, in taking away the jurisdiction of the federal courts the Norris Act established the pattern which was to make labor relations an administrative law field, with the National Labor Relations Board the dominant agency. From this a great many serious and untoward consequences flowed. But these were to be realized only in the years after 1935. Till then, neither the Railway Labor Act nor the Norris Act provided enough special privilege for unions to achieve any dramatic growth.

Government and Unions: 1935-1947

Between 1935 and 1947 unions achieved the goal of every special interest group: a full, even overfull, complement of legal rights and privileges—with no corres-

ponding legal duties. As already noted, they did very well in terms of membership gains. From a membership of 3,728,000 in 1935 they acquired a membership of over 15,000,000 in 1947. The dramatic character of this increment can be appreciated only when one sets it against a near-stable membership of under four million for the preceding thirty-five years.

Every branch of government came to the assistance of the unions during this period. Legislatures, state and federal, gave them favorable laws. Administrations, especially those of the national government, enforced these favorable laws well beyond the hilt. And the Supreme Court of the United States not only went along with distorted interpretations of already unduly favorable laws, but also established constitutional privileges for such coercive union action as picketing. The favoritism did not diminish during the emergency years of World War II. On the contrary, it tended to expand. Unions did little to hide their intentions to profit from the emergency. I think it is not a distortion to say that, although union leaders talked a great deal about patriotism, they did not act the part of patriots.

Fundamentally what happened in the years 1935-1947 is that most of the effective free market checks to forced union growth were destroyed at the same time that the most effective legal restraints upon aggressive and compulsory unionism were removed. To put it another way, peaceful and lawful resistance to unionization was prohibited in one way or another, while violent and unlawful action by unions went substantially unchecked.

Free market checks to expansive unionism can come from two sources: (a) employees who prefer not to join unions, and (b) employers who find that dealing with unions is neither an effective nor economically feasible method of solving their personnel problems. The Wagner Act of 1935 did not completely abolish either of these checks, but it impaired them considerably. If a majority of employees in an appropriate bargaining unit voted in favor of union representation, the minority was left with no choice other than to accept the union as exclusive bargaining representative. When one realizes that the selection of the appropriate bargaining unit was left to the almost unhampered discretion of the National Labor Relations Board—and that the Board thought its duty was to carve out the bargaining unit which was most likely to result in the election of a union—one is likely to conclude that a great deal of gerrymandering went on. That conclusion is affirmed by examination of the cases.

After a union was certified as exclusive bargaining representative, the employer was under a duty to bargain with that union—and with no other—on all matters relating to wages, hours, and other terms and conditions of employment. The employer did not have the choice which a free market makes available to all other purchasers; he could not shop around; he had to bargain with that one agency. Thus it is proper to refer to the union's position as a monopolistic one. And the results to be expected from all such monopolies were forthcoming in labor relations. Unions abused their position.

Violence Tolerated

Unfortunately, the monopolistic privileges of unions did not end there. Legally, an employer could refuse to make the concessions sought by the exclusive bargaining agent. Moreover, if the bargaining agent called a strike in order to reinforce its demands, the employer had a legal right to attempt to keep his plant operating by hiring replacements for the strikers. The law has always provided, too, that a union could not use violence during strikes as a means of blocking the access of struck employers to the labor market. As a practical matter, however, owing to faulty and inadequate enforcement of the laws, unions had a virtual privilege to commit violence. The sitdown strikes are a memorial to some of the blackest days for law enforcement in the history of the country. The tenor of the thirties is nowhere more clearly symbolized, in my opinion, than in the history of Frank Murphy's career. As Governor of Michigan it was his sworn duty to prevent the violence and the sitdown strikes of the UAW. He flouted that duty. He was rewarded, not punished, for that dereliction. Franklin Delano Roosevelt appointed him a justice of the highest court of law in the nation after he had been guilty of cynically abusing the law of the land. As a justice of the Supreme Court, one of Mr. Murphy's most notable opinions was the one in *Thornhill v. Alabama* (1940), where he held in effect that a coercive union act, picketing, was entitled to the protection of the Constitution of the United States as a form of freedom of speech.

The favorable-to-unions legal climate was not limited to the removal of the checks which employers and non-union employees might pose to expansive and aggressive unionism. The Norris Act had been on the federal statute books since 1932, preventing federal courts from granting injunctive relief to beleaguered employers and employees. There were similar statutes in most of the states, especially the more industrialized states. Toward the end of the thirties and early in the forties the Supreme Court interpreted the Norris Act as in effect canceling the application of the antitrust laws to monopolistically coercive union activities. The picketing-free speech doctrine in a rough sort of way tended to free the unions from state laws prohibiting picketing and boycotts. Thus, at the same time that the Wagner Act preached in terms of majority rule, the absence of all checks upon picketing and secondary boycotts operated to give unions an unimpeded right to force themselves upon unwilling employers and employees even where none of the employees desired representation. The same immunity made it possible for unions to have their way more often than not in disputes with employers over substantive terms and conditions of employment.

With Government Aid

If the strong unions were in a position to extend their organizations to the limit, nobody should be surprised. And if they had the strength to impose almost any terms and conditions they pleased, nobody should be surprised,

either. They had acquired a privileged monopoly and they did not intend to let it go unused. Let me remind the reader that union membership grew from 3,728,000 in 1935 to 10,489,000 in 1940. The surprising thing is that these highly privileged organizations did not manage to unionize every employee during that period.

Enrolling union members is one thing; keeping them on the membership rolls is another. Apparently this was the great problem of the union leaders during the war years. Their efforts during 1942-1945 seemed to be directed most vigorously toward inducing the National War Labor Board to help them organize employees and then, by way of the maintenance of a membership device which the WLB evolved, to keep them paying dues. Millis and Montgomery report in *Organized Labor* that as time wore on the WLB granted "union security" to all unions which requested it, except where the "requesting union failed to demonstrate its responsibility in adhering to the no-strike pledge." (p. 764) In blunter language, the government bought the loyalty of the union leaders by compelling employees to maintain their union membership.

It seems permissible to infer that the WLB proved exceedingly serviceable to the unions during the war, for there is a remarkable jump in union membership from 1942 to 1943. In the years preceding as well as in those following 1942-1943, the growth is nothing like what occurred in those years. From 10,489,000 in 1941, unions grew to only 10,762,000 in 1942. But by 1943 the figure jumped to 13,642,000. Then the growth rate,

while still significant, slipped a little from 1943 to 1944, when the total membership has been counted at 14,621,000.

There has been no really marked union growth since then. In that fact lies the basis for some really interesting reflection. Why have unions stopped growing since roughly the end of World War II?

Government and Unions: 1947 to Date

The easy answer would be that the Taft-Hartley Act, enacted in 1947, did the job. But I am dissatisfied with such an answer. At the very least it is necessary to note that there has been other legislation, especially on the state level, which like the Taft-Hartley Act has taken a stand against compulsory unionism. The right-to-work laws are perhaps the most significant. But even when one adds to Taft-Hartley all the state and local laws designed to cut down the privileged coercion which unions enjoyed well into the forties, the fact remains that both national and state legislation has been by no means vigorously enforced against unions. My book, entitled *How the NLRB Repealed Taft-Hartley*, records my opinion that the Taft-Hartley Act was by no means faithfully applied. The opinion is common, moreover, that the right-to-work laws have not been widely respected. Finally, a good many of the special privileges which unions enjoyed prior to Taft-Hartley they enjoy equally today—as, for example, exemption from the anti-trust laws, and the privilege of stranger picketing which

the Supreme Court's pre-emption doctrine affords.

If unions have stopped growing even though they still enjoy special privileges from government, does it follow that the special privileges did not account for their great growth in the thirties and early forties? I think not. The most important fact to bear in mind here is that government has not since 1947—and earlier in some states—been single-mindedly on the side of the unions as it was during the preceding period. State and federal law now takes the position, subject to some qualification, that unions are no more justified in coercing people into unions than employers are in coercing them out of unions. Union restraint or coercion of free employee choice is just as illegitimate as employer coercion of that choice.

This limitation on aggressive union organizing is supplemented in national and state policies by measures which reinvigorate the most effective free-market checks to expansive unionism: those posed by employees and employers unwilling to submit to union domination. Employees are declared to have the right to refuse to join unions or to participate in concerted activities; employers have had restored their right to combat unionism with statements of antiunion opinion—so long as they do not contain threats of reprisal or force or promises of benefit.

Even though the new restraints upon union aggression have not been enforced as vigorously as they might have been in all cases, they have still had a substantial effect. One need only review the decisions of the National Labor Relations Board and of the state and fed-

eral courts over the last thirteen years in order to see that aggressive unionism has frequently encountered legal restrictions. In thousands of cases during that period unions have been prevented by the law from imposing their will upon unwilling employees and resisting employers. The Taft-Hartley Act and similar state legislation have not broken unions or reduced them significantly in size and numbers, but it seems clear that they have had a braking effect. Many types of picketing and boycotting have remained privileged; much violence has continued. But numerous instances of each kind of aggression have been hindered or completely prevented. And this fact, I conclude, has mainly accounted for the observable halt in union growth.

There have been other, closely integrated causes. As a general rule it seems to be extremely difficult for large organizations to maintain great growth rates after a certain point has been reached. Accretions seem to become progressively more difficult. The easiest segments of the working force were organized first; now the difficult ones are left. If one must organize the more difficult ones with fewer effective instruments than were available when the easier ones were brought into the fold, the results are not likely to be so good.

Finally—concurrently with law changes and the phenomenon just noted—public opinion at every level has changed. The common working men, the professional men, political figures, even academic intellectuals have come to a more realistic opinion concerning unions. Many continue to feel that unionization is “good for

the country," that unions are needed in order to keep employers from abusing workers. But very few people today are of the opinion that unions can do no wrong, perhaps workingmen least of all. With "public opinion" so oriented, it is too much to expect that all the special privileges which unions enjoy will be repealed in the near future. However, courts and administrators are more likely under these conditions to apply the existing law fairly and accurately to unions; and in those cases where legislation is not entirely clear, one may reasonably expect that they will not favor an interpretation which adds to union privileges, as they did so often in the past.

If public opinion, speaking generally, at once holds unionism a "good thing" but distrusts union leaders, the immediate legislative results are likely to be neither clear-cut nor healthy. One may expect the same kind of fragmentary, incoherent legislative approach which has occurred in connection with the regulation of business. In fact this process has already begun. I contended in an article in *National Review* (March 26, 1960) that the Landrum-Griffin Law is bad legislation, bad in detail and unwholesome in general approach. It takes the government further along the interventionist path, and its detail is so complex as to be incomprehensible at points. The same thing can be said of much business regulation—most notably, perhaps, the Robinson-Patman Act.

If we continue along the route marked by such legislation as Robinson-Patman and Landrum-Griffin, we

shall, I believe, eventually break down in one way or another. We shall either strangle ourselves in bureaucratic red tape, corrupt our bureaucracy so that we can get something done, or so hamper the activity of our private associations that full socialism will seem the only reasonable way out.

The realistic alternative is to rid ourselves of special privilege and the companion welfare-state idea that government is an all-purpose device fit to solve all our problems. In order to do this it is necessary to refute all totalitarian ideas, whether of the Marxian or Keynesian varieties, and to take up again the development of free-market principles with a full understanding of the theory and practice of the free society.

Although Marxism and New Dealism have enjoyed great victories in the past generation, the strange fact is that the theory of the free society has, although very quietly, made great strides during the same period. Those who wish to promote free enterprise will do well to acquaint themselves with the great literature of the free society, not only of past centuries, but of this one as well. Some of the best of the current literature is to be found in the writings of Friedrich Hayek, Henry Hazlitt, Ludwig von Mises, and Wilhelm Roepke. But there has been much more, as perusal of Henry Hazlitt's bibliography, *The Free Man's Library*, will demonstrate. Further improvement in the climate of labor relations can come only as individuals better understand, explain, and practice in their daily living the economic and moral principles of the free society.

SURPLUS LABOR
or
BIG BROTHER IN THE LABOR MARKET

by H. P. B. Jenkins



It was a chilly afternoon
At storytelling time.
Old Kaspar closed the windows tight
And poured his rum-and-lime,
While Peterkin and Wilhelmine
Warmed up the television screen.
They saw a crowd of workingmen
Who stood on shuffling feet
And watched an open factory gate
Across the city street,
Where men dressed up like Uncle Sam
Had blocked the gate from post to jamb.
“Now tell us what it’s all about!”
The little children cried.
“It is the Federal Wage Control,”
Old Kaspar then replied.
“The lowest legal rate of pay
Was raised another notch today.”

"That crowd of workers," Kaspar said,

 "Were going through the gate
To work at jobs that paid a wage
 Below the legal rate.

But Uncle Sam has made it clear
There'll be no bootleg labor here."

"Will they get jobs at higher pay?"
 Asked little Wilhelmine.

"Their chances now," Old Kaspar sighed,
 "Are few and far between.
They'll have to join the growing mobs
In search of higher-paying jobs."

"Can workers live," cried Peterkin,
 "With neither job nor pay?"

"The payroll taxes," Kaspar said,
 "Were also raised today.
The men whose jobs have been destroyed
Will live off workers still employed."

Mr. Jenkins is an economist at Fayetteville, Arkansas. His verses, "with apology to the muse of Robert Southey," appear regularly in *The Freeman*.

DEATH IN THE AFTERNOON...

by *George Winder*



ON MONDAY, October 17, 1960, an event occurred which stirred Fleet Street to its depth. This famous street has seen many sensations in its long history, but probably none which affected it so deeply as this; for on that day the *News Chronicle*, one of the country's oldest newspapers, with a circulation of over a million copies, came to an untimely end. With it went its associated paper, *The Star*, with a circulation of over 700,000.

It was death in the afternoon. That day the news editor of the *News Chronicle* had sent out his reporters for stories as he had done all his editorial life; the foreign editor had sent his usual "service messages" to many parts of the world; in the news room the tape machines had clattered all day. Then at 5:20 p.m. they went dead, forever.

The news broke just as the majority of the staff were preparing to leave for the day, and it was soon flashed round Fleet Street. Journalists and printers congregated in pubs and did not leave until closing time. It was

Mr. Winder, formerly a Solicitor of the Supreme Court of New Zealand, is now farming in Sussex, England. He has written books, articles, and pamphlets on law, agriculture, and economics.

“Black Monday,” and one of the most memorable in Fleet Street.

A great debate has continued ever since as to why these two papers, with such comparatively satisfactory circulations, and with their pages reasonably filled with advertisements, came to such an untimely end. The *News Chronicle* had a strong liberal (nonsocialistic) following whose loyalty nothing would shake. With the rising fortunes of the Liberal Party, the prospects of this great mouthpiece of radicalism (free markets, private property, limited government) should have been brighter than in the past. How could such a paper as this fail so dismally? Mr. Laurence Cadbury, a member of the famous chocolate manufacturing firm, whose family owned most of the shares in the two papers, came in for most of the criticism, especially for the suddenness of the demise. He explained that for some years the two papers had been losing money steadily, and that he had been offered nearly £2,000,000 for their assets by the *Daily Mail*. The transaction, however, had to take place without warning so that the *Daily Mail* might be delivered the next morning to the customers of the *News Chronicle* before rivals attempted to fill the vacuum. Nearly all the purchase money went to secure the pensions of former employees and to pay compensation to the dismissed staff.

The disastrous end of the *News Chronicle* and *The Star* was treated by the press and the B.B.C. as a major story, but, with a few exceptions, only oblique hints were made concerning the real cause of their demise.

The reason for this reticence is quite simple: the British press is subject to censorship. Not, of course, government censorship, but censorship, nevertheless—even more effective when imposed. Those most responsible for the death of these two great papers did not want their guilt discussed, and they had the power to enforce their wish. Everyone in Fleet Street, however, knows the real cause of the disaster. To those unused to the ways of Fleet Street, the story at first may seem exaggerated, but evidence has been piling up, and there is now little room for doubt. The *News Chronicle* and *The Star* were simply done to death by the printing trade unions, and the weapons used in their destruction were restrictive practices. They died because they were forced by the trade unions to employ more than twice the number of workers their production required.

This, the real story which the great newspapers only hinted at, has not frightened one smaller paper which has given its readers the truth from the beginning. The editorial staff of this paper, the *New Daily*, and book publisher, Christopher Johnson, have now combined to present the whole story in a book, produced in eighteen days, and named *The Murder of the News Chronicle and The Star*.

One Spokesman for Freedom

The *New Daily* is a phenomenon so remarkable that it deserves special mention. Whereas the great Fleet Street newspapers are subjected by the trade unions to

the system of the closed shop, the *New Daily* has exactly the opposite idea. It will not employ trade unionists at all. The trade unions are able to exercise censorship simply because the proprietors of the great newspapers dare not offend them. The unions make no overt threat; fear of their reactions is sufficient to cause editors to anticipate their wishes. But in the case of the *New Daily* there is simply no union to be afraid of, and so it can produce the whole story. Unfortunately, this unique newspaper has not a large circulation, although it is growing steadily and has its readers in every part of the country. The story it has revealed is startling, but well substantiated. It claims that of the 3,500 employees of the two deceased newspapers, 2,000 of them were unnecessary and were only employed because the printing unions in control of Fleet Street insisted upon it. It gives figures which show that in the case of these two papers the wages bill was approximately 45 per cent of their total costs—an excessively high proportion for any newspaper. It points out that the *Guardian* and the *Manchester Evening News*—which have rather less circulation but in every other sense are larger than the two lost London dailies—are produced, where union power is not so oppressive, with only 1,700 employees. It suggests that a staff of 1,500 workers would have been quite enough to run the two London papers. This would have enabled them to save £2,000,000 a year, whereas the largest deficit in any one year has not been more than £300,000. It claims that the unions forced this excessive staff on the *News Chronicle* and *The Star*, and that in

consequence nobody did a fair day's work. Machines had to be manned by larger crews than were required. Linotype operators were not allowed to set nearly as fast as they were able, and printing machines were not allowed to be run at full speed. Automatic tying machines were vetoed. Every job was subject to strict demarcation. For example, no one but a member of the Electrical Trade Union dared change an electric light bulb. A second man had to accompany every vehicle, even when only a small parcel was being delivered. When advertisements came in already set as complete blocks or stereotypes, they had to be credited to the newspaper's setters as though done on the premises.

Restrictions Raise Costs

All these restrictive practices, declared the *New Daily*, more than doubled the number of workers required. Similar charges have been made quite independently by the Institute of Economic Affairs in its book, *Advertising in a Free Society*, published two years ago. Describing the great waste which goes on in newspaper printing works in Fleet Street, this book states: "Restrictive practices abound in the stereo department. Some men are engaged solely in putting plates on lifts. If these go to the foundry late, the whole section charges overtime though some of the men will have no work to do.

"Another union has members in the machine room pushing papers along for dispatch, one man per yard. Many of the workers are required only in short stretches,

when the papers are printed and come off the machines, but they have to be paid for a full shift. It has been known for men employed at one Sunday newspaper office to sign on before going to a dog race meeting and return in time to carry out their work." *Advertising in a Free Society* also tells us that one firm had to employ twelve men to work one machine, whereas five men could handle it with ease.

It is such restrictive practices as these, enforced by the London printing unions, which destroyed the *News Chronicle* and *The Star*.

A Wasted Life

Perhaps no other restrictive practice is quite as dangerous as the extreme form of waste which insists that two men shall do the job of one. It means that, as far as his use to society is concerned, a man completely wastes his life. Finding a job where he was really wanted would, if he were an ordinary honest man, improve his morale and self-confidence out of all recognition. Furthermore, this doubling up of labor reduces productivity per man, and this must necessarily reduce wages and the general standard of living.

The effect of restrictive practices in the *News Chronicle* and *The Star* was not only to overburden the employer but also to deny him any opportunity of paying high wages, so that in the end it was the employees who suffered. Now, restrictive practices have robbed 3,500 workers of their jobs. The authors of *The Murder of the*

News Chronicle and *The Star* provide a long list of other newspapers and magazines which have succumbed during the last five years as victims, they declare, of these same disastrous practices.

Why the Silence?

One question is left to answer. Why has the Newspaper Proprietor's Association, the wealthy organization of the London newspapers, never seriously tried to abolish those restrictions imposed by the unions which must add so much to their costs of production? And, more particularly, why do they allow the unions to impose a censorship upon them so that the real reason for the failure of a newspaper is seldom revealed?

Fear of the unions is, I suppose, the overriding reason. But the authors of the *New Daily's* book suggest a reason which, they claim, existed many years ago and may possibly have effect in the present. They tell us that Lord Northcliffe, who built up a great newspaper empire, actually encouraged the unions to press for higher wages and indulge in restrictive practices. His reason for this was a rather terrible one. He himself was so financially secure that he could meet any increased costs union demands brought about, but his rivals might be unable to survive such pressures. They would be driven out of business, and then he could buy them cheaply.

This is a charge which cannot be proved; but there can be no doubt that the excessive costs of production on Fleet Street are at the present moment destroying the

marginal units of the newspaper world, and the number of national newspapers has been drastically reduced. The dissemination of news and opinion is steadily being concentrated into fewer and fewer hands, which is a far from favorable omen for a free society.

Restrictive practices, and the trade union censorship which conceals them, not only destroy newspapers; they endanger the very basis of our liberty.

FOUR FOUNDATIONS OF FREEDOM

by *Kenneth W. Sollitt*



TWO YOUNGSTERS from London were enjoying a holiday in the country. They romped and played until they were completely worn out. They threw themselves down on the cool green grass and lay watching the clouds and the birds above the treetops. After a short silence one of the boys looked at the other in alarm.

"What on earth is the matter with you?" he asked. "Why do you look so sad?" To which the sad one replied, "I was just thinking of those poor little birds up there. *They haven't any cages!*" He was sad because the birds were not safe—in bondage—like boys and men under socialism.

I am one of those horrible nonconformists who believes that when you trade freedom for security you pay too big a price. But apparently there are millions of people who do not think so, and thousands who naively believe you can have both, if you just elect the people who promise them to you.

The Reverend Mr. Sollitt is Minister of the First Baptist Church of Midland, Michigan. This article was his sermon at the annual meeting of the Michigan Baptist Convention at Battle Creek, October 21, 1960.

The people to whom Isaiah addressed his words in Isaiah 28 were the politicians of his day who in open defiance of Isaiah's warnings had plotted a secret alliance with Egypt. They had defected to the enemy. Isaiah appeared in the midst of their rejoicing over the imagined security Egypt might give them to warn them again that only in God is there a sure defense. Their "covenant with death," as he called it, would not save them. The bed they had made for themselves would soon be seen to be too short for them. The imagined benefits with which they were about to cover themselves would soon be seen to be too narrow. God would use their enemies to teach them what Isaiah had not been able to teach them. And they would soon awaken to find that they had neither security nor freedom.

"Now therefore do not scoff," Isaiah says to all who will not heed his warnings. "Do not scoff lest your bonds be made strong."

Isaiah reiterates his message of hope, however: "Therefore thus says the Lord God, 'Behold I am laying in Zion a foundation stone, a tested stone, a precious cornerstone, of a sure foundation . . . and I will make justice the line, and righteousness the plummet; and hail will sweep away the refuge of lies, and waters will overwhelm the shelter.'" (Isaiah 28:16, 17)

Belief in God

There are at least four foundations of freedom. Whoever scoffs at these foundations and builds on others

cannot endure. The first of these is *belief in and reliance upon God*.

Here is the tested stone, the precious stone, the sure foundation of which Isaiah speaks.

I do not expect to get much of an argument in response to that statement. But how easy it is to say we believe in God and then worship other gods ahead of him—to stamp on our coins, “In God we trust,” and then put our trust in political ideologies that have over and over again proven to be beds too short and covers too narrow!

Such is the socialism into which we have walked with our eyes wide open, and the communism toward which we are headed. Both begin with our willingness to spend our lives in government-issue bird cages rather than accepting the responsibilities of free men and women. So we make a god of government and quite forget the government of God.

The oyster is endowed with a ready-made house to live in. All he has to do is to open the doors of his house to take in his food and close them again to keep out his enemies. He would seem to have perfect security. Yet he is easy to catch, and always ends up in the soup.

The eagle, on the other hand, is peculiar among created things in another respect. When the winds blow, he neither fights nor runs. He simply sets his wings so the fury of the storm itself lifts him above the storm where, because his wings are strong, he remains “free as a bird.” And only the fool would pity the eagle because he isn’t an oyster.

Yet in the last thirty years Americans have become so brainwashed by the idea that freedom always means freedom *from* something instead of freedom *for* something that, like the oyster, we are in retreat from everything—want, worry, war, and work, too, if possible—and in pursuit of nothing but more comfortable cages with beds which are never long enough and covers never wide enough. Are we becoming a nation of oysters?

To our forefathers freedom was a positive thing. It was freedom to worship, to work, to win in honest competition, and to grow strong thereby. And they wisely chose the eagle as their national emblem. Beneath this emblem and under God they built a great nation on the sure foundation. We, their children, have instead sought to lengthen our beds and stretch our comforters by trying to multiply wealth by dividing it, by trying to get rid of our little problems by creating a big one called government, and expecting it to give us what it does not first take away from us. Thus we make government our Golden Calf.

“Government is my shepherd. I shall not work. It maketh me to lie down in a fool’s paradise. It leadeth me into deep water but it refills my dinner pail.”

I will probably be as unpopular as old Isaiah. Still I say to you, for I believe thus saith the Lord, Insofar as we as individuals and churches and a denomination have been guilty of building up this “refuge of lies,” as Isaiah would call it, we need to repent of our folly and begin preaching from our pulpits the virtues of honesty, self-reliance, and reliance on God instead of government.

Constitutional Government

This brings me to the second foundation of freedom which is *constitutional government*.

No one denies that we have to have government and that we have to pay for it. (And thank God we still aren't getting all the government we pay for! When that happens we *will* be in bad shape.) But let us have a government that will be our servant and not our master.

That's what the framers of our Constitution intended our government to be. Those men were not only students of history. They were also victims of it. To make sure that we should never have to suffer the governmental tyranny from which they had fled, they created a government with these three unique characteristics: (1) The government's authority was limited to specific delegated powers. (2) All authority not so delegated remained with the states or the people. (3) The federal government's power was carefully divided into three separate branches with specific duties and realms of influence, each to check and balance the others.

These men were still mindful of the Declaration of Independence. In that document, after stating the conviction that men had certain "unalienable rights" such as "life, liberty, and the pursuit of happiness," they made crystal clear what they thought the purpose of government was: "*To secure these rights* governments are instituted among men," they said (emphasis added).

Then came the thirties and Mr. Roosevelt with his

emergency powers and his new philosophy of government which he expressed in these words: "Government has the definite duty to use all its powers and resources to meet new social problems with new social controls."

This he justified by saying that it was "to insure the average person the right to his own economic and political life, liberty, and pursuit of happiness."

This lip service to the Constitution while tossing it into the discard kept people from seeing that you can't protect man in the exercise of his legitimate liberties by imposing on him controls which destroy those liberties. So we launched on an era of social control utterly new to Americans. Those who received economic benefits kept voting for more and more of the same, for in those days it wasn't quite so obvious that no President could give us what he didn't either first take from us, or charge to our children and grandchildren.

We invented a fascinating new parlor game in which we all stand in a circle, each with his hand in the next person's pocket, all seeking to get richer thereby.

So today, instead of the great god government protecting us from being robbed by others, we have a government which, if you vote right, promises to rob everybody else for your benefit. We don't seem to see even yet that what one man gets without earning, another man must earn without getting, and that this is not right, and because it isn't right a society so organized cannot endure. He who has made "justice the line and righteousness the plummet" is not apt to see justice in legalized piracy, or righteousness in those who play God.

How long has it been since you read these words from Luke 12:13 and 14: "One of the multitude said to him, 'Teacher, bid my brother divide the inheritance with me.' But he [Jesus] said to him, 'Man, who made me a judge or divider over you?'"

Is it unfair to say that about nine-tenths of all our so-called social progress has consisted in taking from the man who has and giving to the man who wants? I know we have had the best intentions, but can that excuse us for doing in the name of Jesus what Jesus himself would not do? We may have had the sympathy of Jesus in our hearts, but we have not had the wisdom of Jesus in our heads.

In addition to repenting the sin of making a god of government we need to repent the sin of playing God ourselves.

Christian Ethics

A third foundation of freedom is *Christian ethics*.

I see five ethical problems confronting us—problems about which the Church has no right to be silent.

1. If it is wrong for a politician to buy votes with his own money, what makes him a great humanitarian to be backed by the churches when he buys millions of votes with other people's money? Is bribery in the one case right and the other wrong? If so, what makes it so?

2. If it was wrong for a few plunderers, or "robber barons," to enrich themselves at the expense of others (as happened during the "Gilded Age" of our history),

how can it be right, and therefore worthy of our backing, for laborers to be kept secure in jobs at which they refuse to work? Is it wrong for the few to rob the many and right for the many to rob the few? Or is robbery still robbery no matter who commits it? Or does HOW we commit the crime make the difference? If you think it does, that brings up our third problem:

3. Why is it wrong to take what belongs to another with a bullet in a gun but right to do it with a ballot in an election? Does making a thing legal make it right?

If four of us go out to dinner tonight and three of us decide that the fourth must pick up the check (and three out of four is a whopping majority), must the Church uphold the verdict that the majority is always right? Or is it that we just don't feel so guilty if the majority shares our guilt? And that brings up another question:

4. Can we delegate our responsibility for wrongdoing by electing those to public office who will do wrong for us? Who is guilty when we vote for the man who promises to rob collective Peter to pay our selected Paul?

5. Is it right or is it wrong for us as churches, or as combinations of churches, to pass resolutions and lobby for programs which obliterate the relationship between reward and effort, which destroy human dignity by making half the people victims of piracy and the other half victims of charity, and which smother initiative and self-reliance by replacing them with indolence and reliance upon others?

Either we have done a lot of fuzzy thinking in this

area of Christian ethics as it applies to social action, or we have merely swallowed packaged propaganda programs appealing to our sympathies for first this segment of society and then that, without thinking at all.

If I were the devil and wanted to turn America into a communist hell, I think I would go about it like this:

I would cultivate among the people the idea that the individual is nothing, the indiscriminate mass of people everything. I would also seek to convince Americans that God and Christian ethics and an honest desire to make one's own way in the world are old-fashioned.

I would get elected to office on the promise of helping everybody at someone else's expense.

Then I'd treat the Constitution as a sort of handbook on the philosophy of government to be referred to only if it served my purpose.

I would increase the size and scope of government in every way possible, going into every conceivable business in competition with established enterprises, paying the state's business losses out of the treasury. I would try to keep hidden how this could lead at the right time to the nationalization of industry.

I would create a government strong enough to give its citizens everything they want. Thus I could create a government strong enough to take from them everything they have.

By a combination of inflation and taxes I would rob the very people I pretended to help until, if they ever should want to return to freedom, they couldn't but would be completely dependent on the State.

Next, I would gradually raise taxes to 100 per cent of income (we are one-third of the way there now) so that the State could have it all. Then I'd give back to the people enough to keep them alive and little enough to keep them enslaved.

In the meantime I would take from those who have and give to those who want until I killed the incentive of the presently ambitious man and satisfied the meager needs of the rest. The police State would then be required to make anybody work, and the transformation of America from a republic to a second rate communist nation would be complete.

Do you see in this any similarities to what we have been doing for thirty years?

The communist slogan is "From each as he is able, to each as he has need." We are acting as if ours were "From anyone who has something, to anyone who wants something." The difference between those two is the same as the difference between an alligator and a crocodile.

Strength of Character

The fourth foundation of freedom then is *individual strength of character among our people*.

We are *not* devils. We don't want to wreck America. We want to make her, under God, a great nation. The trouble is, we of the churches approach all our problems heart-first instead of head-first. This is entirely understandable. Thank goodness we have hearts.

Because we have hearts, we are interested in people—all kinds of people everywhere. It is because I *am* interested in people that I don't like what I see happening to them. While we boast that "we are rich and have need of nothing," we desperately need a strength of character that will reverse the trend of alcoholism, divorce, juvenile delinquency, and adult crime. These are on the increase everywhere, and I think I know the reason why.

It is because freedom and character rise or fall together. You cannot develop character without freedom of choice. One must be able to choose the wrong in order to develop the ability to choose the right. On the other hand, freedom cannot long endure where there is no character to maintain it. We are witnessing a steady decline of both freedom and strength of character in America, partly because we have said, "This is the age of the common man, and the common man is too dumb or too wicked to make any decisions for himself. They must all be made for him in Washington." Unless we give the common man the opportunity and the incentive to become uncommon if he can, there will soon be too few angelic politicians to make our decisions for us.

Charlotte Elliott, author of *Just as I Am*, once wrote to her congressman about a matter involving an injustice to a certain individual. She received the reply that the Senator was too busy with plans affecting the great American public to be concerned about one man. It is said that Miss Elliott pasted the reply in her album with this comment penned below it: "When last heard from, our Maker had not reached this altitude."

Here is one of our troubles. We are so involved in grandiose schemes to save everybody at once that we seem to have lost our interest in saving individuals. Yet a redeemed society can be made of nothing except redeemed men and women. No possible rearrangement of bad eggs will ever make a good omelet.

A good society is one based upon the cooperation of its members. Cooperation must be either voluntary or forced. Voluntary cooperation depends on incentives to cooperate. Forced cooperation leads to a police state type of government. Therefore, we automatically choose between a society of free men and a society of slaves when we choose between the creation of incentives and coercion by law. Social Action Committees within our churches would do well, in my opinion, then, to turn their attention away from coercive social legislation to the preservation of our vanishing incentives.

You cannot coerce into existence a Henry Ford, a Thomas Edison, or an Alexander Graham Bell by making it an un-American activity for a common man to become uncommon. But you can provide a social climate in which uncommon men can develop. And that climate is one which provides economic and social incentives. It was our Master's way of dealing with men to lead them by incentives rather than compelling them by law. It was incentives, not laws, that made our nation great. The way of the Master must once more become the way of his Church, or God pity both us and our nation.

THE LESSONS OF LOST WEEKENDS

by *Melvin D. Barger*



IT'S FAIRLY AXIOMATIC nowadays that alcoholics cannot get well unless they fully accept the fact that recovery hinges on total abstinence. It is possible, of course, that future break-throughs in drug and therapy techniques may alter this flat rule. But at the present time few responsible people who know anything about it would dare dispute this point—for the alcoholic, one drink is always too many.

As a recovered alcoholic with almost eleven years' continuous sobriety, I've made a lot of headway since I gave up the vain hope that I might be able to "handle a little beer now and then." Though an occasional drink seems to be a delightful beverage to the next man, it's poison for me, and I don't take it. I want to stay away from it for the same reasons I don't want to step over cliffs, walk in front of automobiles, or grab high tension wires. These would be exciting experiences, momentarily, but survival seems much more preferable.

Recovery from this distressing problem doesn't make

Mr. Barger is Editor of *The Flying A*, company magazine of the Aeroquip Corporation at Jackson, Michigan.

a person immune to future folly of various kinds, but it does give one a protective sort of wariness. Like a once-scalded cat who now fears anything resembling a teakettle, I search everything for hidden booby traps. And it's a long jump, but I've even been able to relate the lessons of my own "boom-and-bust" experiences to such matters as monetary inflation, deficit spending, foreign aid, and kindred ideas. I did not arbitrarily do this; the similarities just seemed to be immediately self-evident.

Here they are. By a stretch of the imagination, they might even be called "ideas on liberty."

Monetary Inflation—It doesn't even take too much imagination to realize that here's the almost perfect parallel. Most alcoholics start out drinking with the idea of "taking only a few." Past disasters and the grim prospect of sickness and hang-over don't seem to be an effective deterrent. Now, today we could, if we cared to look, see the long-run result of monetary inflation; we could see that runaway inflation, which always results in ruin, gets its start when we accept the first seemingly harmless doses of it. So far, our national inflation has been on a fairly moderate scale and we're confident that we can control it. But we may be hooked already. Many of us have a vested interest in inflation; we denounce it publicly, but enjoy it privately. We fail completely to profit by the wretched experiences of other countries who have gone the full inflation route.

Deficit Spending—There are few alcoholics now alive who could not list the perils of deficit spending. Governments do it by issuing more money, savings bonds, or creating bank deposits with notes. The alcoholic doesn't have access to the printing presses at the federal mints, and he's usually not able to swing much influence with the Federal Reserve. So his deficit money is of a cruder nature—usually I.O.U.'s plastered in the various bars where he's still able to get credit. This "fiat money" causes no end of trouble. For a short-term gain, he takes on long-term liabilities. Often, these debts are never paid back.

Foreign Aid—Social workers who have experience in the field will certainly agree that "economic evangelism" is almost a total failure in rehabilitating alcoholics. It is easy to be misled on this point. Many alcoholics have monstrous financial problems, and this causes them no end of worry and grief. But money problems are not the cause of drinking, nor will money stop it. Real recovery begins when the alcoholic changes his thinking. After that, he will most likely earn his own way.

What does this have to do with foreign aid? Well, it may be that we're trying to solve, with money, problems which lie much deeper—problems which stem from basic attitudes and philosophies of living. We may even be doing much harm without realizing it. We have vastly overrated the power of money, and underestimated the power of individual responsibility. Certain ingredients must be present before economic growth can occur. Are

we sure that we are not asking other countries to succeed in spite of themselves, and in spite of governments that stamp out every promising bud of economic growth?

Hidden Inflation—I learned about this from Japanese bootleggers in late 1945. One of my first happy discoveries in occupied Japan was the availability of “sake,” the country’s excellent rice wine. The Japanese drink it in an almost ritualistic manner, often heating it in small vasetype containers. Ignoring local custom, I guzzled it by the jugful. One thing did puzzle me: on some days, I could demolish with ease the contents of three jugs. On other days, even one jug placed me high on a cloud over Mt. Fujiyama. Later I learned that an alcoholic tends to obtain an amazingly constant amount of actual alcohol per spree. Hence, the three-jug days didn’t indicate a greater capacity for alcohol; they only meant that the bootleggers had been especially bold in “watering their stock.” It was simply the working-out of natural economic laws, and in this case the seller chose to deceive the customer rather than to pass along his own costs through higher prices. Since then, I’ve seen “hidden inflation” at work in our own consumer products field; 5-cent candy bars have shrunk, lunchroom-size milk cartons are smaller, and much furniture has been cheapened where it doesn’t show. We still get only what we pay for when the free market operates.

Wage and Price Controls—I once heard a fantastic tale about a very affluent alcoholic who hired bodyguards

to keep him from taking a drink. This "save-me-from-myself" experiment soon failed, because the bodyguards could not keep the man from doing something he really wanted to do. Many forms of government control seem to be along the same order. The very people who advocate wage and price controls are likely to be the ones who also cheat on their own procedure. They are trying to enlist bodyguards to keep themselves and others from "sinning." This point gained, they then work with equal zeal to outwit the bodyguards!

Subsidies and Taxation—"Setting up one on the house" has long been established as congenial barroom etiquette in states where it is not against the law. It is possible that few beneficiaries of this occasional largess ever fully realize that they, the customers, actually pay for this generosity. They do not realize that the "house" could not hand out free drinks unless it had received revenues from themselves or previous customers. Toward the end of my mottled career with the bottle, I was beginning to recognize the "house" favors for what they really were: subsidized handouts. I don't resent the custom, but I am at war with the notion that people, collectively, can receive anything that they don't pay for in the first place.

The Threat of Economic Collapse—There seems to be a lot of nonsense in the air nowadays about our depression-proof economy, and its various "automatic stabilizers" such as unemployment insurance and wage scales. It sounds to me a lot like schemes for going on a binge

without suffering the effects of a hang-over. Competent economic historians warn us that economic collapses inevitably follow inflationary booms (or binges). The resulting collapse is nothing but Nature's way of warning us that we were doing things the wrong way . . . just as a hang-over and other troubles warn the alcoholic that he's not living correctly. But a series of good head-splitting, belly-curdling, throat-scalding hang-overs were good, since they made him want to stop. Perhaps we have to suffer our economic hang-overs, too, until we decide to find out just what it is that's hurting us and do something about it.

It would, of course, be a costly lesson—but it would be cheap at thrice the price if it taught us how to establish our economy on foundations of rock instead of sand. The real danger would not be in the collapse; it would be in a blindly stubborn refusal to accept the truth about it, and to realize the nature of the errors that produced it.

Blame the Sellers—Lately I've read several books which indict the marketing approach of our economy, blaming almost everything from juvenile delinquency to mental breakdowns on the nation's advertisers and marketers. The arguments seem to imply that selfish, irresponsible interests are causing us to do things we don't want to do. We should harness these oily rogues before they've destroyed the last remnants of our social values.

This is nonsense. It's simply a variation of the old pattern I practiced often myself: blaming my hang-over on the bartenders. It is true, of course, that our country

has a lot of delinquency and neurosis, but the fault doesn't lie with our marketing systems, anymore than it does in the stars. The fault is still in ourselves.

This completes my random list of observations. I like to think that they have a "horse sense" sound, and that they aren't too unreasonable. They are relatively "un-biased," because they developed during years when I paid little attention at all to any of the competing forms of economic and political thought. I was almost outraged to learn that my ideas stamp me as a "conservative" instead of a "liberal." But, I've learned to live with that stigma!

It is curious that when I cross verbal swords with "liberals," they frequently accuse me of not dealing with reality, of living in a dream world. This is odd, because their ideas were mostly mine when I was in a world that was mostly dreams, mostly unreality.

ON A TEXT FROM THE FEDERALIST

by *Frederick A. Manchester*



WHILE READING recently in *The Federalist*, I was struck by a quality of its thought which bore no relation to my immediate interest, but which seemed significant, and whose significance has grown upon me with reflection. This quality I call moral realism. As to its nature and importance I should like the reader to form, first of all, a completely independent opinion, and shall therefore set down without comment a series of passages in which it appears. If the series seems long, I ask his indulgence. If I quote so much, it is only because I wish the textual basis for my subsequent remarks and speculations to be broadly and firmly established. Here are the passages:¹

1. Why has government been instituted at all? Because the passions of men will not conform to the dictates of reason and justice, without constraint.

¹In the following list the arabic numerals identify the quoted passages as distinguished in the text, the roman numerals (in parentheses) the essays in *The Federalist* from which they are taken: 1 (XV), 2 (VI), 3 (XXI), 4 (VI), 5 (LXVII), 6 (X), 7 (LXXII), 8 (XI), 9 (LIV). Essay X is by James Madison, Essay LIV by John Jay; the rest of the essays cited are by Alexander Hamilton. *The Federalist*, it will be recalled, was written in explanation, and defense, of the Constitution proposed for the colonies by the great convention of 1787.

Dr. Manchester is an educator, formerly of the Department of English, University of Wisconsin.

2. Has it not . . . invariably been found that momentary passions, and immediate interests, have a more active and imperious control over human conduct than general or remote considerations of policy, utility, or justice?

3. There are few men who would not feel much less zeal in the discharge of a duty, when they were conscious that the advantages of the station with which it was connected must be relinquished at a determinate period, than when they were permitted to entertain a hope of obtaining, by meriting, a continuance of them. This position will not be disputed, so long as it is admitted that the desire of reward is one of the strongest incentives of human conduct, or that the best security for the fidelity of mankind is to make their interest coincide with their duty.

4. To presume a want of motives for such contests [frequent and violent contests between the states if they should be wholly or partially disunited], as an argument against their existence, would be to forget that men are ambitious, vindictive, and rapacious.

5. Nothing was more to be desired [in the system of electing the President] than that every practicable obstacle should be opposed to cabal, intrigue, and corruption. These most deadly adversaries of republican [that is, popular] government might naturally have been expected to make their approaches from more than one quarter, but chiefly from the desire in foreign powers to gain an improper ascendant in our councils. How could they better gratify this than by raising a creature of their own to the chief magistracy of the Union?

6. If the impulse and the opportunity [on the part of a majority to concert and carry into effect schemes of oppression] be suffered to coincide, we well know that neither moral nor religious motives can be relied on as an adequate control. They are not found to be such on the injustice and violence of individuals, and lose their efficacy in proportion to the number combined together; that is, in proportion as their efficacy becomes needful.

7. The legislature, with a discretionary power over the sal-

ary and emoluments of the chief magistrate [the President], could render him as obsequious to their will as they might think proper to make him There are men who could neither be distressed nor won into a sacrifice of their duty; but this stern virtue is the growth of few soils; and in the main it will be found that a power over a man's support is a power over his will. If it were necessary to confirm so plain a truth by facts, examples would not be wanting, even in this country, of the intimidation or seduction of the executive by the terrors or allurements of the pecuniary arrangements of the legislative body.

8. [If we should reject the union of the colonies] our commerce would be a prey to the wanton intermeddlings of all nations at war with each other; who, having nothing to fear from us, would, with little scruple or remorse, supply their wants by depredations on our property, as often as it fell in their way. The rights of neutrality will only be respected when they are defended by an adequate power. A nation despicable by its weakness forfeits even the privilege of being neutral.

9. As there is a degree of depravity in mankind which requires a certain degree of circumspection and distrust, so there are other qualities in human nature which justify a certain portion of esteem and confidence. Republican [that is, popular] government presupposes the existence of these qualities in a higher degree than any other form. Were the pictures which have been drawn by the political jealousy of some among us faithful likenesses of the human character, the inference would be that there is not sufficient virtue among men for self-government, and that nothing less than the chains of despotism can restrain them from destroying and devouring one another.²

²One may here be reminded of Pascal: "It is dangerous to make man see too clearly his equality with the brutes without showing him his greatness. It is also dangerous to make him see his greatness too clearly, apart from his vileness. It is still more dangerous to leave him in ignorance of both. But it is very advantageous to show him both." (Translated by W. F. Trotter.)

The Moral Nature of Man

All these excerpts are manifestly concerned, directly or indirectly, with the moral nature of man. What do they say? Reduced to essentials, simply this: that men are ambitious, vindictive, and rapacious; that they are moved by passion and self-interest; that if you would have them do their duty you had better make it to their interest to do it; that, with rare exceptions, a power over a man's support is a power over his will; that men are prone to cabal, intrigue, and corruption; that neither moral nor religious motives can be relied on as adequate control on the injustice and violence of individuals, and, still less, on the injustice and violence of groups; that, combined into nations, men will contrive against one another—and even, as suitable occasion offers, openly rob one another, “with little scruple or remorse”; and finally, that along with the depravity in man's nature there is also virtue.

I have named the quality illustrated moral realism—“moral” for an obvious reason, “realism” because it seems to me an essentially correct, authentic, factual representation of the aspect of reality concerned. This is what, once you penetrate to the bottom of their nature, men are really like.

The picture painted is not a flattering one—yet these are no bishops of a fanatically strenuous church, the authors I have quoted, but simply hardheaded men of the world, tried in the fires of a perilous revolution, well acquainted with history, the greatest by far of moral

laboratories, and intellectually qualified to profit by their learning and by their experience. Moreover, this was no light and ordinary undertaking in which they were engaged, but one which offered the strongest and most practical reasons for dealing only in cold fact. They were recommending a document which, if accepted, would be of the most critical importance to the welfare of the nation, and they were well aware that their premises and conclusions would be subjected to the severest scrutiny. A sound constitution for a country was necessarily a constitution that took into account the naked truth, however uncomplimentary, regarding its citizens ("citizens," they believed, were "the only proper objects of government"); and upon clear statements of this truth they built their case.

An idea expressed in the last of the quoted passages I want to recur to immediately, before it can fade from memory. Popular government, we are told, presupposes the existence of the better qualities of human nature in a higher degree than any other form. This observation, plainly of the highest political significance, finds definite support, and even a striking extension, in a remark made long after the appearance of *The Federalist* by the nineteenth-century English philosopher Herbert Spencer. "The Republican form of government," he said, "is the highest form of government; but because of this it requires the highest type of human nature—a type [I am adding the emphasis] *nowhere at present existing*."³

³ From *The Americans* (Bartlett's Quotations, 1948, p. 581).

To this idea I shall return; but at the moment I want to inquire why it was that the moral realism of *The Federalist*, especially its vivid recognition of the evil in man, so much attracted my attention. Not of course because it is new: there is nothing new in it. "The heart is deceitful above all things," said Jeremiah, some twenty-five hundred years ago, "and desperately wicked." The reason is, I suggest, that I seem never to encounter matter of this kind in current political discussion. If my experience in this regard is representative, how is the fact it indicates to be accounted for? Have we to do here with a change in fashions—from eighteenth-century love for abstraction and generalization to twentieth-century addiction to factual detail? Conceivably, to some extent; but the explanation is inadequate. All political arrangements, whether constitutions or laws, are for the control or benefit of men—"the only proper objects of government"—and if the unsophisticated facts of human nature go unmentioned in a statesman's speech, provide him and his auditors with no solid ground for his argument, I suspect that they are absent also from his inmost thought.

Recent Philosophical Developments

If they were indeed thus absent, the circumstance could hardly occasion much surprise in anyone acquainted with certain philosophical developments in the Occident of recent centuries.

Basic among these has been a major shift of investi-

gative attention from human nature to physical nature. The science of man has largely given way to what is inaccurately called natural science—inaccurately because there is no justification for restricting the word nature and its family to such things as air and atoms. The importance of this development is difficult to overestimate. In the millennia preceding the European Renaissance, it was to human nature, almost exclusively, that the world had devoted its most strenuous thought, with a resulting vast accumulation of moral wisdom. The Occident originally shared in this treasure. But with the Renaissance, and subsequently, it has gradually become more and more absorbed in searching out the secrets of its physical environment and in using these to better its material life; and in so doing it has tended to lose its grasp on its most precious heritage. For moral wisdom, unhappily, is not self-perpetuating. Its universal accessibility in public or private libraries in itself avails nothing. If the ultimate truth of man's nature is not constantly re-discovered and confirmed, constantly contemplated and meditated upon, it readily becomes obscured, diluted, distorted, and at last hopelessly confused in the midst of sophistries without end.

A sophistry that appeared in eighteenth-century Europe is of such importance that I class it, along with the great shift of attention to physical nature that alone made it possible, among the significant modern developments. I refer to the doctrine that men are naturally good—a doctrine diametrically opposed to the concept of original sin which long played so large a part in Western re-

ligious tradition, and which was conspicuously present in early New England. The authors of *The Federalist* say nothing, so far as I know, about original sin, but one can hardly fail to infer, in reading them, that something of the moral rigor which the idea represents had permeated the intellectual atmosphere in which they were reared. Men are "ambitious, vindictive, and rapacious": *that* is a judgment quite in keeping with the thunderous condemnations of a Jonathan Edwards.

Original Sin vs. Natural Goodness

The doctrine of original sin reflected an extreme view of man's depravity, and its very extremeness helped the opposite theory of man's goodness to gain acceptance. Acceptance it did gain, widely, and it is obviously still active in contemporary thought. So long as the capital accumulated during centuries of moral realism, with its accompanying disciplines, continued to yield large dividends in conduct, there was some plausibility in the new doctrine; and by the time capital and dividends had dwindled to the point where the wickedness of man was too obvious to overlook, saving explanations were ready. Men who do evil do it, not because they are not naturally good, but because they are brought up in a bad environment; let society but provide a proper environment, and their conduct will be different. Or, if evil behavior develops even despite a benign environment, it can be attributed to some physiological or psychological defect. Between the two ideas individual responsi-

bility—without which morality has absolutely no meaning—all but disappears.

In proportion as the theory of natural goodness prevails, spontaneous feelings of friendliness, love, compassion, fill the ethical firmament, at the expense of the severities of restraint, and moral realism succumbs to sentimental morality. Then is born the ethical sentimentalist. The ethical sentimentalist is aware of kindly dispositions in his own bosom, and these dispositions, present in himself, he assumes to be present also in others—as indeed, in varying degree and with varying continuity, they commonly are. But, if they are, what more proof does one need that men are naturally good? More, very much more, would be the stern reply of a man known to me only by family tradition. “If you cannot say anything better about me than that I am good-hearted,” ran his novel request, “please say nothing at all.” Behind that request, one surmises, lay much enlightening experience. He had listened to the affectionate but meaningless maunderings of neighbors in their cups. He had discovered in his everyday dealings with his fellow men that fine feelings may be followed by dastardly deeds.

A Measure of Virtue in Man

The authors of *The Federalist* assumed, and by implication asserted, a measure of virtue in man—a measure sufficient for success in self-government; but the virtue they had in mind, being realists, was something—one may be quite sure—very different from the facile out-

pouring of friendly emotion. It was ultimately neither emotion, nor yet reason, but a moral or spiritual agency distinct from either. It was what marks the man we like to think of, and to honor, as the man of principle.

But to get back to our statesmen. If from their inmost thought, as from their speeches, the maxims of moral realism were absent, the fact would not be difficult to account for, as we have seen, on the basis of certain developments in Western philosophy. Still, to show that a thing might very naturally be, is by no means to prove that it is. We cannot know a man's inmost thought. Possibly our statesmen do indeed meditate upon such concepts of human nature as I have adduced from Hamilton, Madison, and Jay—but in any case, from the point of view of the American electorate, the question at issue is largely academic. What this electorate is ultimately interested in, as an electorate, is not what goes on in the consciousness, or conscience, of its governors, but whether they put into practice a realistic view of human nature in the laws they pass, the administrative structures they set up, the judicial decisions they make, or accept, and the conduct in other respects of the public business. What, as regards these things, is their recent record?

This is a spacious question, inviting a spacious answer, but this I must leave mainly to my reader, contenting myself with brief consideration of a few relevant topics which I have lately had much in mind. The first three of these are related, each having to do with a domestic area of government in which gross abuses or failures in

duty are reported convincingly to have arisen: military procurement, the national highway program, and unemployment compensation. I will first try to suggest the facts involved in each case—I can here do little more—and then make my comment.⁴

Military Procurement

The first area is that of federal procurement of military supplies. The Defense Procurement Act of 1947 ruled that "all purchases and contracts for supplies and services shall be made by advertising, except that such purchases and contracts may be negotiated by the agency head without advertising if—(1) Determined to be necessary in the public interest during the period of a national emergency declared by the President or by the Congress. (2) The public exigency will not admit of the delay incident to advertising, etc." Other special circumstances, all to be exceptions, were defined. In a speech delivered on June 13, 1960, Senator Paul H. Douglas revealed that for the fiscal year 1959 the Defense Depart-

⁴The material used in my account of this first area is derived from the *Congressional Record, Senate*, of June 13, 1960 (pp. 11,524 ff.) and from a mimeographed document entitled "Statement of Senator Paul H. Douglas Concerning Defense Department Reply to His Charges of Gross Waste in Procurement and Supply Practices of the Military Departments" the latter marked for release from the office of the Senator on July 11, 1960. (For both sources I am indebted to the Senator's kindness.) The material for the second area comes from an article entitled "Our Great Big Highway Bungle" (*Reader's Digest*, July 1960), by Karl Detzer; and that for the third area from an article entitled "The Scandal of Unemployment Compensation" (*Reader's Digest*, April 1960), by Kenneth O. Gilmore.

ment "procured 22.7 billion in supplies through contracts with firms within the United States," and that "of this amount, some 19.7 billion, or 86.4 per cent, was procured through negotiated contracts, and only a little over 3 billion, or less than 14 per cent, was procured through contracts let by competitive bidding."⁵ The provisions "put in the law to allow negotiation under some limited circumstances where unusual conditions existed," observes the Senator, "have now been used merely to universalize negotiated contracts."

The Senator made further charges, among them: that as of June 30, 1959, about one-third (valued at 14.3 billion dollars) of the supplies on hand in the Defense Department was "in excess of the needs either to run the military on a day-by-day peacetime basis, or of their needs if we had to go to war tomorrow morning"; and that the Defense Department "eventually plans to dispose of as much as \$60 billion at the rate of \$10 billion to \$12 billion per year over the next 4 to 5 years. . . . The records indicate in general that the Department of Defense has been able to obtain only about 2 cents on the dollar, or 2 per cent, for the stock disposed of."

Illustrations of Waste in Procurement

As illustrations of his charge of waste in procurement, Senator Douglas lists ten items. The first of these is a

⁵ Elsewhere in the speech Senator Douglas observes: "If any mayor of a city were to purchase 86 per cent of the goods for his city under negotiated contracts such a storm of public disapproval would arise that he would be driven from office."

four-foot cable with a plug at each end, worth about \$1.50; price paid by the military, \$10.67. The second is a small wrench set with case, worth about \$4.50; price paid by the Army, \$29. The third is a small socket for a lamp, about one inch in length, sold at a retail store for 25 cents; price paid by the government, \$21.10. For the remaining seven items anyone interested may consult the Senator's astonishing speech.

Naturally, the Defense Department replied to the charges—but in part, the lesser part, only. On the general, basic criticisms it was silent. The rebuttal, says Senator Douglas, "takes several forms which, upon examination, are either absurd or raise even more serious charges than I made." This rebuttal I have not seen, but the Senator's counterstatement, patiently, exhaustively detailed, seems devastating—and definitive, leaving no opening for effective further argument. Reading it, one marvels how the Defense Department could have had the temerity to answer the Senator as it did. One suspects it had sadly underestimated the tenacity, thoroughness, earnestness, and caution of its critic.

"We know," said Senator Gruening, in the course of Senator Douglas's speech, "that Senator Douglas always understates a case." Yet it is Senator Douglas's contention that the waste involved in use of negotiated contracts (a negotiated contract, according to Senator Ervin, is "something like kissing; it goes by favor, not as a matter of right") is "appalling and runs into billions of dollars."

The Federal Highway Program

The second area I referred to is the national highway program. This, a beautiful "dream" sold in 1956 to the American people, "has become a nightmare of recklessness, extravagance, special privilege, bureaucratic stupidity and sometimes downright thievery." Originally thought to require an outlay of 27 billion, "Already many engineers and builders privately estimate that 50 billion dollars will not touch its total cost." The law governing the project, which was to be paid for almost entirely (90 per cent or more) by the federal government, provides that "local needs shall be given equal consideration with the needs of interstate commerce," but "too many cities are giving *all* consideration to their own needs." "Although only 12 per cent of the Interstate Network mileage is slated to go into or around cities, at least 45 per cent of the network money is being spent on urban roads such as Omaha's"—which "is being driven through the heart of the city at an estimated cost of 42 million dollars, though an alternate route around the town would cost less than 15 million."

The article I am citing supplies varied examples of abuse or dereliction besides the one just noted, including duplication of already existing roads; building of bridges supposed to accommodate the military to unparadoxically erroneous specifications; purchase of land (contrary to federal policy) in advance of appraisal; excessive employment of private engineering consultants; and what are politely referred to as "hush-hush deals." Senator

Harry Byrd would appear to be well within the facts when he alleges that the road program is in an "inexcusable mess," and that there has been great "temptation to grab land, hike prices and profiteer."

Unemployment Compensation

The third and last of the areas mentioned is that of unemployment compensation. A federal-state system set up by Congress twenty-five years ago required that to qualify for compensation "workers had to be 'ready, willing, and able to work.' Benefits were to go to legitimate wage-earners who had clearly lost jobs *through no fault of their own*, to tide them over until they could find employment.—The collapse of these standards is shocking." "The solid planks on which [the system] was built . . . have been so warped by the pressures of our growing welfare bureaucracy that hundreds of millions of dollars are being wasted on loafers, quitters, honeymooners, schemers, parasites and a host of others for whom it was never intended."

A few illustrations will point the generalities. An industrial worker retiring at the age of sixty-five with a monthly income of \$338, in addition to his Social Security checks, registered as a job seeker, and in this status ultimately collected over \$2,000. "In Hollywood, a twelve-year-old child actor spurned parts as an extra paying up to \$28 a day, yet was declared eligible for unemployment benefits. Why? The youngster was accustomed to speaking roles at \$100 to \$150 a day, so lesser

parts were beneath him." In New York a woman quit a \$45-a-week job to get married, and drew nine weeks of unemployment compensation. Her employer, who as such had to pay the bill, appealed. "When the case finally reached the State Supreme Court Appellate Division, the employer was turned down. The court put marriage in the same class 'as an illness or other event of important personal consequence to the worker.'" A man stole \$25,000 from his employer; after a suspension period he collected benefits—for which the man he had stolen from was duly charged!

Such instances as I have given beat the system, we are told, "within the law." There are also illegal abuses. "In the last three recorded years 170,000 cases of fraud were officially reported. . . . The officially admitted take by gypsters: more than 12 million dollars."

There they are—the three areas of shame. What if anything do they suggest regarding the presence of moral realism in those who in the last decades have made or administered our laws? The reply to this question, I for one think, need not be doubtful, or vague. For either in the making or in the administering of the legislation concerned, or in both, this indispensable quality appears to have played a monstrously inadequate role; and it is reasonable to assume that in moral matters a quality that is absent from an action is absent also from the agent.

Moral delinquency has many gradations—by no means all of them appearing in our quotations from *The Federalist*. In the present context it ranges all the way from

indifference, carelessness, irresponsibility, physical indolence, to conscious violation of oath or duty, and finally to downright venality, theft, or even treason. Both legislation and administration should guard against the entire scale of human weaknesses, with an elaborateness and an intensity proportionate in each individual case to the seriousness or magnitude of the risks involved.

Moral realism, then, in our internal affairs, if we may judge by the three instances cited, is, to say the least, insufficiently active; but obviously such a condition in our internal affairs is *prima facie* evidence of its presence also in our external affairs. If we are not to stop midway in the course of our argument, we must therefore take a look at our recent foreign policy.

The United Nations, I take it, was mainly our idea. The monologist of "Locksley Hall," an early poem of Tennyson's (published in 1842), tells of how in his rapturous youth, dipping into the future "far as human eye could see," he beheld, among other things, the "nations' airy navies grappling in the central blue . . .

Till the war-drum throbbed no longer, and the battle-flags
were furled

In the parliament of man, the federation of the world"—
but to this happy consummation he affixed no date.⁶
Could it be that the attempt to realize it in our time
was definitely premature, and was this attempt due to

⁶ In darker mood the monologist soon follows these lines with others of ominous present import:

"Slowly comes a hungry people, as a lion, creeping nigher,
Glares at one that nods and winks behind a slowly dying fire."

the birth and spread during the eighteenth and nineteenth centuries of the modern belief in a broadly based democracy, and was this belief itself the product, in part at least, of that faith in the natural goodness of mankind, that sentimental morality, with the advent of which its burgeoning coincided? There is plausibility in the idea; and if there is reason to doubt the wisdom of setting up the United Nations in the first place, that reason could hardly fail to be enhanced by reflection on what has lately happened in the organization and on its probable future development.

Gradations of Morality

As to what has happened, could not much of it, in essentials, have been readily anticipated? What is the United Nations, in one aspect, but a two-level popular government—insofar as its power extends; and what was it *The Federalist* said about popular government? It said that popular government (it used the word republican) presupposes the existence of the better qualities of human nature in a higher degree than any other form—a degree which Herbert Spencer declared in effect, as we have seen, was realized by no society of his time. Well then, if popular government is so exceedingly exacting, what is to be expected of the United Nations, a popular government in which the units governed are societies occupying, some one, some another, nearly all the stages, from the lowest to the highest, on the present pyramid of civilization?

And now, leaving the United Nations, what shall we say of our conduct of the struggle between ourselves and our communist enemy? Has that represented a policy of adequate moral realism? Into our relations with him has there not appeared, here too, that dangerous illusion which I have called sentimental morality?⁷ What of the Spirit of Geneva and the Spirit of Camp David, ghosts scarcely to be referred to without irony; what were they, after all, but chance expressions of our current national mood, our predilection for thinking, where human relations and values are concerned, not with the head, as did the distinguished moral realists who wrote our greatest political commentary—but with the heart?

⁷ For a brilliant account of sentimental morality, see Irving Babbitt's *Rousseau and Romanticism*, Chapter IV: "Romantic Morality: The Ideal" (Boston, Houghton Mifflin Company, 1919)—now obtainable in Meridian Books (Meridian Books, Inc., New York).

“WE NEVER HAD IT SO GOOD”

by Leonard E. Read



THE CLAIM that a growing statism (state control of the means of production plus welfarism) must lead eventually to disaster frequently evokes the rejoinder, “We never had it so good.” So far as statistical measurements of current material well-being are concerned, much of the surface evidence supports this cliché.

Prosperity, according to the National Bureau of Economic Research, is reported to have increased as follows:¹

Today’s national income of \$2,300 per capita is double what it was (in constant dollars) forty years ago, and it is higher in the face of a 70% increase in population and a 20% reduction in the hours of paid work done per capita.

Output per man hour has grown over the same period at the average annual rate of 2.6%.

Today’s higher income is more evenly distributed than the lower income of earlier years.

The economic difficulties of most everyone have been lessened through the establishment and broadening of various social welfare programs.

The four recessions we have encountered since World War II are among the milder in our history, which means an unusually long period free of serious depressions.

¹See The Fortieth Annual Report (1960), National Bureau of Economic Research, 261 Madison Avenue, New York, N. Y.

Now consider what has happened politically during this period. Statism, measured in terms of governmental expenditures per capita, has advanced from about \$80 in the years just after World War I to more than \$700 now.²

Is it any wonder that most people, observing statism and prosperity advancing coincidentally over so long a period, conclude that the growth of statism is the cause of the increased prosperity?

Furthermore, it is doubtful if the comeback, "We never had it so good," can be proved to be wrong; not statistically, anyway. A man leaping from an airplane at high altitude will, for a time in his fall, have the feeling of lying on a cloud. For a moment he could truthfully exclaim, "I never had it so good!" If the man were unaware of the law of gravitation, no one could prove to him by physical principles that disaster lay ahead. Yet, some of us would *believe*, by reason of certain knowledge, that the man was not long for this world.

Some of us *believe* that the chant, "We never had it so good," is founded on an illusion, that realities we cannot measure warrant this belief. It is our conviction:

1. That the practice of dishonesty is evil and that retribution follows the doing of evil. Every evil act commits us to its retribution. The time lag between the committing of an evil act and our awareness that retribu-

² How closely does this approach what we call the "authoritarian state"? One way to make an estimate is to measure governmental take of earned income. In 1917 it was less than 10%. Today it is 35%. We must keep in mind, however, that a state of dictatorship can exist prior to a 100% take—perhaps at the halfway mark.

tion is being visited upon us has nothing to do with the certainty of retribution. It has to do only with our own limited perception.

2. That there is no greater dishonesty than man effecting his own private gains at the expense of others. This is man's ego gone mad, the coercive assertion of his own supremacy as he defies and betrays God's other human creations.

3. That statism is but socialized dishonesty. It is feathering the nests of some with feathers coercively plucked from others—on the grand scale. There is no moral distinction between petty thievery and “from each according to ability, to each according to need,” as practiced by the State, which is to say, there is no moral distinction between the act of a pickpocket and the progressive income tax, TVA, federal aid to education, subsidies to farmers, or whatever. There is only a legal distinction. Legalizing evil does not affect its moral content; it does no more than to absolve the moral offender from the type of penalties inflicted by policemen.

A Growing Threat

While many of us profoundly believe that we cannot maintain the present degree of statism, let alone drift further toward the omnipotent State, without our great economy flying to pieces, we find it difficult to do more than express our misgivings or alarm. Why, precisely why, does the present course presage disaster? In what manner will a growing dishonesty tear an economy

asunder? Perhaps the following explanation may be worth pondering.

At the outset, imagine an impossible situation: a society composed of individuals, each completely self-sufficient, no exchange of any kind between them. Moral qualities, such as honesty and the practice of the Golden Rule, would have no bearing whatever on the social situation. Each could be congenitally dishonest and unjust; but with no chance to practice the evils, what difference would it make socially?

Now, assume the development of specialization and exchange. The greater and more rapid the development, the more dependent would be each member of the society on all the others. Carried far enough, each would be completely removed from self-sufficiency, utterly dependent on the free, uninhibited exchanges of their numerous specializations. Total failure in this respect would cause everyone to perish.

Whenever we become economically dependent on each other—a necessary consequence of the highly specialized production and exchange economy—we also become morally dependent on each other. No free or willing exchange economy can exist among thieves, which is to say, no such economy can long endure without honesty.

Specialization in the USA today is in an enormously advanced but highly artificial state. We are now unnecessarily dependent on each other, more dependent than we have ever been before, more than any other people have ever been. An advancing exchange economy makes possible a rising standard of living—*pro-*

vided the advance is natural, integrated, that is, free market. It is possible, then, to buttress the technical advances by a growing moral insight and practice. But our present pattern of specialization is artificially induced by state interventionism, and an unnatural system of dependencies has been created. This would need to be sustained by a level of mass honesty we could hardly hope to achieve under the best of circumstances.

But honesty is *not* on the increase! Statism, which forces all of us within its orbit, is nothing but a political system of organized plunder, managed by every conceivable type of pressure group. Plunder is dishonesty, and statism, its organizer, grows apace!

Every natural or free market advance in specialization and exchange increases the standard-of-living potential. This kind of progress is consonant with the whole man, being a cultural advance of self-responsible persons. The two advances—in insight and technology—are integrated. Atomic energy, for example, would put in its appearance when the market—man in peaceful pursuits—signaled its necessity. Had we followed the signals of the market, atomic energy would present itself as a boon, not as a bomb.

How, we must ask, does statism operate? It is simple enough: The State forcibly takes vast sums—fruits of the people's labor—and places these sums at the disposal of those who are ready or can be readied to specialize in atomic energy, for instance. Thus, there is brought prematurely into existence a vast horde of unnatural specialists, unnatural in the sense that their specializa-

tions exist at the insistence of irresponsible politicians who cannot make good on their claim to omniscience. This is not an exaggeration, for no individual has any competency whatever to control the lives of others, to arrogate unto himself the freedom of choice that is morally implicit in the right to life of each human being.

Try to comprehend the enormity of unnatural specialization in our country today. It cannot be done! As this is written, a Washington release tells of \$12 to \$15 billion to be spent by the National Aeronautics and Space Administration to carry a crew of three men on a moon orbit, for moon exploration vehicles, and so on. To what extent will this generate unnatural specialization? To whatever extent people would not voluntarily invest the fruits of their own labor for these purposes! Would this vast outlay, twelve to fifteen times the entire federal budget of only forty-seven years ago, be voluntarily invested for such purposes at this stage in civilization? Hardly!

The State as Master

The Welfare State destroys the market mechanisms—lessens free choice and willing exchange. Simultaneously creating unnatural specializations, it must, granted statism's premise, resort to welfarism; that is, it must assume the responsibility for the people's welfare: their employment, their old age, their income, and the like. As this is done, man loses his wholeness; he is dispossessed of responsibility for self, the very essence of

his manhood. The more dependent he becomes, the less dependable!

Thus, the State inflicts itself as a dangerous centrifuge on society: man violently spun from the center which is his wholeness, his self-reliance, his integrity, and thrown in fragments onto an ever-widening periphery of unnatural specializations; man disoriented in unnatural surroundings, lost in detail and trivia; man from whom integrity has taken flight; man minus responsibility for self, the State his guardian and master.

The only cohesive stuff that can withstand this centrifugal force is the singular product of the whole man: the man who engages the universe at every level of his being—physical, mental, moral, and spiritual. Among the fruits of such an engagement are honesty, observance of the Golden Rule, and justice. These hold society together. But, as we have noted, statism progressively dilutes the cohesive stuff even as it increases the centrifugal force by unnatural specialization. These tendencies are implicit in its nature. Statism, to change the metaphor, builds its tower of Babel with a mortar of constantly decreasing strength. The tower, therefore, will be at its highest and be most admired and worshiped the moment before it tumbles.

We find in a growing statism the explanation for our double standard of morality. The same person to whom stealing a penny from a millionaire would be unthinkable will, when the state apparatus is put at his disposal, join in taking billions from everybody, including the poor, to aid and abet his private gain or his personal

compassion for those he cannot or will not help with his own resources. In the first instance, we observe the whole man as he acts self-responsibly and, in the second instance, the fragmented man, one whose welfare responsibility rests not with self but with the State. When there is no responsibility for self, the matter of honesty comes no more into question than in the case of an animal. Honesty is a quality peculiar to man, the whole man. This applies equally to the Golden Rule and to all virtues.

Speaking solely from the material standpoint, statism is incompatible with any long-range goal of more goods and services for more people. But natural or free market specialization and exchange, which we are also experiencing on a large scale, are consistent with such a long-range goal. They are constructive and creative. This explains the phenomena we have observed during the past four decades: natural specialization and exchange, plus the greatest outbursts of inventiveness in recorded history, more than compensating for the damage inflicted by statism. There could be no greater error than to conclude that the statism caused the prosperity.

THE ECONOMIC GROWTH OF SOVIET RUSSIA

by Hans F. Sennholz



COMMUNIST LEADERS tirelessly proclaim that the economic and social superiority of their order is bound to lead to its triumph. To accept such claims as fact leads to despair about the future of individual enterprise and freedom. To equate the alleged economic capacity of communism with military power gives rise to hopelessness about the military position of the free nations.

Impressed by Soviet "progress," some underdeveloped nations in Asia and Africa are imitating the communist system and accepting political and military integration with Russia, while we, in turn, may be tempted to imitate communist techniques in order to compete with the Soviet statistics. In the name and for the sake of economic growth, we may try more government regulation, more government spending, and currency expansion, thus hampering and mutilating our free market processes until they are replaced by the kind of government control that is the essence of the Soviet system. It behooves us, therefore, to examine carefully the alleged statistics of

Dr. Sennholz is Professor of Economics at Grove City College, Pennsylvania.

Soviet economic growth in the light of the known goals and techniques of the communist regime.

The communist world differs fundamentally from the democratic world in structure of state, economy, and society, in spiritual, intellectual, and moral constitution. Communism means extreme centralization of society and regimentation of the individual. It sacrifices everything humane to the State, subjugates and corrupts human conscience, and resorts to cruelty, evil, and deceit in order to attain its end. This is why Communists cannot be judged by our own standards of human relations and morality.

On the Nature of Soviet Growth

In an individual enterprise economy the consumers determine the structure, change, and growth of production. Through buying or abstaining from buying, they determine what is to be produced, its quantity and quality. Profits and losses oblige the producers to cater to the wishes of the consumers. Economic growth, thus guided by consumer preference, depends upon managerial ability applied to the savings accumulated by producers and consumers.

Economic growth under socialism differs radically from free market growth. The government has taken over, organized, and regulated practically every phase of economic production. As the only employer, the socialist government can concentrate the entire energy of the system on strategic points. Without regard for expense,

it can throw materials and manpower into projects that are considered most important. The expenses are borne by the masses of people who labor long hours at cut-rate pay.

The Soviet State controls every phase of economic production including wage rates and working conditions. The remuneration and employment of labor, like that of land and capital goods, are determined in accordance with general Soviet objectives. Labor towards the consolidation and promotion of the communist order and state power is rewarded generously, while "unessential" labor must be satisfied with less. Certain industries deemed essential for Soviet objectives are supplied lavishly with labor and resources, while the unessential industries are drained for the support and growth of the former. In other words, numerous economic sectors with millions of workers are exploited for the benefit of a few industries that are essential for communism.

Freedom To Move

In a free market economy all discrepancies of remuneration and working conditions would soon be alleviated through the free flow of labor and capital. People and capital would leave depressed industries and flock toward better-paid occupations and industries. No doubt, the people of communist countries would move in similar fashion if free to do so. But the communist State cannot tolerate this migration for fear of collapse of the central plan. It forces millions of workers to continue their la-

bor in the exploited industries and selects those who are privileged to work in the better-paying subsidized industries.

The industrialization of Soviet Russia, which has been the foremost project of the Soviet regime, is carried out mainly on the backs of Russian agricultural workers. Many millions of Russian men, women, and children labor from dawn to dusk on collective estates for a bare minimum of existence. It is they who have to pay the high price for the industrial ventures of the State.

The apparel industry is another important source of Soviet revenue. The State sells all textile products at incredibly high prices, thus forcing the population to labor long hours for a minimum of clothing. The Soviet citizen is clothed in rags when compared with the American worker.

In addition to this form of mass exploitation, millions of individuals are forced to labor without any compensation on a bare minimum of existence. Upon their seizure of power, the communist dictators threw millions of Russian capitalists and landowners into concentration and labor camps, which have been an essential institution of communist production ever since. This labor force has been frequently replenished by hundreds of thousands of individuals from behind the Iron Curtain—countless Germans, Poles, Czechs, and Hungarians representing the latest addition.

Even if we were so naive as to believe implicitly the Soviet statistics, and to overlook their unswerving intention to deceive and mislead us, a few deliberations suf-

fice to deflate their empty boasts. Russian statistics reflect the economic growth that is due to territorial expansion during and after World War II. The Soviet Union completely incorporated Estonia, Latvia, and Lithuania and acquired about half of Poland, parts of Finland, Germany, Czechoslovakia, Hungary, and Rumania, a territory larger than France with a population of more than 22 million people. It is most difficult to estimate how much of the Soviet economic gain is attributed to military conquest, for which the Western democracies and, above all, the United States must ultimately be "credited" on account of their crucial role in World War II and their surrender of these people to Soviet control afterwards. But we obtain an important clue on the scope of this growth from the fact that the newly acquired territory is slightly larger than the territory lost after World War I. As this territory contained some 18 per cent of the productive capacity of Czarist Russia, we may infer that the newly acquired territory accounts for at least 18 per cent of the stated Soviet growth since World War II.

Another essential growth factor of the Soviet economy is the removal of capital equipment from all countries occupied by the Red Army during and after the war. Countless plants and factories, valuable machines and equipment, materials and supplies, rolling stock, rails, and even nails, were shipped to Soviet Russia. This productive equipment undoubtedly contributed greatly to the rapid economic recovery indicated by Soviet statistics.

Soviet economic growth is largely confined to only a

few basic sectors. A capitalist economy expands in all its sectors, providing an even larger variety of consumers' goods and services together with a steady growth in leisure; but Soviet growth is erratic and eccentric, proceeding by fits and starts in accordance with the orders and directions from above. Little attention is paid in Russia to the wishes of consumers. The emphasis of Soviet growth lies on a few basic materials, capital goods, and armaments. Many of the economic sectors which we Americans deem important, such as construction, clothing, and services, are greatly neglected in Soviet plans. Needless to say, the Russian growth statistics give glowing reports on achievements in industries with highest priority while little or no weight is given to others.

Growth or Waste?

Such a "planned growth" may indeed facilitate some spectacular technical achievements. But we must be careful not to equate technical achievements with economic progress. For these achievements may actually be associated with labor exploitation and economic impoverishment. A centralized economy that operates without benefit of the market and its price system lacks the tools for rational economic calculation. The Soviet planners cannot ascertain whether the value of the output actually exceeds that of the input, for they lack the common price denominator that permits a comparison between the final product and a multiplicity of heterogeneous producers' goods employed in the production. In other

words, they cannot determine whether an additional ton of steel is actually more valuable than the raw materials embodied in it, the labor withdrawn from other production, and other cost factors, such as location and time. In fact, it is entirely possible that an expansion of steel production not only curtails other production but even reduces total production. The people's living conditions may decline while the official statistics are reporting rapid economic growth. Furthermore, the additional ton of steel mentioned above may be employed for projects that constitute malinvestment and waste. In short, the statistical growth may be tantamount to economic waste and poverty.

Toward World Revolution

The struggle between East and West is no old-fashioned power struggle, but total war in which the communist strategy is changing continuously. Whether by psychological, economic, technological or military measures, the Communists work diligently and in many guises toward the ultimate triumph of communism.

The objective of communist world revolution has led to a vast expansion of Soviet military production and anything related thereto. This does not mean that the military power will necessarily be used in order to achieve final victory, although there can be no doubt that the Communists would use it if this would most effectively serve their cause. The existence or appearance of military strength also has the ideological effect of de-

manding respect in the councils of those nations that live by power and coercion. Nationalists, militarists, and other collectivists everywhere are unduly impressed by military strength and all political devices that promise to give such strength. Military production also affords relief and encouragement to the millions of Communists in the free world, who are working diligently towards the ultimate sway of their social order. What could be more reassuring to them than the thought of their own formidable military strength?

Why Communists Talk About Growth

To compare the growth rates of the Soviet economy with those of the market economy of the United States is an insoluble task. The two economic orders differ radically and fundamentally. In spite of all its mutilations and obstacles created by government intervention, the U. S. economy continues to grow in all its sectors at a modest rate. Because market prices still lend order to the economic process, our economy continues to grow and deliver the very goods which Soviet planners can only promise. To talk about and promise economic growth is a vital communist strategy to bolster the hopes of the suffering masses. For more than 40 years the communist leaders have successfully diverted their people's attention from misery and starvation, persecution and slavery, by promising them bliss in the decades to come. "We shall surpass the United States" is their latest slogan designed to catch the imagination of the masses and se-

cure their docile allegiance. But if 42 years of Soviet tyranny have yielded no fruits of such ambitious intention, how much longer must we wait for the miracles of communist production?

There is one possibility that the Soviet economy may actually surpass us. If we should destroy our individual enterprise system through more and more government intervention, and endeavor to imitate the communist order, the ensuing chaos of our economy may even be worse than the waste and inefficiencies of the Soviet system. For our political leaders may lack the ruthless and savage determination to give some order to an inherently chaotic system. And we citizens may lack the servility of slaves that can make the Soviet system function. This is why our imitation of the communist order is so deplorable, for it must prove particularly disastrous for us.

SOVIET ECONOMISTS PART COMPANY WITH MARX

by Trygve J. B. Hoff



KARL MARX is rightly looked upon as being the spiritual father of socialism (and communism). But it is the forceful appeal in the demagogic *Communist Manifesto*, not *Das Kapital* and his analysis of socialist theory, that gives him paternity rights. His theoretical contribution was his account of dynamic private enterprise, for the achievements of which he nursed considerable admiration, and not his labor theory of value, the weakness of which Marx himself recognized.

Marx was more concerned with tactical and political questions than with the theory and practice of socialism. He discussed how a capitalist order should be transformed into a socialist one, whether it was advisable to employ revolutionary or parliamentary tactics, by what means the capitalists could best be expropriated, what industries should be nationalized to begin with, and

Dr. Hoff is publisher and editor of the Norwegian weekly FARM-AND, from which this article has been translated and condensed. He also wrote the book, *Oekonomisk Kalkulasjon i Sosialistiske Samfunn*; in English, *Economic Calculation in the Socialist Society* (London: William Hodge & Co., 1949).

how rapidly the process of socialization could be carried on. Marx declared that no sensible person would think of working out recipes before the kitchen was ready, or words to that effect. The result was that in socialist circles it was considered downright heresy to discuss how the socialist communities should work in practice.

But, Russian economists have now begun to discuss the law of value.

At the meeting of the American Economic Association, held in December 1958, a clear indication was given of how the tide has turned. Attention was drawn to the fact that the change began with an article by a team of Russian economists headed by L. A. Leontiev, in the Russian journal, *Pod Znamenem Marxisma*, No. 7-8 1943.¹ Russian economists constantly hark back to this article when they discuss economics with foreign economists visiting the Soviet Union.

Professor Carl Landauer (University of California), in the *American Economic Review* of June 1944, says that the Russian article breaks new ground: it proves that the law of value is valid in a socialist system, too. Perhaps the most sensational feature of the article is its contention that this economic law relates to *the universal factors: scarcity and utility*, and that these factors have essentially the same content in socialist as in capitalist societies.

This is explosive material indeed! The Marxists have always ridiculed the concept of "eternal truths." But if

¹ English translation reprinted in full in the *American Economic Review*, September 1944.

they now acknowledge that eternal truths exist in the economic field, why then should they deny their existence in other fields?

About Face!

Now "value calculation" does not actually conflict with Marxist theory, for Marx concerned himself far more with criticizing capitalism than with explaining how the socialist system should work. But the Russian team of authors goes farther. It asks how the value shall be determined in the Soviet Union now that it has been established that Marx's labor theory of value cannot be applied. The point is that if *utility* is introduced, the labor theory of value must be abandoned. This means that the Soviet economy is now taking the road that leads from Marx back to Jevons, Walras, and Menger.

No one can doubt that the abandonment of the labor value theory is due to practical experience. "For the Soviet economist, the value theory is not a mere academic affair. Value is the 'single denominator,' which must be used in Soviet bookkeeping for the 'comparison of the expenses of the firm in a given period with the whole mass of production for the same period,'" says Professor Landauer, quoting from the Russian article.

"If values reflected only labor cost," Landauer says, "they would not be usable for correct bookkeeping." The Leontiev team, Landauer adds, is saying virtually the same thing as did Böhm-Bawerk and Cassel. He

points out that others have also foreseen this development in socialist societies.

The professor goes on to say there was in the beginning an attempt to represent the team's article as a symptom of the Soviet Union's decreasing hostility to capitalism, but he claims that those who do this are on the wrong track. The Soviet economists several times express their conviction that the capitalist system must be abolished. They can hardly say anything else. The main point, however, Landauer goes on to say, is that the labor value theory has now been abandoned by the Soviet Union, a fact which "will free price analysis in Soviet planning from a severe handicap."

A Practical Problem

It was not academic interest in economic theory that induced Leontiev and team to proclaim respect for the "value-law" in the socialist system. A contributory cause was the fact that some Russian factories managed to operate at a profit, whereas others ran at a loss. There may be many reasons for this, but one of them is that certain factories enjoy a favorable location with respect to supplies of raw materials, availability of labor or markets, while others were badly placed.

As the State owns all land and no rent is charged for use of land, this prime factor is not taken into account. Nor is interest charged on capital, the argument being that the State owns the factories so that such accounting is considered superfluous. However, as there is no need

to pay interest, the managers of state-owned concerns are tempted to hoard materials—after all, it costs nothing. The consequence is that a “value problem,” or a calculation problem, was found to exist there, too. The question of interest was looked upon by the authorities as separate and subsidiary. But the significance of the fact that some concerns operate at a profit and others at a loss was understood to the full.

The Soviet authorities have endeavored to solve the problem—though not very successfully—by stipulating “regional transfer prices,” by granting subsidies to the poorly placed factories, and by fixing “special settlement prices” to suit the various cases.

Economics of Agriculture

Khrushchev, himself, as a consequence of the poor results achieved in agriculture, has become aware of the need for calculation. In his notorious report of December 15, 1958, the Russian Premier declared: “It is impossible to carry on agriculture without a thorough analysis of the costs of producing the goods and without exercising control by means of the ruble.” In so saying, Khrushchev is simply corroborating what sensible economists have always maintained.

In Russia there are a confusing number of price levels, that is, *if* the word “price” can be applied to numerical designations which are arbitrarily determined and have nothing whatever to do with markets. For retail prices alone, seven different price levels exist, of which proba-

bly the only reliable ones are those ruling on the black markets.

Of far greater importance than prices of consumer goods, however, no matter what the system, are the prices of raw materials and means of production. Where there are no markets—and there are none for means of production in socialist states, because the State, by definition, is the sole owner—there can be no market prices for the means of production. And where there are no market prices, there are no reliable calculation data.

The “transfer prices” which the Soviet authorities have employed are completely artificial. The drastic alterations continually being made in “relative prices” and the skepticism with which they are greeted by the Soviet authorities themselves show how worthless they are.

Further proof of the skepticism about prices in Soviet Russia is found in the comparisons which are being made constantly with prices in countries where private enterprise exists. The supreme socialist authority, Stalin himself, once declared that the price of cotton in the Soviet Union had to be set higher than the price of grain in the Soviet Union “because this is the case on the world market.”² This reference by Stalin to foreign price relations is not merely a confession of a fundamental defect in the socialist system. It reveals also that the existence of capitalist societies with price data constitutes an enormous advantage for the socialist states.

²Reported in *Economic Problems of Socialism in the USSR*, Moscow, 1952, p. 24, according to the *American Economic Review*, February 1959, p. 62.

There is widespread anxiety among Russian economists because their economy lacks serviceable criteria and stimuli for rational economic choice. The foremost politicians have likewise been seized by a desire for rationality. However, Soviet economists have been warned against "revisionism."

Nevertheless, the Soviet economists now evince a tendency to criticize, but their criticisms are presented cautiously and obliquely. This is primarily an intellectual and academic trend, and there is nothing to indicate that Soviet Russia is endeavoring to bring about a return to the "market mechanism." This is understandable, as such a statement would be tantamount to a proclamation that socialism has failed. On the whole, therefore, discussions on allocation of resources have taken place *sub rosa*.

Summary and Conclusion

In a socialist society, the private ownership of means of production has been abolished, and as a result there are no markets for the factors of production. Without markets for production factors, one cannot obtain real calculation data, i.e., prices which reflect on the one hand the varying demand, on the other the scarcity of existing resources, which is also a variable, depending as it does on technical developments.

Because Marx did not concern himself with the way in which the socialist system would work in practice, socialist economists in the early days regarded discus-

sion of such matters as rank heresy. A few nonsocialist economists, men who have thought deeply about the problems of calculation and value, are the ones who have brought to light this fundamental defect of socialism.

As early as 1854 the originator of the marginal utility theory, the German economist, H. H. Gossen, declared that only through private enterprise would it be possible to produce a yardstick by which to determine how much might rationally be produced with existing resources.

Other economists who have given the problem their attention include the Dutchman, N. G. Pierson, the French Professor Bourguin, Max Weber (in his *Wirtschaft und Gesellschaft*), and Professor Boris Brutzkus. The one who merits the greatest praise, however, is Professor Ludwig von Mises. His contention was submitted quite casually, almost in passing, but it was found extremely provocative and sensational. "Because the socialist community is unable to calculate," he declared "socialism is impossible."

As recently as twenty to twenty-five years ago, revelation of this flaw in the socialist program was greeted with a blend of indignation and irritation by socialist economists. One of the more polite criticisms leveled against it was that it was nothing more than abstract theorizing devoid of all practical significance. In view of this it is something of a sensation that Soviet economists to an increasing extent are being forced to admit that the nonsocialist economists were right. This admission does not stem from an academic urge to tell the truth, but from convincing object lessons. In Soviet Rus-

sia the muddle and lack of rationality in economic management have gradually become so obvious that the Russian economists themselves are no longer able to close their eyes to the situation. The same applies to the Russian political leaders.

To illustrate our point, we once asserted that in a socialist community there was a risk of molybdenum being used in the manufacture of toy swords. Some people thought we were joking and that this was a silly thing to say. However, at the plenary meeting in June 1959, Khrushchev raged against the results achieved by the system and said, among other things:

Here, brass chandeliers are manufactured with the sole object of making them as heavy as possible. The heavier each chandelier, the more the factory earns on carrying out its production program.

Brass is not molybdenum, but the irrational use of metals provides a good analogy to our example.

The increasing recognition—and admission—by Soviet economists and politicians that the value problem also exists in the socialist system gives ground for hope. Not for hope that this great defect can be eliminated; it cannot as long as Soviet Russia remains socialist, because that weakness is inherent in socialism. But it gives hope that the Soviet economists will be allowed to draw attention to the great flaw in socialism and in so doing pave the way for rejection of the socialist system.

CENTRALIZED OR MULTIPLE ECONOMIES

by George Winder



ALL the politico-economic systems in which the world's peoples make their living can be divided into centralized or multiple economies. In the first of these two great classes all production is directed by a central authority which consists of, or derives its power from, a chief, council of elders, king, or in the case of communist countries a political staff under the over-all command of a dictator. It is conceived by socialists that an authority directing a centralized economy could derive its power from an elected assembly, but in practice, democracy and the centralized economy have rarely co-existed.

The great characteristic of a centralized economy is that all economic activities are directed or planned by a central authority so that the people are subjected to a hierarchical control. Every man has a superior whom he must obey. The most outstanding examples of the centralized economy are:

1. *Primitive communism* which once existed among all peoples and still survives in many uncivilized countries. All production in this stage of society is under the

direction of chiefs or councils of elders. No individual responsibility exists.

2. *The feudal system* in which land, the one all-important means of production, is held in the name of the king, who appoints powerful henchmen to insure that it produces supplies and fighting men. The land itself is usually worked under some form of communal control under the direction of such bodies as manor courts. Individual responsibility is of a most rudimentary kind.

3. *Collective states* such as Nazi Germany and fascist Italy. Here the hierarchy of control is fully evident, but although all production is directed and all capital controlled by the state, the nominal legal ownership of property remains in the hands of individuals who receive a share of its proceeds subject, usually, to the process which Lord Keynes has described as the "euthanasia of the rentier."

4. *The communist or socialist state.* Here the control of property and the direction of production is the same as in the Nazi or fascist state, but the individual owner has been liquidated and his property confiscated.

In these last two forms of the centralized economy, the direction of production has always passed into the hands of a dictator who appoints planners to manage the economy subject to his control in which political considerations play the decisive part.

There is nothing new in any of these centralized economies. They, and the hierarchical system by which they are controlled, have been known for countless ages. The subjection of the individual to the blind instincts of the

group which is their outstanding characteristic may be said to be the natural condition of man before he trained himself for civilization. That some of these centralized economies make use of and even develop the modern products of capitalism cannot alter this fact.

The centralized economy still has a very great attraction for many people. It relieves them of responsibility for the conduct of their own lives so long as they adhere to the prevailing collective ideas and emotions. In misery and war increasing numbers of men will always revert to it. This to some extent explains the easy acceptance of Nazism and fascism in such comparatively civilized countries as Germany and Italy. Most of the modern collective ideologies arise from this instinctive desire to be taken care of by a superior authority. This instinct lies latent in most of us as the result of our background of centuries of tribal communism. It can only be overcome by a firm belief in philosophy or religion.

A Multiplicity of Directors

On the other hand, the multiple economy depends for its efficiency, not on the concentration of economic direction, but on the breaking up of that direction into as many hands as is reasonably possible. It makes every capitalist direct his own small share of the economy. His right to do so arises from his ownership of property. A multiple economy is planned or directed by the owners of farms, factories, ships, banks, trucks, shops, and in fact the owners of any property which is capable of

assisting in the great work of the production of goods.

Now this type of economy with its multiplicity of directing authorities seems to be quite beyond the comprehension of the socialist who cannot understand this diversity of direction. He believes that if more than a tiny group of experts direct an economy, then chaos must inevitably result. How can a vast complicated economy be planned and ordered without competent economists to direct it from the center? One cannot run even a single business without planning it carefully; how, therefore, can one run an economy such as that of America or Great Britain without such planning?

We saw something of this line of reasoning in the first conference of the British Labour Party after the war when at the instance of Professor Laski a resolution was passed stating that "there must be no return after the war to an unplanned competitive society," and proposing instead "the planning of production for community consumption." Similar demands for a planned economy by socialist and American "liberals" have been too numerous to recall.

The Mechanism of Control

But fortunately for humanity, the multiple direction of the economy by innumerable capitalists—each concerned with only a tiny part of the total production—does not mean chaos. On the contrary, it means the most efficient direction and planning of an economy that the world has yet been able to attain. The reason for this is

that the capitalist's control of his section of the economy is not absolute. He is under the strictest orders of a power far greater than himself. His bonds may appear to be light for they are of an impersonal nature, but they are extremely strong. Any disobedience will be revenged, as a last resort, with bankruptcy.

This powerful master of all capitalists who coordinates their production, and in fact plans their whole economy, is none other than the people themselves who exercise their power by means of the free price mechanism, which is the most efficient instrument for directing and planning an economy that has yet been devised. The production and investment of the apparently independent capitalists are directed by the rise and fall of the prices of commodities and services. A movement of prices will tell producers far quicker than can any state economic planner what their masters, the consumers, want them to produce and where to invest their capital. The free price mechanism, by preventing waste and by giving swift directions to capitalists, which must be obeyed on pain of bankruptcy, has made the multiple economy the most efficient system for supplying the wants of the people that the world has ever known.

Under such a system, gluts and scarcities cannot occur except as the result of some unforeseen natural phenomena. Such maladjustments as the United States has experienced with her farm supplies, or such depressions as that inflicted upon the world in the thirties cannot possibly occur.

Far from chaos and unbalance being the result of the

multiple or free market economy, as socialists claim, many economists have been struck by the efficient co-ordination or planning it brings about. Professor H. D. Henderson, for example, in his Cambridge Economic Handbook, *Supply and Demand*, writes of this co-ordination in the following words: "Just as in the world of natural phenomena, which for long seemed so wayward and inexplicable, we have come gradually to perceive an all-pervading uniformity and order. So there is manifest in the economic world uniformity and order of a similar, if less majestic kind."

The great Bastiat speaks of this same co-ordination in the following words: "On entering Paris which I came to visit, I said to myself—Here are a million of human beings who would all die in a short time if provisions of every kind ceased to flow toward this great metropolis. Imagination is baffled when it tries to appreciate the vast multiplicity of commodities which must enter tomorrow through the barriers in order to preserve the inhabitants from falling a prey to the convulsions of famine, rebellion, and pillage. And yet all sleep at this moment, and their peaceful slumbers are not disturbed for a single instant by the prospect of such a catastrophe. On the other hand, eighty departments [areas of France] have been laboring today, without concert, and without any mutual understanding, for the provisioning of Paris."

It may be argued that owing to the great increase in the government control of economic affairs since the days of Bastiat such an illustration as he has given us is no longer applicable. It is true that the directing power of

the price mechanism has been reduced with many unhappy results, but it still remains the most effective economic guide we have. This is illustrated by the great improvement which occurred in the British economy as soon as the Conservative government released it from many of the direct controls which their socialist predecessors retained long after the war had ended.

Sometimes the socialist will claim that the freedom of the market must be restricted for the sake of the freedom of the people. They do not realize that in interfering with the price mechanism it is this very freedom of the people they destroy.

A Just and Impersonal Guide

The first attributes, then, of the multiple or market economy are order and efficiency, but it has other virtues equally important. We have seen that the owner of capital in a multiple economy must submit to the demands of the market which he will find a completely ruthless master. At the same time it is a master which has the inestimable virtue of being completely just and impersonal. It does not rule by sending Commissars or Gauleiters to the capitalist's office to instruct him what he must produce. It is impervious to the corrupting influence of pressure groups. The capitalist must obey the market, but he need submit to no visible human master. It is because of this impersonal rule that the multiple economy is the one form of economy in which men can be free.

In the multiple economy the market rules a great part

of our lives. When in our youth we choose the occupation we will follow, the market tells us what remuneration we may expect and influences us accordingly. In most modern states this influence is qualified by the efforts of trade unions, and to some extent by legislation, but the market rate for wages is still a most important element. The market helps us to decide what we shall eat and how we shall clothe ourselves and furnish our home. We must consider the market when we choose the house in which we will live. Where there is no free market the people do not choose their houses for themselves; they are "housed." The market decides whether our work gives satisfaction to a great many people, in which case it will make us wealthy, or whether it gives only average satisfaction, in which case our rewards will be of a corresponding nature. If, with our capital or our labor, we do nothing for the community, the market will give us nothing in return.

If a man is to live without either robbery or charity, then he must supply the market with goods or labor. These must be of a type the market demands, otherwise they will not sell.

We may safely say that the market controls more than half of earthly activities. This means that even the freest of us are for a great part of our lives in bondage to the wishes of other people, but as their demands are expressed through the market, these bonds appear to us to be light.

The Political Master

Thus we may say that the chief master of human activities consists of nothing less than the people themselves ruling through the price mechanism. But there is a second master who also has a very great command over our lives. This is, of course, the government of the country in which we live. This second master rules through established laws and sometimes through regulations and fiats, and its instruments for enforcing its rule are the police.

For centuries the provinces of these two rulers were not clearly defined. All economic power and political power resided in the same hands. Between the Renaissance and World War I, however, all development toward freedom and civilization has also been toward the separation of these two masters of human destiny. We see this separation growing with the Tudor revolution, the English civil war, the later revulsion against mercantilism, and in the insistence of the nineteenth century liberals that the state should not interfere with the economic system. It was the origin of those provisions in the American Constitution which seek to limit both the power of the federal government and of the state.

It is the separation of economic and political power which makes liberty possible. This separation is found only in the multiple economy. In that economy the capitalist, with his rights in his property, protected by law, is free to follow the directions of the people expressed through the market. He knows that as long as he satis-

fies the market he is secure and independent. If he satisfies his customers, he need call no man master. He can denounce the government to his heart's content without fear of losing the position which the market economy has given him. He can demand the right to travel abroad, the right to free speech and free press, and he knows that his independence is safe, and that no official can harm him. So long as the law continues to protect his property and those rights which have been associated with property in all civilized countries, he knows his freedom is assured. His property, as well as giving him freedom from the power of the state, also protects him from the ill will of his neighbors. The owner of property can be agnostic in a Protestant or Catholic district, or can be a colored man in a white neighborhood. An owner of property may be uncouth, uneducated, and rude, but nevertheless, if he manages his property wisely he can laugh at those who dislike him. It is surprising what prejudices we will overcome to deal with a man who provides us with honest goods or efficient service. Only in a property-owning economy can the outsider, the eccentric, or the original mind flourish. In centralized economies even the laughter or the ridicule of one's neighbors seems to be enough to keep the divergent individual in line. Property with its rights securely enforced by the courts is the very basis of human freedom. It is no accident that in all countries where private property has ceased to exist, freedom has perished.

Are Workers Free?

Someone may here say, "This is all very well for the property owner, but what of the people who have no property—can they be equally free?" Not, perhaps, quite so free. A worker who must obtain a job will be well advised to avoid airing extreme views. It is just possible that racial or religious considerations may affect him more than they would an independent capitalist. But for all essential purposes, a worker in a multiple economy is as free as the capitalist. He need not fear his foreman or employer as a communist worker fears his immediate superior. The basis of his freedom is the multiplicity of property owners who can employ him. With many potential bosses he need be subservient to none. Furthermore, he knows that he himself can become a property owner and employer.

Property rights have often been described by socialists as "reactionary barriers against the will of the people." Not so. They are barriers against the state, and they protect the people from the abuse of its power. But they are effective barriers only so long as the two masters of men, the free market on the one hand and the government on the other, are kept separate and distinct. These masters must be confined to their own provinces of control.

When there is no free price mechanism to co-ordinate the economy, then dislocation is bound to arise. Depressions—such as that which followed World War I when political considerations controlled a great part of the world's economy—become unavoidable and lead to still

further control and further economic dislocation. If this development is allowed to continue, the rule of the economy by the people through the price mechanism comes to an end; their place is taken by the planner under the instructions of the political group in power. With the merger of economic and political power into the hands of the one authority the multiple economy is destroyed and freedom comes to an end.

In the centralized economies all men are subject to a hierarchy of control. Of course we know that in a multiple economy such a control exists in every individual firm from the manager right down to the office boy, but it exists only during business hours. Moreover, if an employee does not like the orders given him during his working hours, he can always find another job. But in a centralized economy there is only one employer, the state, and this all-powerful employer always interferes with the people, even when their working hours are over. Along with the control of man's economic activities in a centralized economy, there always goes control of his religion or ideology. Not only a man's labors, but his very mind must be subject to the will of those who control the economic system. If a man's mind were allowed to be free, then he might resent his place in the hierarchy, or even cease to believe in the prevailing economic system; and that would be dangerous in a centralized economy for all men depend on the current politico-economic plan for their livelihood.

As the economy is planned by the central authority, its smooth working depends upon all fulfilling the work al-

lotted to them. Even the right to possess a private garden or cow is a privilege that distracts a man from his job, interferes with the over-all plan, and can seldom be allowed. He who does not do his job sabotages the whole political plan. As all capital is controlled and directed by the state, so also must all labor be allotted its task by the state. He who expresses an opinion dangerous to the government is invariably endangering the whole economy and is therefore, in the eyes of the regimented people, justifiably silenced. As a consequence, the centralized economy not only controls all productive activity, but the very minds and lives of its people. The nonconformist must die. The centralized economy, whether it calls itself socialist, communist, fascist, or Nazi, always destroys freedom.

Plans Must Be Militarized

We in the Western world have not yet realized how much power the destruction of the free market and the establishment of a centralized economy must inevitably place in the hands of those who control the state. In no instance have freedom and democracy long survived the establishment of a centralized economy.

Dean Inge seems to have realized this when he wrote, "If a multitude is to be subjected to a plan, it must be militarized. If individuals are allowed a free choice, the plan is thrown into confusion. Bureaucracy, under an absolute ruler, or rulers, is necessary. Popular consent can be secured only by rigorous censorship and prohibi-

tion of free discussion. Espionage is a necessary part of the system, and a considerable amount of terrorism. Since private expenditure must be controlled, it is wise to keep private incomes near a subsistence level and to dole out any surplus on collective pleasures such as free holidays. We shall not understand totalitarian tyranny unless we realize that it is the result of the planned economy."

This is not to say that the state has no economic function whatever to perform. The state must help to keep the machinery of the market in working order. The basis of that machinery is the legal contract entered into by free men. Only the state can see that these contracts are enforced against men who disregard their obligations. The state must also see that the price mechanism is not impeded by cartels and monopolies—though this is largely a negative function of not granting privileges or licenses in the first place.

The primary rule of all good government is to realize that the power of the state must be strictly limited. The state must never be the enemy of the market, it should be its great protector. With the help of the multiple economy, the people themselves can be masters of all production and masters of the government as well. Destroy the multiple economy and they will be masters of neither.

It will be noticed that I could have used the established term totalitarian for my centralized economy, and that my multiple economy is, after all, only another

name for the market economy or free enterprise. I have chosen my own terms, not with any desire to be original, but simply to emphasize the difference in the basic foundations of the two great politico-economic systems. In every totalitarian state the complete control the government exercises over its people is based on a centralized economy, and wherever the people enjoy freedom their economy is a multiple one.

This, of course, implies that whether people are free or not depends on their politico-economic system. A critic may here point out that Karl Marx said very much the same thing. But there is a difference. The multiple economy is based on the rights of private property, and it is this that makes the system possible and thereby insures the freedom of mankind. But from whence came these rights of private property which are not the result but the cause of freedom? As far as the civilization enjoyed by the Western world is concerned, their origin is found in Christianity.

STATISTICS: ACHILLES' HEEL OF GOVERNMENT

by Murray N. Rothbard



OURS is truly an Age of Statistics. In a country and an era that worships statistical data as super-“scientific,” as offering us the keys to all knowledge, a vast supply of data of all shapes and sizes pours forth upon us. Mostly, it pours forth from government. While private agencies and trade associations do gather and issue some statistics, they are limited to specific wants of specific industries. The vast bulk of statistics is gathered and disseminated by government. The over-all statistics of the economy, the popular “gross national product” data that permits every economist to be a soothsayer of business conditions, come from government. Furthermore, many statistics are by-products of other governmental activities: from the Internal Revenue bureau come tax data, from unemployment insurance departments come estimates of the unemployed, from customs offices come data on foreign trade, from the Federal Reserve flow statistics on banking, and so on. And as new statistical techniques are developed, new divisions of government departments are created to refine and use them.

Dr. Rothbard is a consulting economist in New York City.

The burgeoning of government statistics offers several obvious evils to the libertarian. In the first place, it is clear that too many resources are being channeled into statistics-gathering and statistics-production. Given a wholly free market, the amount of labor, land, and capital resources devoted to statistics would dwindle to a small fraction of the present total. It has been estimated that the federal government alone spends over \$43,000,000 on statistics, and that statistical work employs the services of over 10,000 full-time civilian employees of the government.¹

Hidden Costs of Reporting

Secondly, the great bulk of statistics is gathered by government coercion. This not only means that they are products of unwelcome activities; it also means that the true cost of these statistics to the American public is much greater than the mere amount of tax money spent by the government agencies. Private industry, and the private consumer, must bear the burdensome costs of record-keeping, filing, and the like, that these statistics demand. Not only that; these fixed costs impose a relatively great burden on *small* business firms, which are ill-equipped to handle the mountains of red tape. Hence, these seemingly innocent statistics cripple small business

¹ Cf. Neil Macneil and Harold W. Metz, *The Hoover Report, 1953-1955* (New York: Macmillan, 1956), pp. 90-91; Commission on Organization of the Executive Branch of the Government, *Task Force Report on Paperwork Management* (Washington: June 1955); and *idem*, *Report on Budgeting and Accounting* (Washington: February 1949).

enterprise and help to rigidify the American business system. A Hoover Commission task force found, for example, that:

No one knows how much it costs American industry to compile the statistics that the Government demands. The chemical industry alone reports that each year it spends \$8,850,000 to supply statistical reports demanded by three departments of the Government. The utility industry spends \$32,000,000 a year in preparing reports for Government agencies . . .

All industrial users of peanuts must report their consumption to the Department of Agriculture . . . Upon the intervention of the Task Force, the Department of Agriculture agreed that henceforth only those that consume more than ten thousand pounds a year need report . . .

If small alterations are made in two reports, the Task Force says, one industry alone can save \$800,000 a year in statistical reporting.

Many employees of private industry are occupied with the collection of Government statistics. This is especially burdensome to small businesses. A small hardware store owner in Ohio estimated that 29 per cent of his time is absorbed in filling out such reports. Not infrequently people dealing with the Government have to keep several sets of books to fit the diverse and dissimilar requirements of Federal agencies.²

Other Objections

But there are other important, and not so obvious, reasons for the libertarian to regard government statistics with dismay. Not only do statistics-gathering and producing go beyond the governmental function of defense of persons and property; not only are economic resources wasted and misallocated, and the taxpayers, industry,

² Macneil and Metz, *op. cit.* pp. 90-91.

small business, and the consumer burdened. But, furthermore, statistics are, in a crucial sense, critical to *all* interventionist and socialist activities of government. The individual consumer, in his daily rounds, has little need of statistics; through advertising, through the information of friends, and through his own experience, he finds out what is going on in the markets around him. The same is true of the business firm. The businessman must also size up his particular market, determine the prices he has to pay for what he buys and charge for what he sells, engage in cost accounting to estimate his costs, and so on. But none of this activity is really dependent upon the omnium gatherum of statistical facts about the economy ingested by the federal government. The businessman, like the consumer, knows and learns about his particular market through his daily experience.

A Substitute for Market Data

Bureaucrats as well as statist reformers, however, are in a completely different state of affairs. They are decidedly *outside* the market. Therefore, in order to get "into" the situation that they are trying to plan and reform, they must obtain knowledge that is *not* personal, day-to-day experience; the only form that such knowledge can take is statistics.³ Statistics are the eyes and ears of

³ On the deficiencies of statistics as compared to the personal knowledge of all participants utilized on the free market, see the illuminating discussion in F. A. Hayek, *Individualism and the Economic Order* (Chicago: University of Chicago Press, 1948), Chapter 4. Also see Geoffrey Dobbs, *On Planning the Earth* (Liverpool: K.R.P. Pubs., 1951), pp. 77-86.

the bureaucrat, the politician, the socialistic reformer. Only by statistics can *they* know, or at least have any idea about, what is going on in the economy.⁴ Only by statistics can they find out how many old people have rickets, or how many young people have cavities, or how many Eskimos have defective sealskins—and therefore only by statistics can these interventionists discover who “needs” what throughout the economy, and how much federal money should be channeled in what directions.

The Master Plan

Certainly, only by statistics, can the federal government make even a fitful *attempt* to plan, regulate, control, or reform various industries—or impose central planning and socialization on the entire economic system. If the government received no railroad statistics, for example, how in the world could it even start to regulate railroad rates, finances, and other affairs? How could the government impose price controls if it didn't even know *what* goods have been sold on the market, and what prices were prevailing? Statistics, to repeat, are the eyes and ears of the interventionists: of the intellectual re-

⁴ As early as 1863, Samuel B. Ruggles, American delegate to the International Statistical Congress in Berlin, declared: “Statistics are the very eyes of the statesman, enabling him to survey and scan with clear and comprehensive vision the whole structure and economy of the body politic.” For more on the interrelation of statistics—and statisticians—and the government, see Murray N. Rothbard, “The Politics of Political Economists: Comment,” *The Quarterly Journal of Economics* (November 1960), pp. 659-65. Also see Dobbs, *op. cit.*

former, the politician, and the government bureaucrat. Cut off those eyes and ears, destroy those crucial guidelines to knowledge, and the whole threat of government intervention is almost completely eliminated.⁵

It is true, of course, that even deprived of all statistical knowledge of the nation's affairs, the government could still *try* to intervene, to tax and subsidize, to regulate and control. It could try to subsidize the aged even without having the slightest idea of how many aged there are and where they are located; it could try to regulate an industry without even knowing how many firms there are or any other basic facts of the industry; it could try to regulate the business cycle without even knowing whether prices or business activity are going up or down. It could try, but it would not get very far. The utter chaos would be too patent and too evident even for the bureaucracy, and certainly for the citizens. And this is especially true since one of the major reasons put forth for government intervention is that it "corrects" the market, and makes the market and the economy more rational. Obviously, if the government were deprived of all knowledge whatever of economic affairs, there could not even be a *pretense* of rationality in government in-

⁵ "Government policy depends upon much detailed knowledge about the Nation's employment, production, and purchasing power. The formulation of legislation and administrative progress . . . Supervision . . . regulation . . . and control . . . must be guided by knowledge of a wide range of relevant facts. Today as never before, statistical data play a major role in the supervision of Government activities. Administrators not only make plans in the light of known facts in their field of interest, but also they must have reports on the actual progress achieved in accomplishing their goals." *Report on Budgeting and Accounting, op. cit.*, pp. 91-92.

tervention. Surely, the absence of statistics would absolutely and immediately wreck any attempt at socialistic planning. It is difficult to see what, for example, the central planners at the Kremlin could *do* to plan the lives of Soviet citizens if the planners were deprived of all information, of all statistical data, about these citizens. The government would not even know to *whom* to give orders, much less how to try to plan an intricate economy.

Thus, in all the host of measures that have been proposed over the years to check and limit government or to repeal its interventions, the simple and unspectacular abolition of government statistics would probably be the most thorough and most effective. Statistics, so vital to statism, its namesake, is also the State's Achilles' heel.

OUR SECRET GOVERNMENT

by *V. M. Newton, Jr.*



They [an administrative bureaucracy of officials, jurists, clerks, and bookkeepers] constitute a supreme and sovereign self-recruiting body, immune from political intervention, responsible to no one outside their own hierarchy, a rock against which all political storms beat ineffectively and in vain; a completely closed mandarin system, even in the social choice it exercises in reproducing itself. . . .

HERBERT LUETHY, *France Against Herself*

BACK IN 1951, I wired the Comptroller of the United States, the man who pays all federal salaries, to give me the exact number of the major federal bureaus. He wired back that he could not do this, that to the best of his knowledge, there were approximately 1,875, not including the new ones created that year. I would hazard the guess that there are more than 2,000 major federal bureaus today.

Then, in addition, there are approximately 5,000 ad-

From an address by V. M. Newton, Jr., editor, *The Tampa Tribune*, before the Arizona Newspaper Association at Tucson, January 14, 1961.

visory federal bureaus, all of which wield tremendous power in the lives of the average American citizen. It is interesting to report, in this connection, that Rep. Dante Fascell, of Florida, introduced and got passed in the House of Representatives in 1957 a bill that would force these 5,000 federal advisory bureaus to reveal the identities of their membership to Congress and to keep minutes of their secret meetings. But the Senate refused even to consider the bill, and many of us to this very day do not even know the identities of our secret governors and much less of the political privilege that goes into their edicts.

This mushrooming American bureaucracy has draped a stifling curtain of secrecy over virtually all of the executive branch of federal government, wherein the facts of our government are denied to the people, Congress, the press, and even the General Accounting Office, which is our auditing restraint upon government spending. If you doubt this, let me point out that no records of the federal expenditure of the billions of your tax funds are open to the inspection of the American citizen. Let me point out further that no audited reports of the expenditure of your federal tax funds are available to the citizen.

As just one small example of the great secrecy enshrouding the expenditure of your tax funds at Washington, our federal government never has accounted to the taxpaying citizens for one penny of the 75 billions of dollars it has spent on foreign aid since the close of World War II.

All of the information of the spending of the citizens' tax dollars comes to you in the form of press handouts from the 50,000 federal press agents in Washington. Many of these federal handouts are little more than propaganda, designed to prolong the political lives of our bureaucratic bosses and to tyrannize the public, against which Thomas Jefferson warned the world 175 years ago.

How It Began

The American bureaucracy and the American secret government jointly got their start in the thirties when the Roosevelt Administration moved government into all phases of the citizen's private life in coping with the great depression. They became entrenched at Washington in the forties when the Roosevelt and Truman Administrations put more and more power into central government in coping with World War II and with the Korean War in the early fifties.

During the dire days of the depression and the exciting days of the war years, the press, short of manpower, materials, and time, was gravely preoccupied with those tragic affairs. At the same time, it became accustomed to accepting in good faith the proclamations, reports, and propaganda issued by federal press agents.

So, ignored by the press and left largely on his own in federal office, the fledgling American bureaucrat developed the new American philosophy that our government belongs to him as his private domain; that he feels he

has the privilege to give out or withhold information of government as he sees fit; and that he sincerely thinks that the American people should be satisfied with the decisions of government after he has made them.

After the Korean War, when the press finally turned its attention back to the domestic affairs of our nation, it found itself confronted with a tight secret government in Washington. Under the Truman Administration, by White House executive order, every federal bureaucrat had the right of censoring information of government under the stamp of sacred security, regardless of whether or not the information actually affected our national security.

Let me give you just two of the hundreds of examples of ridiculous security foisted upon us at that time.

First, the Department of Labor refused to give out details of the Armed Services' purchase of peanut butter on the grounds that the clever enemy could deduce from these purchases the approximate number of men in our armed services. Yet you could walk down the street a few blocks in Washington to the Department of Defense and obtain mimeographed sheets giving the exact number of men in our Army, Navy, and Air Force.

Second, the Pentagon affixed the censorship stamp "for military use only" on military weather data. Yet the Soviet Ambassador could telephone the Department of Defense, ask for Extension 79355, and a recording would give the latest 24-hour weather forecast from the nearby Bolling Air Force Base. This automatic recording concluded with the following words: "This information is

for military use only and dissemination to the public is not authorized.”

The press so protested this blanket security censorship that Mr. Eisenhower eased our security regulations upon his arrival at the White House in 1953. But not even the new Eisenhower directive limiting security censorship stopped the bureaucrats. They simply pulled out an old dust-covered federal statute pertaining solely to the safekeeping of governmental records as their excuse for censorship, and then blandly went right on doing the American people's business in secrecy as they chose, with little restraint from anyone.

By this time Congress became aroused over the problem simply because the American bureaucrat, in his new-found arrogance, denied essential information of government to our federal lawmakers. I have in my files dozens of concrete cases of refusal to give legitimate information of government to Congress in the middle fifties.

So Congress created the Hennings Subcommittee on Constitutional Rights in the Senate and the Moss Subcommittee on Government Information in the House to investigate the matter of free flow of information of federal government to the American people. During public hearings in 1956 and 1957, the heads of no less than 19 major federal bureaus testified before these two committees that they had used the old federal record custody statute to withhold legitimate information from the American people, Congress, and the press.

Early in 1958, Congress, supported by the press,

amended this old record custody statute with a sentence stipulating that it cannot be used to withhold information of federal government from the American people. This should have curbed needless censorship and assured the American people of information on the expenditure of their tax funds.

"Executive Privilege"

But by this time, the American bureaucrat really was flexing his muscles. After Congress and the press destroyed such excuses for secret government as national security and the old record custody statute, Attorney General William P. Rogers appeared before Senator Hennings' Subcommittee on Constitutional Rights in April 1958, with his "doctrine of executive privilege."

The Attorney General argued that this doctrine, based on the separation of powers in our federal government, gave all the legal right needed to withhold information of government from the American people, Congress, and the press.

Actually, this ridiculous "doctrine of executive privilege" is nothing more than the bureaucrats' fanciful theory of doing as they please in the domain of the people's business. In subsequent testimony before the Hennings Committee, I pointed out that there was not a single judicial decision upholding it, and I called for a return to the original American "doctrine of the people's privilege."

In the months that followed, the late Senator Hen-

nings and other eminent lawyers wrote articles in our bar journals pointing out that the "doctrine of executive privilege" had no standing whatsoever in the law. But, nevertheless, the doctrine is still with us in Washington, used most effectively in the following cases during the last two years:

1. The Navy withheld information of its Military Sea Transportation Service from the General Accounting Office.

2. The Air Force withheld information of its billion-dollar-a-year missile program from the General Accounting Office.

3. The International Cooperation Administration withheld information of our foreign aid program from Congress, even though there were strong indications of waste and dishonesty in such countries as Laos.

4. The National Aeronautics and Space Administration withheld information on U. S. space programs from Congress.

5. The Space Administration declined to give information to Congress on a 102 million dollar rocket contract with North American Aviation, and its administrator, Dr. T. Keith Glennan, gave the "doctrine of executive privilege" as his excuse.

All of this secrecy in our space program will explain to you the great public confusion today over whether or not we are in a position to match missiles with Soviet Russia.

It was the secrecy in our foreign aid program that brought the issue squarely before Congress. In 1959, Rep. Porter Hardy, Jr., chairman of the House Subcommittee on Foreign Operations, discovered from outside sources evidence of waste and corruption in our foreign aid in Laos. He asked for the facts and figures on the foreign aid program in that country and also in Formosa, Brazil, India, Guatemala, Pakistan, and Bolivia. The Inter-

national Cooperation Administration refused to give the information. Whereupon, Representative Hardy proposed, and the House subsequently adopted, an amendment to the foreign aid appropriations bill that would bar funds to those who refused to give Congress information. But the Senate declined to accept the amendment and, in its place, adopted an emasculated provision that placed all the power in the White House.

All of this was repeated in 1960. Representative Hardy again was refused information on the foreign aid program in Laos and Vietnam; again the House adopted his amendment to withhold funds in the event of secrecy; and again the Senate ducked the issue.

On December 2, 1960, the General Accounting Office shut off foreign aid funds in Latin American countries after officials refused to give information to Representative Hardy's Committee. On December 23, President Eisenhower intervened, upheld the secrecy in our foreign aid program, and ordered the fund to be handed over.

Congress Yields

Thus, the White House has tossed at the feet of Congress the glove of challenge, not only in the matter of freedom of information, but also in the very important matter of who is to rule America in the future, the appointed bureaucrats or the people's elected representatives in Congress. I am not optimistic at all over the immediate outlook. And there is ample evidence to support my pessimism.

First, in recent years, Congress has yielded more and more of its power to the bureaucracy. As an example, the Democrats have had an overwhelming majority of Congress for the last two years. Each January, they talked long and lustily over how they were going to put our Republican President in his place.

Yet every time the Democrat majority balked over the administration's program, which was conceived in the secrecy of the bureaucracy, the Republican President either went on the national television network—or warned that he would do so—and that was that. The Democratic Congress, with no such entree to the American living room, quickly folded its tent, rubber-stamped his program, and, in some cases, left the American people uninformed and utterly confused over the major issues of government in the deluge of governmental propaganda. There is no indication whatsoever that this bureaucratic dictatorship will be changed during the Kennedy Administration.

Second, there have been many revelations in recent years of Congress' utilization of such political privileges as unlimited and unchecked expense funds on both foreign and domestic junkets, which are easily available behind the locked doors of governmental secrecy. And none can tell exactly what political privileges are being utilized today behind the locked doors of the 1,200 annual secret sessions of the congressional committees; but there have been many rumbles of this, particularly in the syndicated news columns.

Third, it took the Moss and Hennings Committees,

composed of hard-working, sincere public servants deeply interested in the American people's inherent right to know about government, five years to get through Congress one lone freedom of information bill. And this was quickly buried under the ridiculous "doctrine of executive privilege."

Fourth, the American Bar Association, now greatly worried over the menace of governmental secrecy to justice, and the Hennings Subcommittee on Constitutional Rights each introduced bills in the U. S. Senate in 1960 that would have opened all records of the federal expenditure of the people's tax funds to the inspection of the American citizen. But neither bill ever reached the floor of the Senate and, therefore, automatically died.

In conclusion, as an editor of the free American press who has spent ten active years in the great fight for freedom of information, I point a finger at Congress with the warning that the very future of American freedom is in their hands today. And I call upon each and every newsman in our land, as well as on the American people, to keep constant pressure on the individual congressman to remind him that American government is the servant—not the ruler—of the American people; that man's freedom always has been extinguished by secret government; and that only an informed public opinion can preserve the processes of free government.

FIVE WAYS TO NOWHERE

by Thomas W. Phelps



FIVE ECONOMIC FALLACIES have been particularly seductive to modern man. Every Pied Piper who has led his people to ruin in the last century has played a tune on one or more of them. They are:

1. The fallacy of the ostrich
2. The fallacy of the stork
3. The fallacy of the grizzly bear
4. The fallacy of the rat
5. The fallacy of the evil heart

The fallacy of the ostrich amounts simply to this: "Ignore the problem and it will go away." It is particularly appealing after a prolonged period of prosperity when the viewers with alarm have been thoroughly discredited.

The fallacy of the stork is that a high birth rate guarantees a high level of business activity and profits. Enough babies will solve everything. Why regret that we have but one life to give for our country, when by applying ourselves we can give five or six? The fact, of course, is that unless our economic productivity increases faster than our population, our standard of liv-

Mr. Phelps is a partner in Scudder, Stevens & Clark.

ing must go down, leaving us as a nation weaker, not stronger, than before.

It may help you to understand the fallacy of the grizzly bear if I tell you of one which put his left front paw in a huge trap. The trap was attached by a heavy steel chain to a big tree. Try as he would, the bear could neither pull his paw free nor break the chain. At last, exhausted by his struggles, the bear lay down to catch his breath and study the problem. A great idea dawned in his little brain. With his free paw he scraped dirt and leaves over the chain until it was entirely covered. Then he turned and ran, only to learn as he cracked the whip that you don't eliminate a chain of facts by hiding them.

In the world situation facing us, we resort to the fallacy of the grizzly bear when we use subsidies instead of cost cutting to move our goods, when we use tariffs and quotas instead of superior values to restrict foreign competition in our home markets. Every tariff, every subsidy, every quota adds to the cost of every other domestic producer, aggravating the basic problem of keeping our nation competitive.

When I was a boy, there was a legend that rats could suck eggs under a setting hen, leaving her to dream of chicks that were never to come from the empty shells. Inflation is the fallacy of the rat. As we sit on our money, the value is sucked out of it, leaving us to dream of things it will never buy. Money is a system of counters by which human beings keep track of what they have done for each other. Just as no problem in corporate

management ever was solved by falsifying the books, so no national problems of directing investment and production to the best advantage of everyone concerned ever were or ever can be solved by coin clipping or its more sophisticated present-day inflationary descendants—printing press money and debt monetization. Something for nothing is the common denominator of all manifestations of the fallacy of the rat, whether they are called featherbedding, soil banks, or deficit financing.

The fallacy of the evil heart is the standby of those who are goat hunting. It usually has its greatest vogue after one or another of the other fallacies, or all of them in combination, have done their dirty work. It's the fallacy that we got into the mess because bad people wanted to hurt us and that all we need to do to get out of trouble is to turn everything over to good people. Politics being what it is, the baddies, as they are called, are usually private enterprisers of one kind or another—stockbrokers, bankers, munitions makers, or big business. The goodies, of course, are in government. If the goodies just had more power to control the baddies, happy days would be here again and never, never end.

The danger in all these fallacies is that, instead of helping us to compete, they serve as painkillers for our failures. Thus, they lead backward toward economic isolationism and the substitution of political tyranny for freedom of choice.

AMERICA IS MANY MILLION PURPOSES

by William Henry Chamberlin



DEFINING America's national purpose has become a contagious fad. A considerable number of more or less distinguished persons have tried their hand at it in long articles; and it will be surprising if there is not, in due course, a spate of books on the subject. But somehow these attempts at definition, even when made by men with a scholarly knowledge of American history and above average awareness of contemporary American life, have not come off very successfully. What often comes out of these efforts is little more than a string of platitudes and a list of causes with which the writer is personally identified.

A vital point that is often overlooked is that in a nation like America, "conceived in liberty," as Lincoln said, there is no absolute authority, individual or collective, that can prescribe a set of national goals, binding on all citizens. National purpose in America is a synthesis of millions of individual purposes, sometimes con-

Mr. Chamberlin has written a number of books, has lectured widely, and is a contributor to *The Wall Street Journal* and many nationally known magazines.

flicting, yet adding up to a very rich national total, spiritually, culturally, materially. The old-fashioned monarchies and aristocracies of Europe, against which the American Revolution was a political revolt and a philosophical protest, did have their ambitions, aims, and "purposes" directed, not toward the well-being of their peoples, but toward national aggrandizement by war and seizure of territory.

The Founding Fathers of the American Republic had a radically different idea. They proposed, first of all, to guarantee the freedom of the citizen and his inalienable rights of life, liberty, property, "the pursuit of happiness" (what cynical sneers that last ideal must have excited among European reactionaries who read the Declaration of Independence) by a scientific balancing of power against power, so that no individual, no group, no instrument of government could wield unlimited authority.

This excluded, so far as was humanly possible, the exploitation of the people by any ruling group. It placed on the new republic an indelible stamp of voluntariness, of genuine consent of the governed. It eliminated the possibility that any group of Mr. Bigs, however sure they were right, however exalted their motives, could order and plan and push around and apply compulsion to their fellow-citizens.

One of the wisest and keenest of the foreign observers of the American Republic, Alexis de Tocqueville, was quick to note the difference between Europe, with its instinct for reliance on the State, and America, where

government intervention was regarded with distrust and private initiative and self-reliance were outstanding qualities of the people.

“When a private individual meditates an undertaking,” writes Tocqueville, “however directly connected it may be with the welfare of society, he never thinks of soliciting the cooperation of the government, but he publishes his plan, offers to execute it himself, courts the assistance of other individuals, and struggles manfully against all obstacles. Undoubtedly he is often less successful than the State might have been in his position; *but in the end the sum of these private undertakings far exceeds all that the government could have done.*” (Italics supplied)

This streak of self-reliance, of dependence on one's own resources, individually or in voluntary cooperation with one's neighbors, gave to American life a special and peculiar quality. In times of great stress and crisis there have been leadership and discipline. But it was leadership that was voluntarily accepted, not imposed by fear of a firing squad or a concentration camp.

An Individualistic Order

The American Revolution shows no equivalent for the French Jacobins or the Russian Communists, no highly organized conspirative, tightly disciplined party imposing its will and laying the groundwork for a tyranny more ruthless and efficient than the one which was being destroyed. It reflects rather both the strength

and weakness of a revolt against foreign arbitrary rule by a highly individualistic frontier society.

From a technical standpoint it was a messy affair. Volunteer militia units behaved splendidly on some occasions and failed badly on others. It required infinite patience, along with other high qualities of patriotic leadership, for George Washington to hold together an army that was usually unpaid and sometimes almost starving, to cope with the problems of limited term enlistments and the absence of a regular system of finance and supply.

And yet, when Yorktown surrendered and it was all over and the United States took its place among the nations of the world, the foundations of a free society had been laid more securely than if victory had been won by a military leader at the head of troops whose allegiance was to him, not to their country and the republican cause, or by a fanatical party intent on stamping out any opposition as "counterrevolution." Washington himself, after guiding the destiny of the country during eight years of war and eight years of peace, could sound a note of sober rejoicing in the last sentence of his Farewell Address:

I anticipate with pleasing expectation that retreat, in which I promise myself to realize, without alloy, the sweet enjoyment of partaking, in the midst of my fellow-citizens, the benign influence of good laws under a free government, the ever favorite object of my heart, and the happy reward, as I trust, of our mutual cares, labors and dangers.

These same elements of voluntariness, consent of the

governed, multiple purposes of citizens of the nation rather than any single "national purpose, or purposes," prescribed from the top, have marked America's development from the agrarian society of three millions, clinging to the fringes of the Atlantic, to the mighty industrial nation of 180 millions which we know today.

Moments of Decision

Of course, there were moments of decision, as when Jefferson made the Louisiana Purchase, or when President James K. Polk took measures calculated to round out America's permanent frontiers in the Southwest and Northwest. But no one worked out five-year, or any other plans for the settlement and cultivation and development of what was once the frontier area of Kentucky and Ohio and of its steady westward extension. This was the work of large numbers of individuals, impelled by a great variety of motives, among which acquiring better conditions for themselves and their families predominated.

No bureaucratic agency in Washington said to the men and women who moved to the West in an endless caravan of covered wagons: So many of you shall go this year to this district and you shall chop down so many trees and plant so many acres with corn and so many with wheat. The winning of the American West, one may be sure, went better because these agencies at that time were few and limited in powers and functions.

It is the glory of America that, at least up to the time

when it became fashionable and popular to substitute state help for self-help, it has been a land of multiple purposes and unlimited individual opportunities. America is infinitely many purposes. It is the scientific inventor—like Morse or Alexander Graham Bell or Charles P. Steinmetz or Edison—working in his laboratory on some invention that will change the pattern of life.

It is Edgar Allen Poe, with his dark broodings, and Walt Whitman in his ecstatic jubilation, and Ralph Waldo Emerson working out a typical American philosophy of life, and the fruit of the imaginings of Hawthorne and Melville and the New England poets, with their more conventional messages. These and other similar figures were not, like writers in a totalitarian society, the hired propagandists of any particular order of things, political, economic, or social. They were following their own artistic impulses, expressing their own ideas, and thereby adding stone by stone to the edifice of American culture.

America offers, along with its big and often well-equipped state universities, a unique exhibit of private schools and private liberal arts colleges, often founded as an expression of religious faith or of devotion to a special educational or cultural ideal. And this strong concern with education, which has been marked since the early period of American life, has left its imprint, again on a basis of private initiative, in many foreign lands. One thinks of the colleges founded, with or without a missionary association, in China, Japan, India, Korea, Turkey, Lebanon. Some of these have been cas-

ualties of totalitarian suppression; others are still functioning. But here again is a unique example of private initiative in the cultural field, reaching out and probably winning more friends and exerting more constructive influence than all the expensive programs of government aid and "cultural exchange."

Voluntary Cooperation

To suggest that America's greatness lies not in trying to frame national goals and purposes, but in making it possible for millions of individual Americans to realize *their* goals and purposes is not to intimate that America is devoid of ideals or lacking in the capacity for voluntary cooperation. Quite the contrary. The American pioneer, by his very way of life, was more self-reliant than the European peasant who was dependent for his livelihood on the local country squire in England, or nobleman in France.

But, in the case of an Indian raid, the lives of the pioneer and his family might depend on the willingness of his neighbors to come to his help. There was also cooperation in building cabins, in clearing woods, in husking corn. And this tradition of voluntary mutual aid finds expression in the very different conditions of modern life, in the service club that looks after handicapped children, in the alumni group of a small or medium-sized college that raises funds for scholarships for the students who have followed them and whom they wish to help.

As for ideals, it is doubtful whether any other nation came into existence in such a ferment of discussion of natural rights and natural laws and the nature of liberty and how liberty can be effectively implemented. In the literature of the American Revolution, from weighty essays on political theory like the Federalist Papers to resolutions of state assemblies and newspapers and periodicals, one finds constant emphasis on these five natural rights of free men: life, liberty, property, conscience, and happiness. These are regarded not as privileges which an arbitrary government can bestow or withdraw at will, but as inalienable rights derived from the Creator himself.

So John Dickinson wrote to the Committee of Correspondence in Barbados:

Kings or parliaments could not give the rights essential to happiness . . . They are created in us by the decrees of Providence, which establish the laws of our nature. They are born with us; exist with us; and cannot be taken from us by any human power, without taking our lives. In short, they are founded on the immutable maxims of reason and justice.

And Alexander Hamilton proclaimed this same theory of natural law and natural rights when he issued this flaming refutation of the Tory argument that New York had no charter and New Yorkers therefore did not possess charter rights:

The sacred rights of mankind are not to be rummaged for among old parchments or musty records. They are written, as with a sunbeam, in the whole volume of human nature, by the hand of the Divinity itself, and can never be erased or obscured by mortal power.

Most modern revolutions are directed in varying degree against the rights of private property; but the American colonists never doubted that the right to acquire and own property and to be free from arbitrary levies on this property was among the basic inalienable rights of free men. So the town of Newburyport gave these instructions to its representatives in the Massachusetts General Assembly:

That a people should be taxed at the will of another, whether of one man or many, without their own consent in person or by representatives is rank slavery. For if their superior sees fit, they may be deprived of their whole property, upon any frivolous pretext, or without any pretext at all. And a people, without property or in the precarious possession of it, are in no better state than slaves: for liberty, or even life itself, without the enjoyment of them flowing from property, are of no value.

Indeed the American Revolution was in some degree a vindication of the rights of property against the arbitrary incursions of the British Crown. Prominent among the charges listed in the Declaration of Independence to justify the severance of the connections with Great Britain are that George III "has cut off our trade with all parts of the world," "has imposed taxes on us without our consent," and "has erected a multitude of new offices and sent hither swarms of officers to harass our people, and eat out their substance." (On this count a new Declaration of Independence has long been overdue.)

There is no compatibility between respect for inalienable rights of man, based on natural law, and establish-

ment of a "national purpose," binding on all citizens, or of compulsory economic planning. It is, of course, anyone's privilege to say what he thinks America's national goals should be, or how he would like to see our economy develop. The sticking point is the injection of compulsion into either of these processes.

It is sometimes argued that the challenge of communism makes it necessary to scrap or greatly modify the principles to which the signers of the Declaration of Independence "mutually pledged our Lives, our Fortunes, and our sacred Honor."

The Ideals of Ancient Athens

Twenty-five centuries ago there was a similar challenge in ancient Greece. Sparta, the totalitarian state of that time, was waging war against Athens, which stood for a freer way of life. Here is how the greatest Athenian statesman of his time, Pericles, responded to this challenge as he pronounced a funeral oration over the first victims of the war:

The freedom which we enjoy in our government extends also to our ordinary life. There, far from exercising a jealous surveillance over each other, we do not feel called upon to be angry with our neighbor for doing what he likes

If we turn to our military policy, there also we differ from our antagonists. We throw open our city to the world, and never by alien acts exclude foreigners from any opportunity of learning or observing, although the eyes of an enemy may occasionally profit from our liberality. We trust less in system and policy than in the native spirit of our citizens. While in education, where our rivals from their very cradles by a pain-

ful discipline seek after manliness, at Athens we live exactly as we please, and yet are just as ready to encounter every legitimate danger. . . .

We cultivate refinement without extravagance and knowledge without effeminacy; wealth we employ more for use than for show, and place the real disgrace of poverty not in owning to the fact but in declining the struggle against it . . . We have forced every sea and land to be the highway of our daring, and everywhere, whether for evil or for good, have left imperishable monuments behind us. Such is the Athens for which these men, in the assertion of the resolve not to lose her, nobly fought and died.

Pericles believed that Athens would defend itself best not by imitating its enemies, but by remaining true to its own ideals. There is a lesson here for modern America. It would be a sorry and ridiculous paradox, in the name of fighting communism, to take over, even unconsciously or subconsciously, some of the methods of communism, political or economic.

National ideals, Yes. We should become more familiar with them and live up to them better.

National purpose, as something set apart from the multiple purposes of millions of ambitious, devoted, capable American citizens, No.

LET'S NOT DO IT OURSELVES

by Paul L. Poirot



To SHIRK personal responsibility and “let George do it” —or in the expectation that the government will fulfill the obligation—is a certain step away from freedom toward compulsory collectivism. But it is also possible to approach socialism from the opposite direction, as when men who are steeped in the tradition and practice of competitive private enterprise try to thwart anticipated governmental expansion by introducing a local or private brand of collectivism. How often we pressure one another into actions harmful to everyone concerned with no more logical excuse than “if we don’t do something, the government will”—or worse yet, “if our government doesn’t do something, the Soviets will.”

Consider modern developments at the local school district level, for instance, involving costly building programs and administrative procedures and curriculum changes. Rising school taxes raise cries for more and more state “aid,” often under the misapprehension that this will forestall further federal “aid” and federal control over education. But the record seems to show that the higher the local school tax bill, and the greater the reliance on state aid, the greater is the urge to throw the entire responsibility into the lap of Uncle Sam.

There are numerous other examples of local government actions that eventually invite, rather than preclude, federal subsidy or intervention—housing projects, highways, hospitals, and so on—but it must also be recognized that many moves toward socialism begin as strictly voluntary or private ventures. This is not to question the general principles and practices of competitive private enterprise and voluntary cooperation which largely account for the high and rising standards of living in the United States and other comparatively free nations of the world. Great good comes through specialization and division of labor and voluntary exchange in a free market, as buyers and sellers cooperate and compete to their mutual advantage. But freedom also allows men to associate or cooperate in ventures that fail or that prove harmful to themselves and to others, as when they lead toward socialism and eventual coercion.

At this time, for instance, there is grave concern among members of the medical profession about the threat of socialized medicine in the United States, which would involve such controls and regulations as:

1. Government licensing of doctors.
2. Government operation and control of medical schools.
3. Government determination of medical standards and practices.
4. Government provision of equipment and facilities.
5. Government regulation of doctors' fees and control of prices of medical supplies and services.
6. Government rationing of supplies and services rendered scarce through price control.
7. Government taxation to cover costs, rather than free market pricing in response to supply and demand.

Though incomplete, this list at least suggests why doctors might oppose socialized medicine. But consider for a moment what some doctors themselves have done, individually or in groups, to promote the very controls now deplored.

If any person or any group is to have the power to grant or deny a license to practice medicine, why shouldn't this government-like power be exercised by the government? Why, above all, should the members of a given professional or occupational group be allowed to decide whether or not new members are to be admitted to practice or work in that field? And if there is to be a licensing agency with governmental powers, should it not also control the schools or training programs for prospective licensees and assume responsibility for professional standards and practices?

It is one thing to associate voluntarily with others of a profession to improve one's own understanding and skill, but the temptation—once the association is formalized—is to use it to set standards and controls not only for willing members but for nonmembers as well. And this "voluntary" assumption of governmental powers is a long step toward the kind of government control that spells socialism.

If a local, state, or national medical association attempts to pass judgment on or to regulate the fees a doctor may ask for a given service, the stage is set for government price control. The growing practice by individuals and groups of doctors to adjust their fees to the size of each patient's income is certainly not a coercive practice

—but neither is it sound economic procedure for equating the demand for medical service with the available supply. Blue Cross and Blue Shield insurance programs, voluntarily initiated, are taking on more and more of the characteristics of socialized medicine, and may well provide the framework for its administration if it comes.

There is no denying that the trend is toward government control of medicine in the United States; and the question confronting every doctor and patient who deplores that trend is whether or not he is unwittingly contributing to it under the banner: "If we don't do something, the government will."

It would be wrong to imply that medical associations are the only groups moving toward socialism through misdirected efforts to avoid it. The licensing of barbers probably was their own idea; lawyers voluntarily organize and support the bar associations that lead to licensing and increasing government regulation and control of the profession; merchants organize chambers of commerce to put their community on its own feet and then degenerate into pressure groups to render the community dependent on federal subsidy; economists organize societies which become the breeding ground for farm support programs, deficit financing, federal regulation and control of industry, commerce, and people; and so it goes in one professional organization after another.

Businessmen in the early thirties voluntarily and patriotically agreed not to overproduce, or undersell competitors, or reduce wage rates. During the early days of World War II they agreed not to raise prices, though

they could not begin to satisfy demand at such "fair" prices. Oil producers and importers agree to abide by "voluntary" production or import quotas. And these voluntary departures from competitive practice in a free market, no matter how well-meant, inevitably lead to price and wage and rent control, rationing and regulation by the federal government.

Consider also the paternalistic practices of businessmen in offering pensions, medical care, recreational facilities, and all sorts of "free" fringe benefits, whether or not an employee wants to get his pay in such form. All such measures were undoubtedly rationalized in part to keep the government out of these particular areas. But the result has been government expansion of social security, medical care, recreational facilities, and other welfare measures, built in and around and upon the industrial programs.

Even the charitable inclinations of mankind have been organized into ever bigger and better community chests, united funds, Red Cross, polio and cancer and tuberculosis societies, joint college fund-raising drives, church mergers, social action hierarchies—until it is a very short step from there to socialism, when the government takes over, organization and all.

Other examples abound of the disastrous consequences when individuals organize to get a job done "voluntarily" before the government does it. This is not to deny that many worthy aims and objectives have been achieved through voluntary cooperation. But the difference is in the nature of the objective—of the job to be done. If it

is truly worthy of voluntary support, then it can and should be done voluntarily. But if it is not—if it was a misguided effort from the beginning—it cannot succeed voluntarily and will have to be done by the government, through powers of coercion and taxation, if it is to be done at all.

According to the ideals of competitive private enterprise upon which this nation was founded and has prospered, a common and general respect for life and property should leave comparatively little need for government action. Let the government confine itself to the suppression of private outbreaks of violence and fraud and to defense against external aggression. In other words, if there is to be any coercion at all, let this coercive force be concentrated in the hands of government for the sole purpose of maintaining the peace and protecting the lives and private property of peaceful citizens.

Needless to say, this ideal of limited government has not been upheld; and in our time we have seen the reckless expansion of government into practically every field of human action, thus disturbing rather than maintaining the peace for which it was constituted. Even so, this is no proper excuse for private resort to coercive practices on the flimsy grounds that otherwise the government would do it. Coercion is the government's business, and the business of individuals is to respect life and property and avoid any private association for coercive purposes. The moment any one of us or any group of us initiates force against others, we move away from freedom toward compulsory collectivism.

ARMAMENTS AND OUR PROSPERITY

by Edmund A. Opitz



TWO FEARS fill us with dread. The first fear is that war will break out, killing millions of people, destroying billions worth of property, and wrecking what's left of the institutions of a once free society. The second fear is that peace will break out and bring our vaunted material prosperity crashing to earth. There is an untenable assumption in this fear of peace, but if it be accepted, the dilemma is a cruel one. The desire for material well-being is legitimate, but the dilemma spells out into something like the following three stages: Material well-being depends on an arms race; an arms race is likely to eventuate in a hot war; a hot war is a device guaranteed to end prosperity and threaten very survival. Here is a series whose first term is a natural desire for well-being, but whose last term cancels out everything which precedes it. This hardly sounds like progress, but if—as many people believe—the vitality of the civilian economy is so dependent on military spending that a depression looms if this spending stops, this is the logic of events. Let us examine these two fears which have so many of us walk-

The Reverend Mr. Opitz is a member of the staff of the Foundation for Economic Education.

ing a razor's edge, held in balance by the terrors on either side.

We are in the Cold War, we are told, and the Cold War is not war in the old sense. War used to be a thing of bombs dropping, tanks maneuvering, and infantry slugging it out in the mud; but war is now an engagement in another dimension—the psychological. The aim of war, then and now, is the same—to impose our will on the enemy, or at least to resist the imposition of his will on our own—but the means have changed. Formerly, we damaged his property or the bodies of his soldiers until the will to resist was broken; but now we are done with such crudities, having discovered subtle ways of getting at the will directly to bend or break it. In the old days, a victor nation or coalition was one which possessed a preponderance of military might, as demonstrated in the field. On the eve of a war the question of which nation actually had such a preponderance might be a matter of debate, to be settled only by fighting it out. But the matter of preponderance is now hardly ever posed. "Preponderance" has been overcome by "sufficiency." If several nations each possess a sufficiency of military might—armament enough to clobber rival nations no matter who strikes the first blow—the possession of a preponderance confers only the most dubious of advantages. The apparatus of civilization reduced to rubble, the victor nation stands astride a bone yard. The desire for mere physical survival is a primordial instinct which, in civilized man, may sometimes conflict with certain values which take precedence over

it. But in the aftermath of the next war the civilized values may well be the first casualties so that mere animal survival may become the highest good.

Many Are Mistaken

The fear that war may break out appears to be well grounded. What about the fear that peace may break out?

The fear that peace will have a disastrous effect on the civilian economy is not a delusion of the unlettered. This fear, on the contrary, afflicts and is fostered by the sophisticated who have unlearned the capacity for taking a common sense view of things. Turn, for example, to an article in a recent issue of the *Bulletin of the Atomic Scientists*, a journalistic outlet for writers who stress the social responsibilities of scientists. The article is entitled "The Economics of Disarmament," and opens with a question: "Can the U. S. peacetime economy maintain its high prosperity without heavy governmental spending in the arms economy?" To which, the author returns a gloomy answer. "So long as armament is not used," he says, "it serves its economic purpose in an ideal way. The income created in the development and production of arms represents a clear net gain to the total purchasing power available to sustain the consumer economy."

Good Keynesian doctrine so far, but now the catch: An arms race, the author points out, heads nations toward a disastrous military conflict which must be avoided. It is equally necessary to fend off the economic

collapse which threatens if the arms race slows. What is needed, says the author, is an "economic equivalent of armament"—some prescription which promises to sustain present levels of civilian prosperity without threatening to bring on World War III. The author's remedy, increased government spending, has a familiar ring: "No stretching of the terms of this elementary discourse is needed to show that public works and public services provide the economic equivalent of armament."

Some industries are totally committed to military production while others are committed in part. The "prosperity" of these segments of society is irrevocably yoked to military spending. It is easy to imagine a factory for the making of an essential weapon, the Gismo, being erected in 1942 in the sleepy little village of Ruralarea. The plant now employs 5,000 people, three times the number of citizens who responded to the town's 1940 census. The plant payroll now sustains those who work there plus bankers, butchers, teachers, ministers, and one interior decorator. Peace breaks out, military spending stops, and it is not hard to imagine what happens to Ruralarea. Admittedly, in this and similar situations, there will be hardships and some painful but necessary readjustments. But Ruralarea is not the United States, and it is not permissible to generalize its problems as if they afflicted a whole nation. The argument we are considering is that the prosperity of the society as a whole depends on national spending for arms.

This argument is a modern version of the fable of the emperor's new clothes. It contains a glaring fallacy which

is easily grasped, but this fallacy in turn rests upon a faulty premise of a more subtle nature. The fallacy first: Prosperity is equivalent to an abundance of the things people consume and enjoy—houses, clothing, food, automobiles, recreation, gadgets, and so on. These items come into existence as the result of economic production. A few individuals here and there may live well on stolen goods, but society is provisioned in only one way—by human effort, augmented by tools, applied to raw materials. Thus, and in no other way, are produced the goods and services we now have in abundance and which constitute our prosperity. Our prosperity would cease if we stopped producing, and we can't produce without working. Some 61 million people are presently at work to produce the things which make up our prosperity.

Alongside this abundance of consumer goods which constitute the civilian economy are jet fighters, aircraft carriers, tanks, rockets, and the like. There is no civilian market for these items; Uncle Sam and his satellites are the only customers. Even though you and I are not in the market for military hardware, some six million of our people are engaged in producing it according to the same old economic equation—by the application of human effort and tools to raw materials. While thus engaged they cannot produce goods for their own consumption. They must be supported, in this respect, by the rest of society. Furthermore, there are large quantities of machines, tools, and other capital tied up in defense projects which otherwise might be employed to make things for consumers.

Putting these two segments together, it is obvious that the total active labor force in the country is roughly 67 million people. Is it not self-evident, in the first place, that 67 million workers—other things being equal—will produce more than 61 million? Therefore, the present level of prosperity is lower than it might otherwise be by the amount of civilian goods which the 6 million would produce if they weren't engaged in producing arms. If the withdrawal of six million is the cause of the high level of civilian prosperity, why not withdraw 60 million and have a real boom? Thus, we would defeat our old enemy Work, that built-in curse of every economic system of the past.¹

The 6 million now engaged in armament production are not simply off to one side, a neutral factor. They are consumers of civilian goods without producing any themselves or even producing things which might be exchanged for them. Millions of producers of food, clothing, housing, and other services work to provide these necessities for the 6 million engaged in armament production. Far from the arms race sustaining the civilian economy, the reverse is true; it is the incredible productivity of the civilian economy which makes it possible to spend our substance so prodigally in military hard-

¹This is not to deny the need for military hardware nor to minimize the importance of our defense establishment. Perhaps we should divert twice as much manpower and capital for these purposes, but that is another argument. The only point at issue here is the fact that manpower and capital devoted to military purposes are not available for civilian production and diminish the latter by that much. Every dollar spent for guns is a dollar less that might be spent for bread, housing, travel, and the like.

ware! Not so many centuries ago, in subsistence days, nations called off their wars so the folks could get in the harvest. Our present mastery of economic problems is so nearly complete that the productive sector of our economy can maintain a high level of civilian prosperity even though it is forced to support a swollen governmental structure along with its bureaucracies and its military establishments. Prosperity supports the arms race, not vice versa!

Say's "Law of Markets"

When things are put in straightforward economic terms without introducing the complicating factor of money, the glaring fallacy of the thesis that Americans are prosperous because their government is spending so much on armaments is obvious. It is equally obvious that such an inversion of the facts would hardly find general acceptance if men based their conclusions on primary observations of the facts. At this level fallacies are relatively easy to detect. The detection of fallacies is more difficult if the discussion is conducted at the secondary level of inferences. An inference may be incorrect, and that's that. But an inference may be correct and still conceal a fallacy if the inference is drawn from an unsound premise. The unsound premise in the present instance is based upon the supposition that the late Lord Keynes had refuted Say's Law—a supposition shared by the master himself. Keynesians acknowledge this as a critical question and admit that if the validity of Say's

Law be conceded, much of Keynes' theory becomes untenable. So let's argue this fallacy out in terms of Say's Law—although a matter so complex can hardly be thrashed out in any space short of a book.

Crudely put, Say's Law of Markets—named after the French economist who advanced it in 1803—holds that aggregate supply creates aggregate demand, that purchasing power grows out of production. Benjamin M. Anderson in his *Economics and the Public Welfare* opens his chapter 60, "Digression on Keynes," with this description of what he calls "the equilibrium doctrine":

The twentieth century world consumes vastly more than the eighteenth century world because it produces vastly more. Supply of wheat gives rise to demand for automobiles, silks, shoes, cotton goods, and other things that the wheat producer wants. Supply of shoes gives rise to demand for wheat, for silks, for automobiles, and for other things that the shoe producer wants. Supply and demand in the aggregate are thus not merely equal, but they are identical, since every commodity may be looked upon either as supply of its own kind or as demand for other things. But this doctrine is subject to the great qualification that the proportions must be right; that there must be equilibrium.

Keynes' alleged success in disposing of Say's Law consisted in ignoring the qualification; he "refuted" a proposition which had never been seriously advanced. "Say's Law of Markets," writes Henry Hazlitt, "is based on the assumption that a proper equilibrium exists among different kinds of production, and among prices of different products and services. And it of course assumes proper relationships between prices and costs, between prices and wage-rates. It assumes the existence of com-

petition and free and fluid markets by which these proportions, price relations, and other equilibria will be brought about."

Say's Law is not regarded as a central doctrine of classical economics, but by disposing of a fallacy it paved the way for the establishment of what Adam Smith called "the liberal plan of equality, liberty, and justice." This is the system of liberty, one of whose facets is the free market. Economics, ostensibly the study of market operations, is really concerned with the stewardship of the earth's scarce goods, such as human energy, time, material resources, and natural forces. These scarce goods are our natural birthright. Use them wisely, as natural piety dictates—that is, providently and economically—and human well-being is the result. Turn a blind eye to them and one consequence is the promulgation of such nonsense as that the arms race which makes us billions of dollars poorer is actually the cause of our prosperity! Men act upon their beliefs, even when beliefs are fallacious, and acting upon this one we careen ominously toward the Total State and war.

A tiny leak in the dike, if not plugged, can open up and let the flood through. What begins as a simple economic fallacy can end with a bang or a whimper.

The fallacies of John Maynard Keynes have been fully orchestrated and demolished in a recent book by Henry Hazlitt, *The Failure of the "New Economics"* (D. Van Nostrand, 458 pp., \$7.50). More recently he has compiled an anthology containing Say's original statement together with critical essays on Keynesian economics, *The Critics of Keynesian Economics* (D. Van Nostrand, 427 pp., \$7.00).

IT ISN'T INSURANCE

by Morley Cassidy



THE FEDERAL TRADE Commission has been very active lately in prosecuting manufacturers who call their products by the wrong name, or make unwarranted claims about what they will do.

More power to it. But who is going to make Senators and Congressmen and bureaucrats live up to similar standards of plain honesty?

Specifically, who is going to make them stop talking about the various Social Security programs as "insurance" programs, and speaking of the contributors' "rights" to the promised benefits?

The question promises to become a lively one when Congress meets again and takes up anew the question of making health-care for the aged a part of the Social Security system (with a corresponding increase in the nick taken from everyone's take-home pay).

Over and over, in the rump session just ended, the word "insurance" kept cropping up in the speeches of Senators urging that health-care be put into the Social

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Security system. They insisted hotly that the aged should get health-care benefits as "a right." They should be able to receive them "with dignity," because "they had paid for them."

This is noble language. Unfortunately, it falls under the head of grossly deceptive language, of a kind that would bring the FTC pouncing down on a manufacturer.

It is charitable to suppose that the Senators and Congressmen who use such language are themselves deceived about the true nature of the Social Security program. It has been spoken of as "insurance" almost from its inception. The word appears in the name of the Old Age and Survivors' Insurance program.

But it is not insurance. It carries no "rights" to anything except what Congress, from time to time, may grant as a gift. The contributions to it, deducted from pay, are not "insurance premiums," but a tax, pure and simple.

Who says so? The Secretary of Health, Education, and Welfare says so. The Solicitor General of the United States says so. Finally, the Supreme Court says so.

In a little noted decision last June 20 the Supreme Court ruled finally on a question which has irked many real insurance men for a quarter-century.

The case was that of *Nestor v. Flemming*. Ephram Nestor, a Bulgaria-born industrial worker in Los Angeles, was deported in July 1956 to his homeland, as a Communist. He had been a Social Security contributor since 1939 and was drawing old-age benefits when deported.

He drew two monthly checks after his deportation and

wanted his benefits restored on the grounds that he "had paid for them."

His theory was that on which most discussion of Social Security is based: that he had been paying money into Social Security which would be held for him and, in his old age, given back with interest.

He was wrong, and the brief of the U. S. Solicitor-General, on appeal to the Supreme Court, leaves no excuse for any Senator, Congressman, or bureaucrat ever again to speak so loosely about their product.

"The old-age monthly benefits program which Title II of the Social Security Act establishes is not a federally-administered 'insurance' program," Secretary Flemming declared in this brief.

"The contribution exacted under the Social Security plan," he went on, "is a true tax. It is not comparable to a premium promising the payment of an annuity commencing at a designated age."

The Solicitor-General presented this version to the Supreme Court to explain why Nestor had no "right" to any benefits, and went on to say: "The 'Trust Fund' from which OASI benefits are paid is maintained by annual appropriations made by Congress. . . . Unlike private insurance companies, which essentially require reserves equal to the present value of all benefits, the Social Security program needs no such reserves, since it is assured of continuing participation through the exaction of taxes. . . . The beneficiary or prospective beneficiary acquires no interest in the fund itself."

Insurance companies, of course, are required by law to

charge premiums ample to cover the benefits promised, and give a binding contract with firmly established rights. Many people in the insurance field who deal directly with the public and know firsthand how the public interprets Social Security language have long been vexed by the loose use of insurance terminology. Some highly-regarded actuaries, too, are horrified by the pretense that Social Security contributions are scientifically calculated, as with genuine insurance, to cover the promised benefits.

Albert C. Adams of Philadelphia, past president of the National Association of Life Underwriters and chairman since 1952 of the Association's Social Security committee, has long been a leader in the fight to insist that the government stop the improper use of language in referring to the Social Security program, and expects to redouble his efforts in the light of the Supreme Court's clear decision.

"In the business community," he says, "truth in advertising is enforced to permit the public fairly to make up its collective mind as to the wisdom of patronizing the advertiser.

"In governmental matters, truth in advertising will like-wise permit the public fairly to make up its mind as to the wisdom of retaining or expanding, or restricting, existing legislation. It is as patently unfair for a governmental agency to expand on the basis of false and misleading advertising as it is for a business competitor to expand on the same sort of misrepresentations."

MONETARY CROSSROADS

by Hans F. Sennholz



NO MATTER what the politicians may have promised the American people, the new administration faces some hard facts of economic life. Most electioneering promises, if implemented, involve increased government spending for such favored pressure groups as farmers, workers, small businessmen, and the aged. But more government spending necessitates higher revenues which must be obtained from the people.

If the new administration tries to keep its campaign promises, it will have to raise the taxes or incur budget deficits. Judging from past experience, it will do both: close tax "loopholes," which in plain English means higher taxes on some groups of taxpayers; and rely on deficit financing, which means inflation.

The most popular approach during the last 30 years has been deficit financing, which largely accounts for the ominous depreciation of our dollar. During the Roosevelt, Truman, and Eisenhower administrations, unusual conditions hid the most spectacular effects of inflation from the eyes of the public. The new administra-

tion may be less fortunate for, in addition to the presently visible effects of inflation, it is likely to face a gold crisis.

In September 1960, the American gold stock slipped below \$19 billion for the first time in 20 years. Since 1958, it has decreased some \$4 billion and continues to decline month after month. In addition, foreign banks and capitalists have built up large liquid assets in this country which may be redeemed in gold upon demand by foreign central banks. Foreigners now own in the United States approximately \$21 billion of liquid assets. Though we still hold nearly \$19 billion of gold, some \$12 billion of that is required as monetary reserves under our Federal Reserve Bank laws. This leaves a free gold reserve of some \$7 billion against \$21 billion of liquid foreign assets.

An Unfavorable Balance of Payments

In popular language, this outflow of gold and build-up of foreign balances is called an "unfavorable balance of payments." It gives rise to alarm because foreigners may some day decide to ask for gold en masse, which would leave the U. S. Treasury bankrupt in international payments. But some government officials are still disposed to view the gold loss as a passing phenomenon of limited scope because most of the foreign dollar gains are deposited in American banks or invested in American securities.

The popular explanations of this unfavorable balance

are often quite superficial. The general public believes that an unfavorable balance is the result of unfortunate circumstances over which the citizens have no control, and that correction of the situation requires government action on an international scale.

The truth is that the flow of gold and international exchange is the inevitable outcome of the monetary policies conducted by the government. A policy of inflation or credit expansion causes an outflow of gold because inflation makes commodity prices rise and short-term interest rates decline. Foreigners purchase less from us and our imports increase. At the same time, short-term capital is sent abroad in order to earn higher interest. Consequently, gold leaves a country until its inflationary policy is abandoned or until it is surpassed by inflation in foreign countries.

The socialists and nationalists are quick to lay the blame for the gold losses on sinister foreign forces that are said to attack the stability of the dollar. The Federal Reserve System is applauded for its valiant defense of the currency against foreign intrigue and speculation.

The Government Engine of Inflation

In reality, the Federal Reserve System is the government engine of inflation that causes the gold losses. The Federal Reserve expands its credit more than the European central banks expand theirs. American prices thus tend to rise more quickly than prices in Europe, and the American interest rates tend to be lower than European

rates. Foreigners have nothing to do with the causation of these phenomena. European and American businessmen react alike to American credit expansion. They buy less in the United States and more abroad, and both tend to shift some capital overseas.

On August 1 when the Federal Reserve discount rate stood at $3\frac{1}{2}$ per cent, the comparative rates stood at 6 per cent in England, 5 per cent in West Germany, 4 per cent in France, and 7.3 per cent in Japan. It is no coincidence that each of these countries was increasing its gold reserves and dollar holdings. From January 1, 1959, to March 31, 1960 (the latest date for which statistics are available at this writing) the United Kingdom gained \$159 million in gold and dollar holdings, Germany \$291 million, France \$783 million, and Japan \$522 million.¹ So large are the gold and dollar holdings of the German and Swiss banks that both central banks have taken steps to halt the heavy inflow of funds from the United States.

Such a turn of events comes as a shock to many American observers. The United States government has expanded credit numerous times and has incurred huge budgetary deficits for some 30 years without the dilemma of embarrassing gold losses. Why could the previous administrations conduct inflationary policies with such impunity?

During the 1930's, the fetish of cheap money dominated Europe and other parts of the world. No matter what President Roosevelt did to the U. S. dollar, the

¹ Federal Reserve *Bulletin*, August 1960. p. 959.

European governments outdid him. The prestige of the pound sterling went in eclipse when, in 1931, the Bank of England quit paying gold and went off the gold standard. Capital and gold holdings no longer seemed safe in England. Also, France and Switzerland suffered severe gold losses by reason of their currency devaluations in 1936 and the explosive political situation in Europe. The rise of Hitler caused gold to leave Germany until rigid government controls halted all movements. With the outbreak of war and the threat of German occupation, the flight of European gold to the United States naturally accelerated. European chaos and monetary disorder afforded U. S. monetary authorities tremendous leeway for their own inflationary ventures.

For the same reason, the numerous bursts of Federal Reserve credit expansion in the first postwar decade failed to create a dangerous payments problem. The Federal Reserve System in the Truman Administration could expand credit and depreciate the dollar because foreign currency depreciations were even worse. In England, France, Germany, Italy, and Japan, the central banks created credit even faster than did the Federal Reserve, and their governmental trade restrictions were even worse than those of the Fair Deal.

When foreign governments returned to balanced budgets, the situation was bound to change. Foreign currency stabilization and continuous American credit expansion meant that capital and gold would turn away from the United States. In 1957, this turning point was finally reached.

United States Continues Inflation

While more and more European governments endeavored to balance their budgets and took steps toward currency convertibility, the United States government continued its policy of deficit spending and credit expansion. In 1958 and 1959 respectively, the federal government incurred deficits of \$7.3 billion and \$8.0 billion. The Federal Reserve lowered its discount rate from 3 per cent in January to $1\frac{3}{4}$ per cent in April of 1958, but felt obliged to raise the rate again later in the year.

Beginning in June 1960, Federal Reserve authorities took several additional steps to ease credit. The discount rate at which the System stands ready to lend its funds to member banks was lowered in two stages from 4 per cent to 3 per cent. Effective September 1, the reserve requirements for banks in New York and Chicago were reduced to $17\frac{1}{2}$ per cent from 18 per cent. Rules were relaxed as to the amount of cash in bank vaults that may be counted as part of a bank's legal reserves. These two steps provide commercial banks with more than \$600 million of new reserves. The System also embarked upon large-scale open-market purchases of government securities which injected more than \$600 million into the economy. A further indication of the resumption of easy money policies is the reduction of margin requirements on stock market credit from 90 per cent to 70 per cent.

The United States government and its Federal Reserve System are firmly committed to deficit financing. Whenever the American economy shows symptoms of

economic decline, the government feels called upon to create another boom through deficit spending and credit expansion. This attitude is the ideological cause that is creating and perpetuating the problem of gold losses.

The United States cannot continue a payments deficit of present proportions and lose gold indefinitely. What can and should be done to solve the problem?

Some persons suggest that we merely ignore the problem because gold is an ancient relic for which there is no place in the modern economy. Who wants to sacrifice the government's autonomy in economic planning for the sake of gold and a given exchange rate?

For the U. S. government to ignore the gold problem is to invite dollar disaster. It is true that our government may temporarily succeed in persuading foreign central banks to ignore the dollar weakness. Through persuasion or gentle coercion it may induce foreign depositors to maintain their dollar balances and refrain from further gold withdrawals. But the foreign banker who heeds the American advice runs the risk of staggering losses in case the U. S. government should suddenly cease gold payments, which would cause the dollar to fall in relation to gold and foreign exchange. And he invites disaster regarding his own career. To protect his own solvency, he must continue his gold withdrawals although he may start a run and precipitate a dollar crisis.

It seems unlikely, however, that the U. S. government can long persuade foreign central banks to ignore the problem. Governments do not trust the integrity and

honesty of one another in monetary matters. They learned the lesson in 1931 when the British government abandoned the gold standard and again in 1949 when it devalued the pound. France and Holland, particularly, suffered huge losses on their sterling holdings in 1931 when they trusted assurances of the Bank of England's Governor Montagu Norman that England would remain on the gold standard. But two days later he suspended gold payment. In 1949, Sir Stafford Cripps, Chancellor of the Exchequer, reassured the frightened public thirteen times of his sincere intention to maintain the official exchange rate, whereupon he suddenly announced a devaluation. These examples illustrate the reasons why governments and central bankers cannot trust each other in monetary matters.

Foreign dollar-holders may remember this lesson and withdraw their capital before it is decimated by an American devaluation or payment suspension. True, their withdrawal might precipitate a sudden run and crisis. But, in the long run, that might be less harmful than a continuation of currency expansion that is hidden and prolonged by dishonest tricks and subterfuge.

A Proposal by the President

It is imperative, some writers concede, that we maintain world confidence in the U. S. dollar and solve our payments problem; we must expand our exports of goods and services to offset our spending.

President Eisenhower had this in mind when he out-

lined an export development program to assist American exporters in expanding their sales in foreign markets. The government would promote exports through free advice, guarantees, U. S. participation in foreign trade fairs, expansion of export credit insurance by the Export-Import Bank, and other hidden subsidies.

Will such a policy solve the payments problem? Obviously not! The government help may temporarily promote American sales abroad because the public treasury carries some sales costs or reduces the risk to exporters. These subsidies for the benefit of foreign buyers and American exporters may temporarily halt the gold losses. But government payments do not correct the basic maladjustment. If our credit expansion continues and the purchasing power of the dollar further declines, ever larger export subsidies will be required to counteract the basic maladjustment. It is obvious that this must end sooner or later. The subsidy approach is self-defeating, as it necessitates more government spending and deficit financing which is the very cause of the gold losses. In short, an evil cannot be remedied by an intensification of its cause.

The government's eagerness to help exporters with taxpayers' money is usually accompanied by an official denunciation of foreign trade policies. Foreign trade barriers and restrictions are blamed for our inability to sell enough abroad to solve our payments dilemma.

This attempt to shift the blame to foreign governments for what is clearly our own government's making must be rejected. During recent years the industrial

nations of the free world have reduced their trade barriers, which partially accounts for their upsurge in production and prosperity. While they were lowering their barriers, we were losing gold, which strongly suggests that we not attribute our losses to the remaining, but reduced, foreign trade barriers.

The government reasoning implies that foreign governments are responsible for our dilemma and that the problem can be solved by foreign freedom of trade on the one hand and by American trade restrictions on the other hand. Although this is a convenient line of official reasoning, it is radically opposed to the truth. It is especially dangerous because it encourages protectionism in the United States. The payments argument together with the argument of higher labor costs in the United States, which allegedly hampers American competition at home and abroad, could lead to a great number of new American trade restrictions. Such a "solution," however, can only disrupt foreign trade, cause unemployment at home and abroad, and further jeopardize our economic and political position in the free world.

Another imperative for the solution of our payments problem, according to official reports, is that our prosperous allies take more of a share of the West's responsibility for aid to underdeveloped countries. Our government officials are urging Germany, in particular, to embark upon more foreign aid spending in Asia and Africa to give relief to the U. S. Treasury.

This is poor advice. German handouts to Ghana,

Congo, or India can affect the American gold problem only inasmuch as they induce the U. S. government to reduce its spending, balance the budget, and refrain from credit expansion. It is doubtful, however, that any foreign handout could bring about such a change in American attitude. On the contrary, substantial German foreign aid spending would appear to vindicate American spending and encourage our Washington planners to spend even more. Furthermore, foreign aid by their governments would tend to dissipate the economic strength of our prosperous allies and create payments problems for them. Foreign aid spending encourages the recipient governments to embark upon central planning and development programs and, thus, further promotes socialism in the underdeveloped areas of the world.

More Subterfuge

An intensification of our payments problem will bring the U. S. government to crucial monetary crossroads. One road leads to stabilization of the dollar through balanced budgets and credit stability. This road requires the renunciation of a great deal of government intervention. It is the road of individual enterprise and limited government. The other road leads to all-out socialism via a number of interventionist subterfuges designed to make inflation and credit expansion work.

One of these measures is the lowering of the legal reserve requirements. According to present legislation, the Federal Reserve System is required to maintain a reserve

of 25 per cent in gold certificates for its note and deposit obligations. As pointed out above, gold holdings are down to \$19 billion of which some \$12 billion constitute required reserves, leaving a free gold reserve of some \$7 billion. If foreign central banks continue to draw heavily against this amount, or if the Federal Reserve should expand its obligations through additional note issue or credit expansion, or if the two things go on simultaneously, the critical point may soon be reached. Under the present law, the Federal Reserve would then be required to contract its credit in order to reduce its obligations.

Rather than face up to a squeeze in that manner, however, the government will probably resort to a subterfuge it has practiced before: reduce the legal reserve requirements from 25 per cent to, let us say, 15 per cent. This would afford the System new leeway for further credit expansion by changing required gold reserves to free reserves.

Such a "solution," however, would merely intensify the payments problem through temporary continuation of present policies. It would shake the world's confidence in our integrity and probably precipitate the foreign run on the remaining gold.

Another subterfuge in the armory of statist planners is foreign exchange control. This is tantamount to nationalization of all foreign exchange dealings. All exporters would be forced to cede their foreign earnings to the government which would then sell them at arbitrary exchange rates to importers for purchases which

the officials deem essential. Foreign money and gold would be rationed according to central plan and official discretion. In a country that depends on imports from abroad, foreign exchange control is naked tyranny of the government over business. In the United States, where foreign trade is less important, foreign exchange control would constitute another important step toward total socialism. Like the reduction of reserve requirements, nationalization of foreign exchange dealings can hardly be assumed to foster foreign confidence; it probably would trigger the dreaded run.

Any government that invites such a run would most likely react to it by suspending gold payments. Blaming foreigners and speculators, it would declare itself incapable of meeting the gold withdrawals. Immediately, the price of dollars in terms of gold and foreign exchange would collapse. Foreign holders of dollars or claims on dollars would suffer severe losses. Though such bankruptcy might solve our payments difficulties, the price would be suicide as a free nation. The dollar would lose its position as a world currency. Foreign confidence in the United States as a free nation and a champion of freedom would be shattered. The resultant inflationary burst here would entail all-around price, wage, and rent controls. In other words, socialism would arise from the ashes of inflation and payments bankruptcy.

Another "remedy" of inflationists is currency devaluation. When the outflow of gold reaches menacing proportions, an interventionist government is prone to devalue the currency officially. It suddenly decrees that the

price of gold and the value of foreign money have risen in terms of the depreciated dollar. Just as President Roosevelt devalued the dollar in 1933, the new administration will be tempted to devalue again, increasing the price of gold, for instance, from \$35 per ounce to \$50 or \$60.

The effects of currency devaluation are disastrous. Like the payments suspension, dollar devaluation would undermine the economic position of the United States in the world. It would probably usher in price, wage, and rent controls. It would inflict severe losses on foreign depositors and on all creditors, thus penalizing thrift and self-reliance. It would destroy the people's savings and capital en masse and cause capital consumption. Productivity and standards of living would decline.

Even so, currency devaluation is an inevitable step on the road of credit expansion and unbalanced budgets. No matter how many controls the inflating government may choose to impose on the people, currency depreciation sooner or later necessitates official devaluation, which re-establishes a more realistic exchange rate between gold and depreciated currency.

If our government continues its policies of monetary ease and depreciation, dollar devaluation cannot be avoided. Devaluation constitutes official admission that the dollar has declined in value—proof that the laws of economics prevail over government planning.

SEVENTEEN ARGUMENTS AGAINST SOCIALIZED MEDICINE

by Darryl W. Johnson, Jr.



AFTER SCHOOL recently, a student posed an interesting question. His father was deceased, and he and his mother were living on a small income of which social security constituted a substantial portion. His mother had recently undergone an expensive operation, and it had been tough to pay the bills. His question was: "Why *shouldn't* I favor government medical assistance?"

Other obligations prevented me from answering immediately, but the next morning the student received the following 17 points:

1. To the extent that your mother is living on social security she is already the victim of an actuarially unsound program classified by many as an outright fraud. A large part of your difficulty in meeting bills is the product of this government program designed to "help the aged." You may be sure that a government program designed to "help the sick" would fare no better, and

Mr. Johnson is a teacher at Hialeah Senior High School in Florida.

probably worse. People do better if they are charged with *personal* responsibility for their welfare.

2. Social security payments are reduced or eliminated if your mother earns over \$1,200 per year. This particular inequity within the entire inequitable program should be remedied, yet the problems posed by any attempt at "equity" tend to point up the undesirability of seeking "solutions" on a *national* basis.

3. Your mother's income is undoubtedly suffering from inflation, which is the result of prior government activity. Please, therefore, do not ask for *more* government programs. Inflation raises the cost of everything, medical services and supplies included, and such "hidden taxation" affects *all* income, taxable and nontaxable.

4. If you ask the government to force others (through taxes) to help *you* in your particular situation, you cannot expect others not to ask government to force *you* to help *them*. In all probability you will end by paying out much more than you will receive through this process.

5. Assuming genuine need, private charities and local agencies would be willing and able to do considerably more along lines of aiding you if taxes were not already markedly diminishing their ability *and inclination* to function. The high progressive rate also tends to discourage many would-be doctors, whose terrific initial educational investment should be allowed to pay off. To the extent that a doctor shortage exists, government

must share a substantial portion of the blame. My own dentist has cut his work-week from five days to four because, in the words of his financial adviser, he was "working too many days for the government." Do not, therefore, add to this tax burden.

6. Even assuming that the taxes required to run a program of government medicine might aid your mother in the short run, such taxation would also put more people into her shoes.

7. Government bidding for medical services and supplies would increase costs. Great Britain's program has slightly more than tripled such costs. If you are serious in your alarm over high costs, you will resist a government program strongly.

8. Since the program would be designed to help millions of others, and not your mother alone, competition for supplies and services, in addition to raising costs, might make it difficult to obtain any at all. A shortage of goods and services would immediately occur if the government were to attempt to mitigate the effects of its own actions through price controls. Priority given to more serious cases would frustrate immediate treatment of minor cases. A man who could be "back on the job" in minutes might have to wait weeks, with resulting loss of production to himself and to society.

9. A program of socialized medicine, once begun, would be extremely difficult, politically, to abandon, no matter how mistaken the program should prove to be.

10. The vast majority of doctors do not like socialized medicine. The reasons they give—dislike of regimentation, the destruction of doctor-patient relationship, and the like—while important in themselves, are secondary to the inescapable conclusion. If the government seeks to accomplish by force something that would not occur voluntarily and institutes a program which doctors dislike, the result will be fewer, and poorer, doctors. We hardly want *this* situation.

11. The temptation to “get something for nothing” would prove irresistible for many people. Statistics contrasting the number and length of illnesses of those who have government health insurance (in Great Britain and elsewhere) with those who have private insurance (in the U. S. and elsewhere) provide amusing proof of this. A large portion of government expenditure would go to those whose needs are questionable. This, also, would increase costs. Lack of local administration and responsibility might frequently deny sufficient benefits to those whose needs are genuine.¹

12. Socialized medicine would be another long step to total socialism. Socialism, whatever else it may do, hardly increases production. By its emphasis on distribution, it retards production in a thousand ways. This will lower the standard of living for everyone, your mother included.

¹ For an excellent discussion of the tragedy of socialism in Great Britain, including socialized medicine, see Cecil Palmer, *The British Socialist Ill-Fare State*, (Caldwell, Idaho: Caxton Printers, Ltd., 1952). The above points have been substantially documented by British experience.

13. The functions of medicine are basically twofold: administration of known drugs and techniques, and research. We come in contact with the profession through the former, but progress occurs only through the latter.² Socialized medicine would cause a shifting of emphasis from research to general upkeep, with the result that over-all medical progress would be retarded. The British experience proves this beyond question.

14. Since the science of medicine under free enterprise in the United States has given us the best medical service in the world's history; since it has prolonged life in a phenomenal manner; since our medical supplies and services are infinitely superior to those in any other country . . . you should attempt to retain these advantages by fighting to retain the system under which they developed.

15. It is a mistake for the government to consider the problems of the sick apart from those of society as a whole. Such consideration is a private matter, to be solved by private and local methods. Such a narrow outlook on behalf of the government obscures the broader problem which is, in a moral sense, one of promoting respect for the individual and the furtherance of initiative and self-providence; in an economic sense, one of

² Many complaints about the "excessive cost" of drugs (particularly in relation to the low cost of the ingredients) would cease if people realized that it is often expensive research which makes many drugs available at all. It frequently takes millions in research to make a "cheap pill."

increasing production for the benefit of *all* citizens;³ and in a political sense, one of removing government as a battlefield for special favor and substituting cohesion and solidarity for division and disintegration.

16. *No* system, not even the free economy, can give everyone everything he wants at once. It is dangerous to allow or encourage any government to substitute its judgment for that of its citizens. It is well to keep in mind that no country has come close to matching the United States in the solution of the very problem your mother presents. I would recommend investigation of the numerous, actuarially sound private health insurance programs, which already insure a substantial majority of all American families. There are approximately 150 such programs in the United States today. Such diversification provides an ability to suit individual requirements which would be impossible under a federal program.

17. Finally, let us consider the moral issue. You may feel that this is simple—that it is not morally correct for society to neglect those in need. But is there such a thing as “collective morality”?⁴ Is not moral action exclusively individual? Can any action be moral if it is induced by

³ Government cannot do this in any *positive* sense, as seems to be thought these days. Government is to do this by a policy of minimum interference, and in its capacity as referee . . . not active participant.

⁴ For development of this thought, consult William Graham Sumner, *What Social Classes Owe to Each Other*, (Caldwell, Idaho: Caxton Printers, Ltd.).

compulsion? Who is acting and thinking in moral terms: the person who, cognizant of those in need, seeks to remedy the situation insofar as possible by resorting to his own pocketbook, or a person who thinks only in terms of legislation to force everyone else to take care of the problem?

Even if the facts were otherwise and it could be shown that the government were capable of providing satisfactory medical care, the basic moral question you should ask yourself is this: What right have I to take another's property without his consent, for my personal use? Under what conditions does it become proper or right for any individual or group to rob another?

I feel that when you have answered the questions contained in this last point, you may find the first sixteen arguments superfluous. At least I hope so.

KEEPING THE PEACE

by *W. M. Curtiss*



THE SPOTLIGHT has been on rockets to the moon, outer space, and summit meetings. But these bold headlines divert our attention from important things going on right in our front yard.

In the less conspicuous parts of our newspapers and magazines we read that crime is increasing at an alarming rate. J. Edgar Hoover says that since 1950, the crime rate has increased four times as fast as population. It has been estimated that crime costs this nation some \$22 billion a year—\$12 for every dollar spent in our churches. Without going into technical and legal definitions, crime is used here simply to mean the breaking of laws.

No doubt about it, crime is big business and a threat to our comfortable way of life. Earlier this year, *Life* magazine carried a story on world crime that covered about 25 pages in four issues. Investigations are going on at all levels of government and the conclusion is invariably the same: Pass more laws; tighten up on law enforcement; expand the police force; give police more power; have the churches and schools instill more reverence for laws.

In contrast to these solutions, it is here suggested that much of today's crime is directly caused by government action of one kind or another. In other words, the government, whose function is to protect life and property, to prevent fraud and stealing, to enforce contracts, and the like, in many cases actually promotes the very crimes it is supposed to suppress.

By nature, most men are law-abiding—they want to live according to the rules. Only a minority are law-breakers who seem to gain satisfaction by flouting accepted modes of behavior. There comes a time, of course, when normally law-abiding citizens feel moved to violate laws which seem unduly oppressive. A classic example was the American Declaration of Independence. The colonists believed that men are endowed by their Creator with such inalienable rights as life, liberty, and the pursuit of happiness, and that “whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government. . . . Prudence, indeed, will dictate that Governments long established should not be changed for light and transient causes; and accordingly all experience hath shewn, that mankind are more disposed to suffer, while evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed. But when a long train of abuses and usurpations . . . evinces a design to reduce them under absolute Despotism, it is their right, it is their duty, to throw off such Government.”

The Declaration is quoted merely to show that law-

breakers are not always the thugs and gangsters commonly associated with the term.

A number of examples, some in the United States and some international, will show that certain acts of government encourage criminal behavior as when the following conditions prevail:

1. A product or service is desperately wanted by some of the population.
2. A law prohibits free and open trade in the product or service.
3. A chance of a high profit from the trade if one is not caught by the police.

As a rule, the greater the possibility of profit and the more severe the penalty if caught, the more likely are those in the business to be desperate and venturesome persons with few qualms about lawbreaking. The problem grades down to the very small possible profit for a very tiny risk such as fudging on one's income tax about how much went into the church collection plate.

A motivation back of these crimes is similar to that which moves honest men to become great merchants and industrialists. The hope for profits is a tremendous force which may be directed toward good or evil.¹

A number of "crimes for profit" involve smuggling.

¹ "Profits" include all sorts of satisfactions and not only monetary or material gains. In the nonmaterial area, some men gain great satisfaction from having power over others—in enslaving their fellow men. Such a drive must have played an important role in the lives of Napoleon, Hitler, Stalin, and many others. At the other extreme, we find a Schweitzer, a Pasteur, a Gandhi, and numberless unknown persons whose profits come from serving others.

According to the *Life* story: "More people are engaged in it [smuggling] than in any other form of international chicanery and, in terms of sheer dollar volume, no illegal practice in the world can match the total profits from smuggling. Wherever local regulations create the right conditions, there the smuggler can be found at work. Because of his activities, billions of dollars change hands each year, and sometimes the entire economy of a nation is seriously affected."

Among the smuggled items are gold into India, chocolate from Switzerland into Italy, nutmegs, precious stones and jewelry, tropical fish, refrigerators, television tubes, Salk vaccine, paintings and statues, U. S. cigarettes, coffee, gasoline, and people.

One can hardly be critical of the police whose job is to apprehend lawbreakers. One might be concerned, however, about laws preventing the free movement of goods and services. For example: An automobile may be purchased in Germany, taken to South America, and sold for six to eight times its purchase price. Profits of this magnitude could not long continue in a free market. But, in this case, the South American government either wholly restricts imports of the German autos or levies an exorbitant duty on them. So, in order to take advantage of what appears to be a fine profit, the trader resorts to smuggling, and runs the risk of being caught and assessed a high penalty—a kind of business likely to be taken over by the so-called outcasts of society.

In an open society where there is relative freedom to engage in manufacturing, trade, or the service industries,

there is a tendency for man to engage in those businesses that appear profitable. Competition with others seeking the same ends assures reasonable prices and a modest profit for those who are most efficient. The profit motive is at work. While considered a noble force in the free market economy, the profit motive also may encourage men to break laws, in which case it becomes an evil force to be dealt with by government.

The buying of a car in Germany and reselling it in a South American country would appear on the surface to be an ordinary transaction useful to all parties concerned. But, if the urge for profit leads to broken laws and smuggling, then it becomes a dirty business, engaged in by the underworld, a case for Interpol—International Police.

Smuggling occurs when a U. S. citizen returns from a trip to Canada with goods exceeding a certain value, which he has not declared and on which he has not paid duty. Though the law clearly defines this a crime, one may still ask why it is a crime to do that. And the same question might well be asked wherever smuggling occurs.

Prohibition

The prohibition of the sale of alcoholic beverages in the United States in the 1920's is a classic example of how government intervention may increase crime. It is not our purpose here to pass judgment on the evils of "demon rum." Certainly, intemperance takes many forms, and when associated with alcohol, it is demon-

strably evil. How to correct such intemperance is not being debated here. The point is that the attempt to control the situation by law was a source of a considerable increase in crime. Involved was a product many persons wanted. Some, who weren't interested before Prohibition, began drinking only because it was illegal or the "smart" thing to do.

When the transportation and sale of alcoholic beverages became illegal, this gave rise to the new and highly profitable trade of bootlegging. The profits were sufficient to cover the pain of getting caught. In fact, the potential profits were so large that an "underworld" was drawn into the business with rival gangs competing for the right to serve certain territories. Under such conditions, crime was rampant.

To make matters worse, many consumers thought the restriction violated their rights, and much of the law enforcement was only half-hearted. The setting was perfect for lawbreaking by consumers, for crime among the suppliers, and for corruption of the law enforcement agencies.

As is so often the case, once government assumes responsibilities which individuals have theretofore assumed, the tendency is for individuals to relax and assume the government will do the job. Before Prohibition, many educational forces in the country, including schools, churches, and the home, emphasized the evils of the excessive use of alcohol. Even with the repeal of Prohibition, these forces apparently have not regained their former effectiveness.

In looking back over the history of the United States, it appears that the advent of Prohibition brought a general winking at law violation that has since spread into other fields.

Liquor law violations did not end with repeal of the Eighteenth Amendment. It has been estimated that 55 million gallons of unlawful hooch were produced by U. S. moonshiners during the past year, accounting for about one-fourth of all liquor consumed in the country. This illegal business grosses a fabulous amount of money and is said to be operated by organized gangs which means considerable crime.

What accounts for this illegal business that engages such a sizable part of our law-enforcement efforts? The obvious answer is that avoiding the exorbitant tax on liquor yields such "profits" that lawbreakers are drawn into the business, much as they were during Prohibition.

The tax on liquor is designed not so much to raise revenue as to regulate people. It has become so high a percentage of the selling price of the product that a high premium is placed on tax-avoidance.

It is not our intent here to pass judgment on the morality of gambling. The fact that gambling is the source of frightful tragedies in some families is too well known to require elaboration. Our point, rather, is that much of the crime associated with gambling stems from the government regulations surrounding the practice.

It may be inferred that the State does not consider gambling as such to be either immoral or harmful to its citizens, since it encourages betting at race tracks.

Church Gambling

Nor are the organized churches unanimous in opposing gambling. In New York State some churches use bingo and other games of chance to raise money for their activities. A special license from the state is required, which further proves the point: The evils of gambling are removed if the state supervises it and gets a share of the proceeds.

There can be no doubt that some individuals have a tremendous urge to gamble, however foolish this may seem to others. If gambling is prohibited by law, ways will be found to circumvent the law. And persons will pay a goodly sum to wager, even though it is unlawful. As a result, it is highly profitable for "bookies" or others who handle bets to provide the machinery for betting. The potential profits are sufficiently great to attract nefarious characters who are willing to risk the heavy penalties of getting caught.

Governor Rockefeller recently stated that illegal gambling is now big business in New York State, conducted by criminal syndicates which use the revenue for other organized rackets. A special commission to investigate gambling disclosed that one ring in central New York grossed \$250 million a year, had tie-ins in 14 states, and netted a profit of 10 per cent or \$25 million. The chairman of the commission testified that "huge profits from bookmaking led to their control by organized criminal groups who too often can be found making substantial contributions to sympathetic officials." This unsavory

situation was confirmed by the Superintendent of the New York State Police.

The commission concluded with suggestions for stronger laws, better-trained police, more severe penalties, more efficient court procedures—in other words, more and better use of present methods of control. A more realistic appraisal of the problem by New York City's police commissioner Kennedy suggested that the citizens of the state are understandably confused when presented with our double standard with regard to betting. It is legal to bet on the horses at the track but illegal to bet away from the track.

What is needed, of course, is to remove the exorbitant profits which draw the underworld into illegal gambling. Some say that if we will just enforce our income tax laws, we will take care of the high profit motive in this business. True, once in a while an Al Capone will be caught by this method, but this is hardly a realistic solution for such a problem.

High profits stem from the laws against gambling; repeal of such laws would remove much of the cause of crime, reduce the costs of law enforcement, eliminate much of the prevailing corruption of government officials, and greatly help to restore respect among citizens for their government.

Narcotics

As a source of crime in the United States, the narcotics traffic is of first rank. Innumerable experts—medi-

cal, social, religious, and economic—have written on the subject to little avail. Most of them reach the same conclusion: more laws and stricter enforcement.

The narcotics addict certainly merits the concern and pity of all, and particularly in a country where addiction is a crime. Our purpose here is to help reduce the incidence of addiction and the crime associated with the traffic.

Because much of the narcotics traffic in this country is illegal, many of the facts can only be estimated.

A Turkish farmer produces opium from poppy plants which he can grow legally. He receives about \$500 for ten kilograms (22 pounds) which is worth some \$16,000 at dockside in New York. This amount in turn is "cut" and processed to make 70,000 "fixes" of heroin (a derivative of opium) which will sell at around \$5 each or a total of \$350,000 in the illegal market.

Thus, the Turkish farmer receives less than one cent for a product for which some teen-ager may eventually pay \$5. The risk to the smugglers and handlers is great but the potential "profits" are enormous. The opium trade has been called "the cruelest business on earth." "The criminal rings are masterminded by some of the most malicious characters on earth." "The final result is always misery and devastation."

Contrary to the beliefs of many, the actual use of most narcotics does not directly stimulate crime. In one of its most common forms, opium is a depressant; it induces sleep, allays anxiety, and relieves pain. In countries where it can be used legally, an addict may be perfectly

respectable and pursue a fairly normal life. It is said that crimes are rarely if ever committed by persons under the influence of heroin. It is the dread of withdrawal symptoms which enslaves one to the drug.

Money-Raising Crimes

In the United States, the use of narcotics is generally illegal, and the crimes are committed to obtain money to get the drugs.

It is said that the use of heroin is so habit-forming that an addict will risk his life to get a single "fix." Couple this with the relatively high price he must pay and it is understandable why crime goes with the drug traffic. It is reported that addicts need from \$20 to \$100 a day to satisfy their cravings. Few employed persons could afford this, to say nothing of the unemployed teenagers and the unemployables among the addicts.

No wonder, then, that such crimes as stealing and prostitution are committed by narcotics users. These, however, are petty crimes compared with the criminal activities of organized rings, underground smugglers, and others who market the product and compete for territories to serve.

The creation of new addicts is a business in itself. The profits to the "pusher" are so high that he constantly seeks new customers. Once a new customer is "hooked," he becomes a slave to the pusher. To get money for his daily "fix," he may become a pusher himself. And so, the vicious circle continues.

The number of addicts in the United States is unknown, but the U. S. Bureau of Narcotics estimates 46,000, nearly half of whom are in the New York area, and more than half of whom are colored persons.

A person is listed as an addict once he has run afoul of the law. And, of course, many are not caught. The New York City Mayor's Commission on Narcotics estimated 90,000 addicts in New York City alone. A president of the Medical Society of the City of New York said that 200,000 is probably no exaggeration for the number of addicts for the country as a whole.² Prior to 1925, with the passage of a federal law prohibiting the importation and manufacture of heroin in the United States, even for medicinal use, heroin was hardly used by addicts. Now, about 86 per cent of those apprehended are heroin users.

The United States is said to be the best market for dope in the world. By contrast, France and Italy report little addiction, despite the fact that much of the drug traffic goes through these countries. Some might conclude that our wealth accounts for the great market here; where else could persons afford \$100 a day to support the habit? But since the addicts are not necessarily the wealthy, such an explanation is too simple. One must look behind this to the laws which relate to the traffic.

Much serious study has gone into methods of treating narcotic addicts. This is certainly important. Smuggling of narcotics is given great attention by national and in-

² Berger, Dr. Herbert. "Addiction Is an Illness" in *The Freeman*, October 1956.

ternational police. The crimes associated with drug traffic and the treatment of addicts are a tremendous expense, to say nothing of the heartbreak and anguish of ruined lives.

A solution, rarely mentioned, is to take the profit out of dope traffic. This would quickly eliminate the criminal rings of smugglers and handlers and the "pushers" who live by creating new addicts.

The disadvantages of addiction ought to be known by everyone, and especially young people. With an educational system that reaches practically every teen-ager in the United States, it should not be difficult to accomplish this.

Price Control

Those who remember price control and rationing during World War II will remember that black markets and crime accompanied them. Little of this remains today, but we still have rent control in some areas. The result is some form of rationing of space along with inadequate maintenance and servicing of the property by owners.

Whenever an item is priced, by law, below the figure derived by willing buyers and sellers in a free market, there is certain to be a shortage of that item. In that case, people have more than enough money to spend on that item to clear it from the market. So some method of rationing must be used to allocate the supply. If it is rationed by tickets, there is always the temptation to

cheat or steal or seek favoritism from the rationing board. The amount of crime will be in direct relation to the potential "profits" from dealing outside the law.

Most persons would look on tax evasion as a minor crime and so it would appear unless one could clearly see the ramifications and tragic effects extending through time.

Historically, most American people are law-abiding and willingly pay their taxes even while grumbling a bit. A sizable portion of our taxes are hidden in the price we pay for things, and if we don't know, we don't grumble.

More than one-third of the income of most of us now goes for taxes. This affords considerable incentive for tax-avoidance and a great deal of time, effort, and money is spent in figuring either legal or illegal ways to cut down the take.

While some may think it smart to cheat on taxes, the effect on that person's character can be tremendous. How will a child react who knows his parents fudge on their income tax return? How much juvenile delinquency may be traced to a home where it is "smart" to get away with whatever one can?

It has been reported that Internal Revenue has paid out \$3,000,000 over the past five years in informer fees—to persons who "tattle" on persons they think have lied on their returns. One man was reported to have turned in his brother because the brother refused to contribute to the support of their father. Another case involved a young woman who paid an abortionist \$75 for an il-

legal operation that was not effective. In spite, and on a hunch, she reported her doctor to Internal Revenue and he was allegedly fined \$125,000 and sent to jail.

A society which encourages cheating, informing, and the like is well on the road to moral degradation.

Politics

In the days when most government income was collected and spent locally, citizens were able to keep fairly close watch over expenditures. Besides, the total amount collected by all government agencies then amounted to less than 5 per cent of total income. Now, with governments taking more than one-third of the income—the largest share going to Washington, and billions spent all over the world—it is no wonder that crimes frequently involve politicians and government officials. The power that goes with the control of money in such vast amounts is a great temptation. Mink coats, deep freezers, padded expense accounts, and the like undoubtedly are minor items.

In spite of repeated attempts to curb it, "patronage" continues to grow as government gets bigger and bigger. And how could it be otherwise? Government, among other things, is today a huge business, handing out contracts, awarding franchises, and filling jobs of influence all over the world. These are often rich rewards for favors conferred. It is not surprising that crime finds its way into such an arrangement.

Government has conferred on labor organizations and

their leaders tremendous political and economic power. It would be strange indeed if crime did not accompany efforts to grasp and wield this power.

Welfare

Various types of welfare payments—"something for nothing"—encourage crime in varying degrees. For example, to remain eligible for low-rent housing, a family may lie about its gross income. Welfare payments to unwed mothers encourage the birth of children out of wedlock and discourage thrift and self-sufficiency. Workers are tempted to collect unemployment benefits while on vacation and Workmen's Compensation for questionable injuries. School children receive "free" books and other equipment, and miss the lessons of proper care of personal property. Many students take education for granted, because it is free, and waste their own time as well as that of teachers and serious students.

There are so many ways in which the "something for nothing" philosophy has permeated our lives. One could hardly call it a major source of crime, but anything which encourages lying and discourages thrift and self-sufficiency must certainly be listed among the causes of the moral breakdown of our society.

Practically everyone is alarmed over the increase in crime in this country and elsewhere. Much of it is highly organized and truly terrifying. The story of "How We Bagged the Mafia" told to Stanley Frank by Milton R. Wessel, and published in two issues of the *Saturday*

Evening Post during July 1960, will convince the most naive that organized criminal gangs operate on a big scale, in deadly earnest, and are deeply entrenched.

Whenever a crime is threatened or committed, the usual response is: "Call a Cop!" But in spite of more laws, more police, and heavier penalties, crime seems to be on the increase. Why? And what can be done about it?

In 1956 a Federal Narcotic Control Act imposed heavier penalties with imprisonment up to 20 years on first offenders in dope cases. Mr. Wessel says that this convinced the Mafia that they should get out of the dope business and concentrate on gambling. This probably would serve only to shift the traffic from one gang to another. When a noted medical doctor reports: "Heroin addicts will obtain heroin, ban or no ban," then it becomes imperative that we seek another remedy.

It is contended here that much of the increase and severity of crime in this country is brought about by unwise legislation which aggravates the problem rather than alleviates it. This is not a proposal to get rid of all policemen and all government. It is properly the function of government to defend the lives and property of all citizens equally; to suppress and penalize all fraud, all misrepresentation, all violence, all predatory practices; and to invoke a common justice under written law.

Neither is it the purpose here to disparage honest law enforcement officers, scientists, and researchers sincerely interested in reducing crime and in contributing to the general welfare of individuals.

Rather, the point here is that in several important instances government has created its own enforcement problems by passing laws which actually encourage rather than decrease crime.

When government passes a "thou shalt not" law and at the same time creates a situation where violators (if not caught) stand to make enormous profits, then an increase in crime can be expected. Glaring examples include:

1. Extremely high taxes on liquor which foster bootlegging;

2. Import duties, quotas, restrictions, and other barriers to foreign goods which encourage smuggling;

3. Promotion and prohibition of gambling by the same unit of government, with heavy penalties and huge profits for illegal promoters;

4. Taxation in such amounts and with such complexities as to place a high premium on dishonesty and tax-evasion;

5. Outlawing of the narcotic trade, which makes it highly profitable for suppliers and pushers and expensive for users, with resultant crime, including the corruption of police officials.

In general, the greater the expansion of government through the Welfare State, the more its citizens will rely on "something for nothing," and the greater is the temptation for some individuals to accomplish their objectives through deception, stealing, and other forms of violence.

Individuals and families may be harmed in a great

many ways. Of course, it is foolish to gamble or to use narcotics. But it doesn't necessarily follow that the State should pass laws against such foolishness. One may also be harmed by overeating, by lack of sleep, or in innumerable other ways, against which we have no protective laws. Not only would such laws be ineffective, but, as shown in connection with gambling and the narcotic trade, the laws themselves set the stage for crime which may be far worse than the practice that is forbidden.

As a rule, no others are more seriously and sincerely interested in the welfare of children than are their parents. From the very beginning, they try to instruct the children in proper conduct. As a child gets older, he may be influenced by his school, his church, and by other families in the community. It would appear that the amoral State would be the last place one would turn for guidance in conduct. Nevertheless, that is exactly what we do in much of our crime-prevention activity. Not only does the State pass judgment on what is right and wrong, but in some of the instances discussed, creates a situation where crime is practically assured because of the potential profits available to the lawbreakers.

The solution then is to remove the temptation of very high profits for engaging in illegal business. This means restricting government to its proper function of protecting life and property and insuring equal justice under law for all individuals. It means the return of moral problems to individuals and families, or to other agencies of society like the church and the school, where these problems can be handled in an intelligent manner.

ONLY IF FREE CAN WE COMPETE

by Leonard E. Read



THE SEVERE DEPRECIATION of the dollar during the last two decades, the increase in the cost of living, the current draining away of our gold supply, and the impending "dollar crisis" are among the consequences of deficit financing and the monetization of debt—inflation. And these monetary policies are the result of deliberate governmental interventionism.¹

One might put the same conclusion in other terms: *Inflation is the fiscal concomitant of state interventionism and state welfarism.* When government goes into business, it incurs deficits. When it assumes responsibility for the security, welfare, and prosperity of the people, the costs of government increase to a point where it becomes politically inexpedient—indeed, politically impossible—to defray them by direct tax levies. At this point (20-25 per cent of the people's earned income, as a rule) governments throughout history have resorted to one or another of the numerous forms of inflation—and with popular support.² Apparently, many people

¹ See "Monetary Crossroads" by Hans Sennholz, p. 305 of this volume.

² Governmental take of all earned income in the U.S.A. today is slightly in excess of 35 per cent.

believe that they can continue to have their so-called benefits from government without being taxed—unaware that inflation is the cruelest tax of all.

Coercive interventionism in the market place assumes such forms as foreign aid, federal housing, farm price supports, government sponsored labor union monopolies, price controls, compulsory social security. These, and countless other interventions, restrict people in their pursuit of livelihood and add to the costs of production. They bring about inflation. These interventions, with their costs and the resulting inflation, weaken the competitive position of American industry and thus tend to price American producers—workmen as well as owners—out of both the home and world markets. Foreign-made goods are, in a growing number of instances, offered to consumers here and abroad at prices below what American producers can quote. Such producers are vitally, and properly, concerned about self-preservation.

Several means of survival suggest themselves. For instance, the reduction of costs by automation has been pushed with remarkable ingenuity and vigor. While sound enough, this method leaves the basic problem untouched; and there are limits to its use, a fact well known to more and more producers.

Another expedient is the establishment of plants in foreign countries. But, this is not feasible for many enterprises. Such a program presupposes that private property will be respected by foreign governments—an assumption scarcely substantiated by the record. Furthermore, this approach, like automation, fails to reach the

source of the problem: our internal interventionism or socialism. This, in some instances, is more a running away from the problem than a meeting of it. Indeed, if our own interventionism is not met and solved—and assuming the success of American firms overseas—the same increased restrictions will of course be imposed upon their exports to this country as are now being proposed against strictly foreign producers.

A third means that suggests itself is the resort to political devices—quotas, tariffs, embargoes, and all sorts of exchange controls. Indeed, every known nostrum will be dragged out to “cope” with the pinch which interventionism imposes on the economy; and, if history runs true to form, each panacea will attract a growing number of partisans. But these political devices are only additional interventions—more injustices to meet existing injustices. They can only aggravate the trouble from which escape is sought. These devices, at best, are mere palliatives, as even their advocates concede. There are few persons who will not admit that *free exchange is right in ideal theory*.

Is it not self-evident that the ideal theory is the right objective to strive for? It would seem to be. Yet, more and more industrialists are arguing that free exchange, as an objective, must be postponed until other nations mend their ways: drop their barriers and adopt an honest monetary policy.³ This is tantamount to saying that

³ Not only industrialists, but labor unions, as well! For example, the powerful Amalgamated Clothing Workers are suggesting a boycott against Japanese fabrics. See editorial, *New York Journal American*, January 10, 1961.

we should not stand for what's right until all error is erased. Such a view cannot be logically supported, nor should we let it blind us to the fourth and only true means to self-preservation: the removal of *all* restrictions to productive and creative effort, that is, the attainment of the free market, private property, limited government way of life.⁴

There are at least two powerful reasons why freeing the market of restraints is so hesitatingly, even reluctantly, turned to as a means to self-preservation:

1. The growing, world-wide tendency to divest the individual of responsibility for his welfare, security, and prosperity, and to vest that responsibility in the arbitrary control of political power apparatuses. The chorus for this collectivistic way of life grows louder by the day, and may be heard from leaders in business as well as from political, labor, religious, and academic leaders.

2. The decline of what at best has been a faltering faith in freedom.

As the belief in coercive political devices increases, the faith in what free men can accomplish correspondingly diminishes. This result is inevitable. The free market solution, therefore, must take a positive form: the restoration of a faith in free men.

No one really understands how freedom performs its miracles any more than you or I understand how electricity does so. Yet, when we flick a switch, we have a

⁴ While it must be admitted that in the practical world this ideal may not be attained on all fronts at once, intelligent thought must be aimed in this direction and to the recovery of positions previously conceded to socialism.

faithful expectation that the room will be flooded with light. You and I do not understand life, but when we plant a kernel of corn in fertile soil, we have faith that it will grow and reproduce itself.

Faith as relating to earthly aspirations is founded on experience. The record clearly reveals that all progress—material and spiritual—has been born of freedom.

In the light of overwhelming demonstrations, why this declining faith in freedom? One reason is quite plain: The unsupportable conclusion that nothing creative can happen without our knowing exactly how to make it happen. Yet, if the record be inspected, we observe that no person has ever been the sole architect of anything. For, no one of us possesses more than a fragment of any kind of understanding.

The most important economic fact of life is that our fragments of infinitely varied knowledge will, if not impeded, automatically, spontaneously, miraculously configure in the form of autos, airplanes, harvesters, symphonies, telephones, pencils, a cup of coffee on our table—countless things which no person on earth can, by himself, bring into existence. As molecules configure in an infinite variety of combinations to form all the organic and inorganic manifestations of Nature, so do varied creative human energies configure in countless arrangements to form the things we live by. All of this, however, is based on one fundamental assumption: *that creative energies be not impeded; that they be free to configure.*

Adding impediments—coercive political devices like

embargoes, quotas, tariffs, wage, price, and exchange controls, taking from some to give to others, and so on—to offset or to compensate for existing impediments, is only to compound, confound, confuse, and complicate the problems of production and trade.

The high road to self-realization as well as the path to survival lies in removing all restraints to creative and productive energy—every one. This, however, will never be attempted or supported except by those who have a genuine faith in freedom.

Unlike socialism, freedom does not presuppose something that does not exist: an omniscient human being. Freedom simply allows countless fragments of the creative faculty to combine in satisfying human necessity and demand. In a social sense, freedom is a term for that state of affairs where man does nothing to inhibit the creative process, where he helps, never hinders, the miracles that are always trying to happen. Freedom is possible only with faith. Faith and freedom do indeed work miracles!

Restoring faith in freedom is the object to which FEE is dedicated. The more intelligent the participation, the better. Let each believer advance this objective in whatever ways his best judgment dictates. At the minimum, let each of us help others to learn for themselves one fact, one simple truth: *No living person knows how to make socialism work*. If anyone doubts this, let him name such a person.

THE HARD CORE OF THE FARM PROBLEM

by Karl Brandt



FOR OVER two thousand years of history, in nearly all countries except our own, the farm problem has been at different times the center of such troubles that bloody revolutions have resulted from it up to this very moment. This problem is today the testing ground for the irreconcilable philosophies that divide this turbulent world, namely, of freedom and respect for human dignity on one side, and atheistic materialism, the coercive economy, and political tyranny on the other. The systems of coercion begin invariably on the farms.

Even more challenging is the fact that in our country, with its peaceful social changes, 27 years of determined legislative and administrative efforts of the federal government have put us in many ways between the horns of this same old dilemma.

The over-all farm problem in all countries is not a

Dr. Karl Brandt, a member of President Eisenhower's Council of Economic Advisers, has studied the farm problem in several countries, as a farm manager, director of an agricultural cooperative, and in advisory capacity to governments and international agencies. This article is condensed from an address at the 67th Annual Convention of the Farm Equipment Institute at Dallas, Texas, September 27, 1960.

cyclical or temporary affair but is almost eternal in nature and therefore is not amenable to a real remedy or cure. It is part and parcel of the epic of man's struggle for a fuller, more meaningful life. It is composed of continually changing phases of the struggle for survival in, and gradual conquest of, a hostile and scantily yielding nature. It is a story of blood and sweat and toil, of the adventure of defeating the horsemen of the Apocalypse—famine, pestilence, war, and death—which are still stalking the people in many parts of this planet, atom splitting notwithstanding. In all of Christendom this has meant through the centuries a valiant struggle for gaining the material wherewithal for meaningful practice of being kind to thy neighbor, for diminishing poverty, for creating abundance where scarcity and dearth were the common destiny. The farm problem is an integral element in the eternal process economists call economic development and growth.

You may ask whether this is not pretty farfetched in this country with its recurrent problems of too much of too many things, particularly from farm production. My answer is that the emphasis on the combat against the frugality of nature and against adversity comes much closer to the essence of our farm problem than many people realize. Indeed, it is one of the truly unique achievements of the American people, that here on our farms in an environment of freedom and private enterprise they have won the ultimate victory for all nations on this earth in man's battle against the scarcity of food, against hunger and malnutrition, so much so that today

any nation can produce an abundance of food, provided its people understand what it takes to do it and are willing to make the proper effort.

Rationale for Planning

What then has happened that had such extraordinary impact on all economic processes? Quite a few people in this country have ready, plausible, yet totally erroneous, answers to this question. If I paraphrase and condense these answers with a little malice toward some, their *leitmotiv* runs like this:

After having taken from the Indians one of the world's richest pieces of a prolifically fertile nature, and having given away a good deal of it for nothing to the railroad magnates and other rugged individualists and ruthless exploiters of natural resources—who in their ghastly greed destroyed with ax and fire millions of acres of beautiful forests and washed into the Mexican Gulf or exported to other exploiters all the nation's heritage of natural fertility of the land—the U.S. government established the Land Grant Colleges, the Agricultural Experiment Stations, and the Extension Service. Thereby the government made farming on what was left over of the eroded and ravished land so productive that it must now proceed to ration all means of production, and control tightly the activities of all the farmers and enforce it by a tough penal code. This must be done particularly because prices are not what they ought to be despite government supports.

This is so because farmers, unlike all other people, are a different breed than all other people, and produce more and more as they progressively get less and less for their products. Measured by some formula of half a century ago, their income is low not only because they maximize their output the lower the prices get, but because all other people in the economy

are effectively organized as a conspiracy against the farmer with the labor unions controlling the income of U. S. labor, and the rulers of industries, transportation, and commerce controlling the income of corporations by "administered prices" to the detriment of the farmers in their helpless state of atomistic competition. In view of this effective conspiracy, millions of innocent farm people are driven off the farm by the rascals in all other occupations. Therefore, it is high time for the U. S. government to establish a tight and total control over farm output and guarantee each farmer a just and equitable income. . . .

A Different Interpretation

Let me give you briefly a slightly different view of what in the long run has happened in agriculture's history and what continues to go on in these days. We have ample proof that in Thomas Jefferson's time nine-tenths of the American people earned their livelihood in farming. Around 1900, only 50 per cent of the labor force worked on the farm, and today, less than 10 per cent. This is most significant and illuminating.

What was the state of the U. S. economy then? This can be shown by the economy of many pre-industrial countries which today are still where our economy was 185 years ago. In the underdeveloped economy—except for government personnel, armed forces, teachers, some general stores, and other merchants—nearly all economic activities are carried on at the farm. Food, clothing, shelter, farm and other tools, transportation, education, entertainment, and medication are all produced on the farm. Farmers build houses, barns, and bins in brick,

wood, tile, mortar, thatch, and other materials; they lay pavements, dig ditches and canals, build bridges and dams; they raise draft animals, tan hides, and card, spin, and weave wool and fibers; they process and cure any sort of food and bake bread; they slaughter, preserve, smoke, salt, and pickle; they produce wheels and wagons and sleds; and with animal draft power provide transportation on short and long distance with home-built wagons drawn by oxen or cows, horses, donkeys, or mules, camels, or buffaloes, reindeer, or llamas. Farmers provide entertainment at all festivals, nuptials, and after funerals, educate and train the young people, and treat the sick and the aging. So farmers are jacks of all trades, including the production of plants and animals, of lumber and firewood, of peat and gravel and sand, and naval stores. Naturally, what goes to market for cash is little. Hence, it is sheer nonsense to measure their real income in dollars, as it is done today by international agencies for underdeveloped countries. This distorts the true income out of all proportion and serves only to stir resentment against the industrially more advanced nations.

The economy functions in that stage within a structure of total decentralization and with vast numbers of small vertically integrated units. As development begins, one activity after another is segregated from many farms at a time. Hence, not only do new occupations arise, but the skilled workers begin to operate promptly on a much larger scale than before and at much lower costs and prices as well as much higher profits. Many specialized crafts appear: wheelwrights, carriage and

harness makers, blacksmiths, and more and more of all the others. Their lower prices expand the market, and their income expands the demand for farm products. If, originally, farmers were jacks of all trades, they gradually became jacks of fewer and fewer trades and thereby more skilled, too. Thus, by the division of labor farm operations become more and more specialized and refined—until ultimately only crops and animals are produced. Gone from the farms are the building trades, the processing of textiles and clothes, the slaughter and curing of meat, until finally even bread, butter, and most other foods are bought because the farm people's time is too precious.

The Complications of Progress

This process of economic development is little understood. It amounts to a piecemeal disassembling and reassembling of the economy with growth of cities and the rise of industries, commerce, transportation, education, research, and a multitude of more and more refined services.

As more people become urban consumers, with a rising purchasing power, they are bidding not for more calories, but for a diet with more calories from products with a high value added such as sugar, milk, meat, bacon, butter, eggs, fruits, and vegetables, and less from starchy staples like corn, wheat, and potatoes. With a rising demand for their products in the markets the people remaining on the farm increase their output, and

with it their productivity and income. In order to do this, they have to equip themselves with better tools, more mechanical power, better plants and animals. In other words, they must increase the capital at their command, and must perform with ever-increasing efficiency as farm managers and workers.

All of this is proceeding every day in our decentralized free enterprise economy where people are not pushed from one job to another by the government or anybody else, but where they make their own choice and choose their occupation, their place of work and living, according to their own preference and the available opportunities. In doing this the families evaluate the whole package of working and living conditions, the opportunity of improving their composite income in cash, kind, and amenities, the security of their job and livelihood. Even in the backwoods they usually know very well what other jobs pay, and they decide to take or leave the often better pay.

He who claims that in recent years several million farm people "have been driven off the farm" has to explain first who was responsible for the shift from 90 per cent to 10 per cent from farm to nonfarm work in 185 years. Who drove them off? The answer is: nobody, except perhaps occasionally a nagging partner in marriage. Those who left did the sensible thing to contribute their service where it was needed most as the country developed and the economy started and continued to grow. In our system of free people nobody has a right to determine where the people live and where they work on

what, except they themselves. In fact, so long as they ask for no support from us, pay their taxes, and are not delinquent as parents of minor children, we have no right to force them to be efficient or to increase their income, even if they prefer to live like a hermit or to sleep like Rip van Winkle.

Growth Involves Change

It is axiomatic that without the movement of people from farms to towns and cities, all industrial and urban development—the entire construction of a civilization on a continent that 100 years ago was still mostly wilderness—would have been impossible.

Moreover, in this long historical shift from farms to urban life and work lies the key to the secret in all modern democracies which puzzles even political scientists and which few people understand: namely, the fact that the smaller the proportion of farm people in the electorate, the more they are assured of the good will of urban voters, legislators, and administrators and their readiness to grant farm aid. It is not the political power of a farm bloc that guarantees this, but the subconscious memory of all people in Western industrial society that all of them originally came from the farm which solidly anchors their fondness and affection for the farm people. I call this the urban dwellers' image of "Paradise Lost": the farm as the forebears' origin and the happy valley where life is imagined as having been simple, safe, harmonious, and peaceful. Mixed into such nostalgia is a

feeling of guilt toward those who were left behind in the heroic march of urban progress and are condemned to live in social isolation, forced to do hard physical work for long hours, being tied to tend to cows and other animals 365 days, exposed to the vicissitudes and hazards of weather and unstable international markets. Hence, the urban voters have nothing against subsidies for the poor fellows on the farm, even if it means many billions of taxpayers' money.

Irrespective of how far these thoughts are from reality, they are anchored deep in the nation's soul. Fortunately, what has actually happened on the farms is far more complex than the average citizen can realize and the situation there is quite different from such nostalgic sentiments.

Our economy has grown in the long run at a very steady rate, and this growth has at all times been hinged to the rise in agricultural productivity, meaning the rate of output per man-hour. In recent years the rate of productivity gain on farms has not only left the population growth and the growth per capita income way behind, but also the rate of productivity gain in the rest of the economy.

Agriculture is in reality the world's oldest and greatest industry of year-round transportation. In this country our presently four million farms use and operate 470 million acres of cropland, and 900 million acres of grazing land, or a total of 1,370,000,000 acres from below sea level to high mountain plateaus. On the cropland every square foot has to be worked or passed with implements

and tools, or loads of materials many times every year—indeed, for some crops up to 35 times—and where double or triple cropping takes place, even more often. And people and livestock and bulky commodities have to be transported from town to farm and from farm to town.

Therefore, to a large extent the saga of progress on the farm is the saga of the fabulous evolution in the technology of transportation. The American Indians had no domesticated animals, no ox, no donkey, no horse, and not even a cart with wheels. The Spaniards brought cattle, donkeys, mules, horses, and wagons; and other colonial powers to whom we owe our origin and early success brought more of them. From their beginning, American farmers, with the employment of ultimately over 30 million draft animals, took up to the beginning of this century some 450 million acres of cropland and some 700 million acres of grazing land into agricultural use and cleared in the process some 400 million acres of forest land with its moist soils. This cost three generations of gruesome toil, a piece of homework Soviet Russia still has to do in the future. But contrary to the ignorant indictment by politicians in the early thirties, this clearing of the woodland was one of the great achievements on which the European civilization was built also.

As the economy developed, draft animals became clearly too inefficient in use of both cropland and manpower. Labor, especially, was too scarce and expensive to be wasted. In this century at long last, the internal

combustion engine became the effective replacement to animal power—though first, and still predominantly, in this country. It provided individual motive power for the totally decentralized transportation industry that happens to be identical with agriculture. Progress was slow and halting; you could replace the horse only by the combination of three motor vehicles: the tractor, the truck, and the car, because the horse had four or more gears. As oxen, horses, and mules were replaced, mineral fuel set free over 50 million acres of cropland and additional grazing land for other livestock and crops.

Mechanical Power

Today we have a fleet of 15 million tractors, trucks, cars, and combines, plus many millions of electric motors on less than four million farms. A recent estimate listed the mechanical power equipment of our farms at 115.6 million horsepower, all factories at 28.2 million horsepower and all railroads at 88.7 million horsepower. The result is a gigantic increase in all transportation on the farm while transportation off the farm has mostly been taken over by others. With oxen, horses, and mules practically gone, there is more speed, more power, more versatility for the manpower on farms, having set free so much of it that, for decades to come, less will be needed to feed a rapidly growing population.

The value of the equipment of our farms including machinery and motor vehicles has increased in the last 20 years from \$3 billion to over \$18 billion current dol-

lars, but in terms of work capacity and actual performance, immeasurably more. Of course, farmers buy more new machinery, not because they are new gadgets or do more fancy stunts, but only and exclusively if, and when, all costs per unit of work leave a clear net gain over the costs replaced.

Improved Production Methods

Simultaneous with the vigorous mechanization, the production per plant and per acre of crops and per animal unit has been increased. Crop yields were boosted by better cultural practices, improved seed, more efficient protection of plants against weeds, rodents, insects, worms, bacteria, and fungi, but first and last of all, by better feeding of the plants with more nutrients. Among the nutrients, the key factor turned out to be *nitrogen*. This vital element in the life-bearing proteins is mined with energy from the air by the world's biggest nitrogen producing industry in this country, where it serves as fertilizer, rocket propellant, and base for chemicals. And since plants fed with more nitrogen have rapidly increasing moisture requirements and burn up if they run short of it, farmers applied more supplementary irrigation to break this bottleneck. According to European experience, one ton of nitrogen produces 15 to 20 tons of grain equivalent. Our farm application of nitrogen has increased from next to zero in prewar years to over two million tons, while simultaneously sprinkler irrigation has spread into all states of the Union including the

humid ones up to Maine. This was due to the decline in the price of aluminum pipe and motor pump units. The economic force that pushed this acceptance of better technology was again the increasing spread between the costs per unit of nutrient of water applied to the crop and the price per unit of product produced with it.

For animal husbandry the same has happened. Animals are only converters of feed. If one could produce cheaper feed by putting nitrogen in irrigated pastures, he could produce milk or beef at lower cost, and with more profit if the price did not drop too much. But in addition, hybridization, antibiotics, better feed mixtures, and other methods have helped to improve the input-output ratios.

The aggregate impact of all this increased productivity is enormous and has become the envy of the world. With their unique managerial talents, their up-to-date equipment, and the unequaled services provided by the enterprises and institutions of the rest of the economy, the American farmers have developed their giant business to the greatest chemical industry in the world, that of converting annually 280 million tons of roughage, succulent feed, and concentrates, plus a million acres of grazing forage, to animal products. This is capitalism at its best, with the able capitalists in overalls on the tractors, or hay-balers, or in the mechanical milking parlor. Many people do not know it, but if government payments and surplus purchases are excluded, U. S. farms earn \$19 billion, or way over 60 per cent of their cash receipts, from sales of livestock products. This is done

with over 170 million grain-consuming animal units and close to 100 million roughage consuming animal units, or as much "capital on the hoof" in live inventories as there is in machinery inventory, namely, \$18 billion in each. This is one of the secrets of success of U. S. agriculture's productivity: it has the capital, which it can depreciate, maintain, or expand. In the Soviet orbit and many other countries of the world the rulers squeeze every penny of capital out of agriculture in order to invest it in publicly-owned industries, to the consequence of low productivity and waste of natural resources. The greatest farm income support is rapid depreciation allowance for farm machinery and breeding stock under the revenue code.

American vs. Russian Output

Let me sum up what this huge business of agriculture amounts to in terms of output. It produces in a year with no more than 8.5 per cent of the national labor force, or 7.4 million workers, over 200 million tons of grain, 3 million tons of sugar, over 20 million tons of meat and eggs, over 60 million tons of milk, 35 million tons of fruit and vegetables, or 315 million tons of edible products, plus 3.5 million tons of cotton, and nearly 1 million tons of tobacco. In order to measure the magnitude of these figures I mention that after 40 years of a brutal experiment of collectivization, Soviet Russia produces with $4\frac{1}{2}$ times the number of farm workers (33 million) one-third as much meat (7 million tons) as

do our farmers; and even of grain, most of which they eat rather than feed to livestock, they produce only 60 per cent as much as our output. This in spite of an abundance of natural resources in Europe and Asia. One American farmer produces food for himself and 24 others. A Soviet farmer produces enough for himself and 4 others.

Interference with Markets

Where then lies the hard core of our farm problem? What I have shown is that while the urban people left behind what in retrospect sometimes looks like a lost paradise, but was in reality an enormous amount of sweat and toil, of drudgery and disease, our agriculture of today is an extremely dynamic business world of its own. The government has called it into action in two world wars and then for the first war of the UN, that in Korea. In the three instances an assignment of all-out production was achieved with guaranteed high prices. But when the aftermath of World War I led to deflation and later to the great industrial depression, the Congress adopted a policy of farm income support in which fixed prices were maintained by government purchase and disposal at a loss, combined with acreage allotments and, in some cases, marketing quotas.

Since the support prices were deliberately set above the equilibrium level at which demand would equal supply and since the government made an open-end commitment to buy all that the market would not absorb,

the farmers responded generously to the incentive. The allotment control was defeated by intensification, i.e., by higher input. The marketing quotas were defeated as control measures by shifting the surplus to other commodities. Our farm legislation has about the same effect as if someone had jimmed the voting machine on which the consumers could vote for what farm products they wanted, and how much of them. In other words, the price signals are out of commission.

Of the four million farms, roughly two million full-fledged commercial units produce some 93 per cent of the marketed product. They have some adjustment problems for a few commodities, particularly wheat, but are not in any financial or income calamity. In fact, their business is by any standard relatively satisfactory, especially if we look at the regular and substantial gain accruing in their equity. These farms are one of the greatest assets this nation has and its technology is the greatest asset of the West.

But we have serious problems among certain groups of the remaining two million small, so-called low income farms, particularly in some retarded areas like the Appalachians, the Piedmont, the Ozarks, and in the reforestation areas of the upper Lake States. In general the two million small farms need outside employment, mixing nonfarm and farm incomes. No one suggests their abandonment as living quarters. It would be a serious mistake, however, to lump the two million heterogeneous units as suffering alike from too-small incomes. A large part of these are retirement and part-time farms which

offer a most desirable form of rural existence for people who have a security insured by pensions, tax benefits, and a flow of part-time work income. The number of this type of farms will grow in the future. They constitute no social or economic problem.

Jobs in Town

There are other farms where the people must avail themselves of the nearby educational and training facilities to find better employment for their young people. It still remains true that only the people themselves can make the decision to move, to change to other occupations, or to undertake better farming practices. Indeed, they are on their way. While farm operators earned \$11.8 billion net income from farming last year, the total farm population earned an additional \$8.5 million net income from farm work off the farm and from non-agricultural sources.

There is a serious legislative farm problem, definitely not an administrative one. Our farms are by and large in fairly good health, ready to feed 200-, 250-, or 300 million Americans in the future, and better than ever. The real farm problem concerns the question as to how one can liberate the Treasury from the burden of an impossible open-end commitment and a continuous misinvestment in more and more grain without doing harm to the farm community and all those who serve it. This disengagement from faulty legislation requires common sense, a warm heart, and a cool head. It requires an hon-

est businesslike approach and due respect for the basic institutions on which the American economy stands or falls and for the true stature of the farm business with its more than \$200 billion productive assets.

We have out-produced the Soviets many times over and have all the benefits of our productivity, but we cannot borrow from them a compulsory production control system which involves the cartelization of agriculture and all farm supply industries without ruining our prosperous farming system. There are two ways of becoming Sovietized: by conquest or subversion is one, by voluntary assimilation of their institutions is the other.

Unfortunately, we have in our midst too many self-styled friends of the farmers who know exactly what is good for other people and are yearning to wield just enough power to prescribe from some office desk the recipe for the social medicine the people have to swallow and the orders as to what they have to do or not do. For my taste there is too much affluency in telling the farmers and their suppliers what to do and telling the customers what not to spend their money on.

If we fall for giving these people too much leeway, they will go at it and try to take the competitiveness out of our agriculture and with it its creative dynamic quality. If I were farming right now, I would be tempted to say in these coming weeks every now and then a silent prayer: Good Lord, protect me from my friends; against my enemies I can defend myself.

GIFTS FROM THE MAHARAJAH

An Editorial



IN ANCIENT TIMES, so we are told, shrewd potentates had a clever way of bringing local governors to heel. They smothered them with solicitous kindness.

Let a distant principality show too much independence and the gracious Maharajah might pay it a visit, bankrupting the countryside which had to play host to his grand entourage. Or mayhaps the local ruler would receive the generous gift of a royal elephant who would eat him into ruin. Thus reduced to need, the local people would receive gratefully any largess from the Maharajah. And of course receive resignedly the instructions that came with the relief.

This interesting gambit is still being played, as anyone might notice who listens to one of the current arguments as to why the federal government must give aid to the states for this-or-that costly program.

The argument runs like this: Education (or care of the indigent or whatever) is one of the essential tasks of a community. The blueprint of the program needed,

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drawn up in Washington, runs into uncounted billions. These projected billions are obviously too much for the local communities whose tax resources are already exhausted. Hence, there is no alternative but for the federal government to relieve the states of this burden.

To this argument it is not easy to turn a deaf ear; indeed, it seems a blessed relief to many a poor taxpayer already buried in local taxes to pay for the state's present program for schools or hospitals or roads or any other community service.

And in his harassed condition, the poor taxpayer is hardly able to reflect how this state of affairs came about, or to think too much upon what else will come with this generosity from Washington.

Unseen Consequences

Yet the process is, really, quite simple. Take that urban development project down the street. It came as a "gift" from the federal government; but to get the gift the local community had to raise its own taxes a bit to pay incidental parts of the cost. The same is true of the new hospital or the new library. And, of course, the gift from Washington brought other hidden burdens: sometimes a drop in taxable property, sometimes the need for more roads, more police protection, more fire equipment. But all adding to the local burden. Enough such gifts from Washington and the town treasury is in dire straits.

Meanwhile, the federal government is doing other

nice things for the people. The local veterans have been sent to school and the neighboring farmers have been paid for not growing things. Some of the community's money has been siphoned off and sent to Laos; there's that much less for the new school. And for more than a generation the government has been quietly clipping the coins, so that the dollars which only a few years ago would have bought the school will not do so today. All calculated to shrink the local resources.

And consider those blueprints drawn in Washington. Citizens knowing their own community can judge whether the new school is needed and if so how big. But when Washington says the nation needs to spend so many billions, what doctor in Duluth or plumber in Poughkeepsie can measure the sense of it all?

All he can know is that, sure enough, the taxpayers of Duluth and Poughkeepsie have already got enough trouble. Isn't it nice that the Maharajah on the Potomac is going to help out?

It is, when you think of it, a beautiful gambit. First of all, the federal taxgatherer milks the poor taxpayer as dry as possible. Next the federal government "gives" the people some nice things, being careful to see that the communities not only pay Washington for Washington's share but also have to dig up some more money to pay the local costs.

Then when the gifts from Washington have just about exhausted both the local treasuries and the local taxpayer, Washington discovers a new unmet need, the size of which, true enough, is bigger than the poor local

communities can handle since the size is limited only by the imagination of Washington in drawing the blueprints.

At that point in the argument comes that clincher. Nobody can argue against the desirability of schools. Nobody can argue that the blueprints as drawn can be met by "local action." So there's nothing left to do but run once more up Capitol Hill, hat in hand.

For, of course, hardly anybody ever suggests that this vicious circle could be readily broken by spending and taxing less in Washington, thus leaving more for the folks back home. Hardly anyone, indeed, stops to think that anyway there's only one hide for all this to come out of, that same poor taxpayer's.

And by this time almost everybody seems beyond caring that with each gift come more and more controls from the faraway potentates. Or cares to notice that each new and gracious gift, for which relief we give such thanks, just makes the circle more vicious.

Clever fellows, those Maharajahs.

THE ART OF DECEPTION

by John C. Sparks



THE ART OF DECEPTION is entertaining when performed by athletes and magicians. A baseball pitcher throws his fast ball, curve, and change-up with the same motion in order to deceive the batter. The T-quarterback pretends to hand off the football to each of several running backs so as to confuse and mislead the defense. The basketball player fakes a shot hoping to draw the defensive player off balance so he can dribble around him. The magician cleverly entices his audience into watching the wrong action while the *coup de grace* occurs unobserved.

Unfortunately, the use of deception is not limited to the field of entertainment, for there are despicable persons who often dupe unsuspecting victims out of their life savings. Many examples could be cited every day from the nation's newspapers.

There is a far more dangerous game of deception going on in our country, however, which not only threatens our life savings but our freedom as well.

How are we fooled?

Mr. Sparks is a businessman in Canton, Ohio.

One of the cleverest deceptive temptations ever developed is the federal grants-in-aid matching funds scheme, whereby the federal government encourages a perfectly normal and healthy community to desire an improvement of some sort for which it would rather not pay. For example, an expressway, a recreation center, a new water system, an addition to the hospital, urban renewal—the list is endless, and the community is enticed to ask for federal money to pay a large part of the cost of the project. The civic leaders are urged to get their share for their community or others will consume it instead.

“We’re paying for it, so we might as well get our share.” The people in Community A will be taxed just as much as the people in Community B, and if A does not accept federal aid, B and other communities like B will get A’s share. One must look beyond the short-run period of time, observe beyond the confines of his own community, and evaluate the results in more than just the immediate dollars to find why this reasoning is faulty. The federal-aid *modus operandi* is skillfully deceptive in covering up its true objectives. Let’s look at the features of this kind of “trick play,” because it really has everything working for it.

It corrupts the opposition. How can one develop a better bit of strategy than to trick the star pitcher of the opposing team into pitching against his teammates? This scheme does just that, for it is directed at the civic leaders of the community—not only those who sincerely

want to see their city progress but often those who are the outspoken advocates of free enterprise. It is a sorry picture when the leading citizen, normally a sound individualistic-thinking champion of freedom, falls for the federal grant scheme. He is corrupted quite effectively and his usefulness to the cause of free enterprise is not only lost to his ball team in the one case involved, but in all future opportunities to speak up for freedom. Can a man be an effective leader for honesty if he has dipped his hand into the cash till of his company? Can a man attract followers to the cause of fidelity if he is known to have been unfaithful to his wife? And so it is with the civic leader, the spokesman on behalf of free enterprise and limited government, who is never as effective in his support of the freedom cause after he has been seduced by "gifts" from Washington.

It undermines self-reliance. There is no better way to bring about failure of a third-grade arithmetic student than by doing his homework for him. There is no better way to lose the strength of healthy legs than by the continual use of crutches. To learn how to conquer adversity, one must meet it. Local pride of community accomplishment surely does not follow in the wake of a successful begging jaunt to Washington. We lose faith in ourselves to do what must be done by ourselves. Instead, we begin to believe there is an endless treasure in Washington—the political magician makes us see what he wants us to see, although we should know that it is nothing but a clever use of mirrors to perpetuate upon

us an optical illusion using our own money. With confidence and self-reliance gone, we become spineless pawns for whatever further manipulation the schemers have in mind.

It could lead to financial bankruptcy. The project desired by the local community is almost always of a size or nature allegedly beyond the community's monetary resources. The hospital needed as ascertained by the typical survey to bring the community up to someone's idea of standard, is usually much more than the community believes it can afford or is willing to buy out of its own funds. This is an obvious truth, for if it were otherwise, there would be less effective argument to seek outside assistance. The sum total of many projects all over the country, each well beyond the available funds, could spell financial bankruptcy. The cost of all projects in all communities must be paid for by the taxation of the people living in all of the communities throughout the nation—and if everyone is induced to buy more than good judgment would dictate, the total results flirt with financial disaster.

A family—father, mother, and three children—has purchasing power limited to dad's salary and the savings account set aside for emergency use. Let us suppose each member of the family yearns to buy something more expensive than can be fit comfortably into the family budget. Susie wants a swimming pool. Mother wants a remodeling job in the kitchen with all new appliances. Dad wants a new car; and John wants to enroll next

fall at an expensive college. The bicycle the youngest boy wants is "small change" by comparison. Not one of the potential purchases alone would wreck the family's financial position. But together, it is a different story!

Therefore, the \$3,000 swimming pool will have to be eliminated in favor of a \$75 membership at a nearby swimming club. The kitchen remodeling may have to be pared downward from the \$5,000 estimate to \$500 for a new refrigerator, the appliance which needs replacement the most. The old car will be run one more year; and colleges will be carefully surveyed to find the most education for the money available. This is the way the members of the family must operate to remain solvent. This is the way towns and cities as members of the national family must operate to remain solvent; and there is no better way than by each community acquiring only that which its citizens are willing and able to pay for. Advocates of government spending are not seeking solvency, however, for they believe that government spending, deficit financing, and inflation create prosperity. Thus, their "trick play" offers bankruptcy on a glittering golden platter.

It shortchanges the beneficiary. It is a fact that no government can give until it has first taken away. The funds from which a federal aid project is paid come from private individuals and private companies all over the nation. Since nearly all communities are regularly succumbing to the deceptive "get our share" scheme, this means that each community—for all practical purposes—

does pay for whatever it receives from the Washington "pool." The joker, however, lies in the fact that the funds shrink by an alarming amount as they are collected by the federal bureaucrats; and they shrink again as they are administered and disbursed back to the communities. It is uneconomical to have such a large percentage of the financial resources of the local communities sucked away by these Washington parasites.

And this is not the only way the beneficiary is shortchanged. The price tag for the community project is erroneously believed to be an amount equal to only the local taxes collected for the project, rather than a price equal to the total of the local taxes collected *plus the federal funds allocated*. The expressway through the city, which may appear to be a bargain for two million dollars of local funds, probably is a far cry from a bargain for the total cost of twenty million dollars. If the citizens of the community had discerned the correct price tag, they may have wished to decline in favor of local schools, improved street lighting, improved fire and police protection—as well as private investments in the expansions of local businesses, the latter being the vital seed corn for increased growth of true economic development, without which little taxes could be collected in the first place.

The beneficiary (the local community) is shortchanged in two ways—by having its coins clipped while enroute to and from Washington, and by buying an item it would not have purchased had the full price tag been known.

It urges prompt action. The "trick play" of federal aid not only brings down corruption and probable financial bankruptcy on free enterprise, but has the further element of the urgency to do it now. The funds are available now, the community leaders are urged, but may no longer be available next year. It is not unusual to hear one local politician accuse another of failure to look after the interest of his community for not "getting our share" of federal funds for the airport or the downtown re-development project. Unless we strive to improve our city (in this manner), we are told, the neighboring city will surpass us in growth—just another pressure to accelerate the whole scheme.

It centralizes control. To control the operation of an automobile the driver has access to the steering wheel, the brake pedal, accelerator pedal, light switch, and other instruments controlling various operations. The lights are actually at the front and back ends of the car, but the driver controls them with a switch within arm's reach. The carburetor is next to the motor under the hood, but control is with a pedal easily reached by the driver's foot. All of this illustrates the ease of controlling the auto's operation at one central point by the driver—any driver for that matter who sits in the driver's seat. Grants-in-aid emanating from Washington have as a corollary the power to control. In the area of education, federal money will ultimately mean federal control—a tragic probability. But those advocates of federal aid to education assert there will be no exercise of control over

education, conveniently forgetting that the control levers and switches will be in Washington nevertheless, ready to follow the bidding and command of the "driver" of the car—and the drivers can be easily changed. Do the headlights respond only to one particular driver, or do they respond to any driver who happens to be in the seat? Centralized control provides an easily accessible mechanism for the use of potentially tyrannous power.

It pays the interventionists' board and room. Those who fight on the side of individual freedom and limited government often are restricted in both time and money which can be devoted to the cause. Not so with many interventionists, for the money derived from shortchanging the tax funds enroute to Washington and federal aid funds enroute from Washington to a local beneficiary community is used to provide board, room, clothing, shelter, and entertainment for the boys who created and now operate this clever racket. It is difficult to visualize a more cunning bit of legalized sleight-of-hand than to take money from a person—give part of it back—and live on the rest. Ironically, those from whom the tax monies were taken must come to Washington and beg for the return of a part of their own funds.

It breeds more intervention. One of the most convincing arguments for the expansion of federal aid schemes is the recital of the thousands of projects requested by thousands of cities and towns throughout the country—from wealthy communities to relatively poor communi-

ties. They all need help, say the schemers. If each community had the character to pay for its own projects, and if no community would accept federal aid or grants of matching funds, the argument for aid would pale into insignificance. How could federal aid be needed if no one were to accept it? The variety of uses for which matching-fund grants are made gives the planners excellent arguments to continue and to expand their deceptive plans to control the lives of individual Americans and the American communities. After all, they point out, large and small communities all over the nation find it necessary to seek federal aid as the only means to obtain their badly needed projects. Each community that succumbs to the temptation of a federal grant, unmistakably casts a resounding affirmative vote for more government intervention and control.

Unlike the football team's special trick play which must be used sparingly so as to retain the element of surprise, the trick play of federal grants-in-aid seems to work better the more it is used and the wider it is publicized. There can be but one reason—the trap is baited with thousand-dollar bills blinding otherwise solid champions of free enterprise to the fact that their acceptance of the bait means to sell their souls, and ours, to the godless philosophy of compulsory collectivism.

There you have a description of one of the most important key plays of the welfare state offense. It corrupts. It bankrupts. It undermines the confidence and faith of those who presumably believe in freedom. It keeps

the planners in "board and room" by shortchanging local communities. It centralizes control for easy application of tyrannical power and, lastly, breeds more of the same. The only element needed to complete the picture is the cooperation of the local communities—to stretch out their arms with upturned palms and "apply" for federal aid.

How one's own community will react to the bait temptingly held out by these slick masters of the art of deception, may well be the deciding factor in the outcome of the battle for freedom.

WHAT RENT CONTROL DOES

by Henry Hazlitt



GOVERNMENT CONTROL of the rents of houses and apartments is a special form of price control. Its consequences are substantially the same as those of government price control in general.

Rent control is initially imposed on the argument that the supply of housing is not "elastic"—i.e., that a housing shortage cannot be immediately made up, no matter how high rents are allowed to rise. Therefore, it is contended, the government, by forbidding increases in rents, protects tenants from extortion and exploitation without doing any real harm to landlords and without discouraging new construction.

This argument is defective even on the assumption that the rent control will not long remain in effect. It overlooks an immediate consequence. If landlords are allowed to raise rents to reflect a monetary inflation and the true conditions of supply and demand, individual tenants will economize by taking less space. This will allow others to share the accommodations that are in

Mr. Hazlitt is the well-known economist, author, lecturer, and regular contributor to *Newsweek*. This article was prepared as a chapter to be added in a forthcoming Italian translation of his 1946 classic, *Economics in One Lesson*.

short supply. The same amount of housing will shelter more people, until the shortage is relieved.

Rent control, however, encourages wasteful use of space. It discriminates in favor of those who already occupy houses or apartments in a particular city or region at the expense of those who find themselves on the outside. Permitting rents to rise to the free market level allows all tenants or would-be tenants equal opportunity to bid for space. Under conditions of monetary inflation or real housing shortage, rents would rise just as surely if landlords were not allowed to set an asking price, but were allowed merely to accept the highest competitive bid of tenants.

The effects of rent control become worse the longer the rent control continues. New housing is not built because there is no incentive to build it. With the increase in building costs (commonly as a result of inflation), the old level of rents will not yield a profit. If, as commonly happens, the government finally recognizes this and exempts *new* housing from rent control, there is still not an incentive to as much new building as if older buildings were also free of rent control. Depending on the extent of money depreciation since old rents were legally frozen, rents for new housing might be ten or twenty times as high as rent in equivalent space in the old. (This happened in France, for example.) Under such conditions existing tenants in old buildings are indisposed to move, no matter how much their family grows or their existing accommodations deteriorate.

Because of low fixed rents in old buildings, the tenants already in them, and legally protected against rent increases, are encouraged to use space wastefully, whether or not the size of their individual family unit has shrunk. This concentrates the immediate pressure of new demand on the relatively few new buildings. It tends to force rents in them, at the beginning, to a higher level than they would have reached in a wholly free market.

Nevertheless, this will not correspondingly encourage the construction of new housing. Builders or owners of pre-existing apartment houses, finding themselves with restricted profits or perhaps even losses on their old apartments, will have little or no capital to put into new construction. In addition, they, or those with capital from other sources, may fear that the government may at any time find an excuse for imposing new rent controls on the new buildings.

The housing situation will deteriorate in other ways. Most importantly, unless the appropriate rent increases are allowed, landlords will not trouble to remodel apartments or make other improvements in them. In fact, where rent control is particularly unrealistic or oppressive, landlords will not even keep rented houses or apartments in tolerable repair. Not only will they have no economic incentive to do so; they may not even have the funds. The rent-control laws, among their other effects, create ill feeling between landlords who are forced to take minimum returns or even losses, and tenants who resent the landlord's failure to make adequate repairs.

The Unexpected Consequences

A common next step of legislatures, acting under merely political pressures or confused economic ideas, is to take rent controls off "luxury" apartments while keeping them on low-grade or middle-grade apartments. The argument is that the rich tenants can afford to pay higher rents, but the poor cannot.

The long-run effect of this discriminatory device, however, is the exact opposite of what its advocates contend. The builders and owners of luxury apartments are encouraged and rewarded; the builders and owners of low-rent housing are discouraged and penalized. The former are free to make as big a profit as the conditions of supply and demand warrant; the latter are left with no incentive (or even capital) to build more low-rent housing.

The result is an encouragement to the repair and remodeling of luxury apartments, and a boom in new building of such apartments. The effect is not only to provide better accommodations for comparatively wealthy tenants, but eventually to bring down the rents they pay by increasing the supply of luxury apartments available. But there is no incentive to build new low-income housing, or even to keep existing low-income housing in good repair. The accommodations for the low-income groups, therefore, will deteriorate in quality, and there will be no increase in quantity. Where the population is increasing, the deterioration and shortage in low-income housing will grow worse and worse.

When these consequences are so clear that they become glaring, there is of course no acknowledgment on the part of the advocates of rent control and the welfare statist that they have blundered. Instead, they denounce the capitalist system. They contend that private enterprise has "failed" again; that "private enterprise cannot do the job." Therefore, they will argue, the State must step in and itself build low-rent housing.

This has been the almost universal result in every country that was involved in World War II or imposed rent control in an effort to offset monetary inflation.

So the government launches on a gigantic housing program—at the taxpayers' expense. The houses are rented at a rate that does not pay back costs of construction or operation. A typical arrangement is for the government to pay annual subsidies, either directly to the tenants or to the builders or managers of the state housing. Whatever the nominal arrangement, the tenants in these buildings are being subsidized by the rest of the population. They are having part of their rent paid for them. They are being selected for favored treatment. The political possibilities of this favoritism are too clear to need stressing. A pressure group is built up, which believes that the taxpayers owe it these subsidies as a matter of right. Another all but irreversible step is taken toward the total Welfare State.

A final irony of rent control is that the more unrealistic, Draconian, and unjust it is, the more fervid the political arguments for its continuance. If the legally fixed rents are on the average 95 per cent as high as free

market rents would be, and only minor injustice is being done to landlords, there is no strong political objection to taking off rent controls, because tenants will only have to pay increases averaging about 5 per cent. But if the inflation of the currency has been so great, or the rent control laws so harsh and unrealistic, that legally-fixed rents are only 10 per cent of what free market rents would be, and gross injustice is being done to owners and landlords, a huge outcry will be raised about the dreadful evils of removing rent controls and forcing tenants to pay an economic rent. Even the opponents of rent control are then disposed to concede that the removal of rent controls must be a very cautious, gradual, and prolonged process. Few of the opponents of rent control, indeed, have the political courage and economic insight under such conditions to ask even for this gradual de-control. The more unrealistic and unjust the rent control is, the harder it is to get rid of it.

The pressure for rent control, in brief, comes from those who consider only its supposed short-run benefits to one group in the population. When we consider its effects on *all* groups, and especially when we consider its effects *in the long-run*, we recognize that rent control is not only increasingly futile, but increasingly harmful the more severe it is, and the longer it remains in effect.

A TALE OF TWO RAILROADS

by Howard Stephenson



WHEN THE CHIPS are down, which is the more successful—private enterprise or government ownership?

This question is being debated all the time, in many countries. Answers tend to bristle with “if,” “yes but,” “maybe,” or “it depends.”

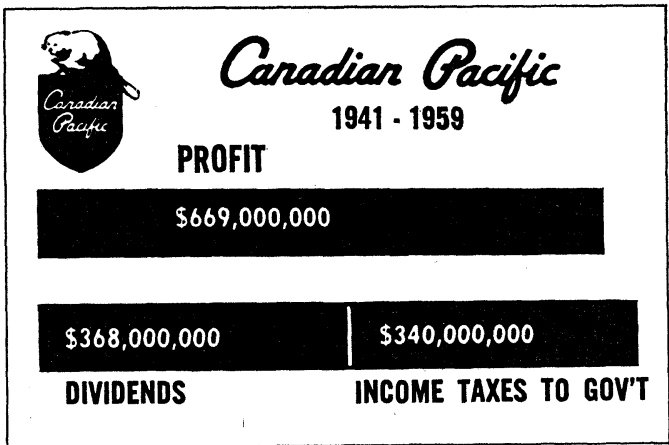
Why not look at the world’s unique big-scale example, where both kinds operate side by side? Here are two businesses, both in the \$2.5 billion financial class. Both sell the same kinds of service. Both strive to make a profit. One fails to do so; the other steadily pays dividends. Perhaps a closeup view may reveal some aspects of these two giants that argument and theory can’t make plain.

Canada is their home. The two largest railroads in the Western Hemisphere run coast to coast. The slightly larger one in terms of mileage is the Canadian

Dr. Stephenson, a former Boston University professor, is a World War I veteran of the Air Service, U. S. Army. He has lived in and traveled throughout Canada and has written widely on Canadian subjects. This article first appeared in the February 1960 issue of *The American Legion Magazine*.

National Railways, government-owned. The other, the Canadian Pacific Railway Company, is a corporation owned by its stockholders. You can buy its shares on a stock exchange. In no other country will you find a comparable situation, where railroad transport services are about equally divided between private enterprise and public ownership.

To see these big, impressive organizations in their own backyard I flew from Boston to Montreal in a Viscount passenger plane of Trans-Canada Air Lines, a subsidiary of Canadian National. No competition here from the Canadian Pacific. But in Montreal it was different. There I found the two transportation giants battling it out in the air, on the rails, over the highways and waterways, from one end of Canada to the other—real, tough competition. So when you talk about railroads in Canada,



you are talking about a lot of other means of freight and passenger service too.

The referee is the government, which makes the ground rules, and also owns the Canadian National. Canadians are very much sold on the spirit of fair play, which is part of their tradition. Whenever the people of Canada think they detect favoritism in the transportation business, they holler. And the referee pays attention.

The airways scrap of the 1950's is a good example. Trans-Canada Air Lines, owned one-half by Canadian National and one-half by the government direct, had a monopoly on transcontinental flights. The private line, Canadian Pacific Airlines, an integral part of the C.P.R. system, couldn't get a government license to set up competing service. Monopoly is sweet, and hard for anybody

CANADIAN NATIONAL

1941-1959

LOSS

\$653,000,000



NO INCOME TAXES TO GOVERNMENT

to surrender. But the people's protest became so clamorous the government had to yield, and in May 1959 the new Canadian Pacific Airlines coast-to-coast schedules began, using turbo-prop Bristol Britannia aircraft.

"To be sure," I heard in St. James Street, the Wall Street of Montreal, "the C.P.A. boys are permitted to make only one flight per day each way, Montreal-Vancouver. But the government just wasn't ready to face up to an old-fashioned laissez-faire competitive battle. We take on these things a bit gradually, don't you know?"

"To express the basic transport difficulty in financial terms," another St. James Street source explained, "the Canadian Pacific—rails, air, highways, waterways, hotels, whatnot; all rather large, you know—was so inconsiderate as to turn in a profit of \$36.4 million in 1958, as against a deficit of \$51.6 on the part of the Canadian National. To permit the gap between the two performances to grow even wider by permitting both to run from scratch on the coast-to-coast flight matter would have been too much. So the privately owned airline has still to carry a slight handicap."

A third financial man said rather grumpily that Canada has socialism trying to get along with capitalism in its basic transport industries, and that this just can't work.

Socialism? President Donald Gordon of Canadian National doesn't talk like it. He said in London last summer:

As for the Canadian National Railways, as a national policy, and indubitably in the national interest, its operations, its organization, and its business principles must be modeled upon

those of private enterprise. . . . To ensure the efficiency of its day-to-day operations the yardstick of success must be found in its profit and loss account.

Nowhere I went in Canada were Mr. Gordon or his associates in management described as socialists, and their integrity is never in question. These men have fallen heirs to a most difficult task—operating a government enterprise in a generally free economy—and I suspect that privately they don't like it much.

Mr. Gordon's opposite number in the competing organization, President N. R. Crump of the Canadian Pacific, said at his 1959 annual meeting of stockholders: "The Canadian people as a whole have never consciously or deliberately sought socialistic answers to their problems in transportation or in any other field."

I did not attend this meeting, as I was elsewhere in Canada at the time; but that particular statement made a hit with stockholders, just because it indicates the traditional fair-play attitude that Canadians like to see. Mr. Crump was not calling names. But he knew which team he was on, for he added:

If public [government] enterprise were subject to the same ground rules, including penalty for failure in meeting the test of the market place, then competition with private enterprise would be possible without prejudice to the principles of the market mechanism. But if public enterprise has access to capital without regard to cost, then sound economic principles governing growth and progress are jeopardized and an added burden is imposed on the taxpayer.

A journalist assigned to Ottawa, the national capital, was somewhat more forceful. He told me:

We have got this big socialistic enterprise, the C.N.R., hung around our necks like an albatross. Most people didn't really want it in the first place in 1923, and nearly everybody would be delighted to be rid of the monster as a government business. But let's face facts. *It's too late.* The government-owned railway is a *permanent* liability that the people of Canada have got to support with tax money.

I am proud of the Canadian National, with good reason. It's a fine railroad—its subsidiary companies also turn in the best jobs they can. The fact that I don't like the type of ownership doesn't mean I think the management personnel incompetent. Far from it: they stack up with the world's best. But there is a sickness in socialism that never shows up in advance.

Done in Desperation

How did Canada get into government ownership of the giant C.N.R. in the first place? I have been traveling up, down, and across Canada for a great many years, preparing articles and economic reports. I recall the postwar depression of the early 1920's, when Rod MacKenzie's Canadian Northern was in a bad way financially; the Grand Trunk System was in danger of collapse; and the half dozen or more components that were to be made part of the Canadian National were on their last legs. The government stepped in and rescued them by taking them over and forming a nationwide railroad empire rivaled only by the privately owned Canadian Pacific. The Canadian people were driven in a time of desperation to take the drastic step of government ownership, almost against their will.

This 37-year-old experiment has proved conclusively

that the two incentives that make a private enterprise succeed are lacking in a government enterprise; namely, the reward for accomplishment and the penalty for failure. Before examining some of the evidence of this, let's take a glance at some pretty big arithmetic:

Over the 18-year period from 1941 through 1958, the privately owned Canadian Pacific paid its stockholders \$368 million in dividends, and paid income taxes amounting to \$340 million to the Canadian government.

In this same period the government-owned Canadian National paid no income tax.

And in those 18 years the Canadian Pacific earned a profit of \$669 million while the Canadian National suffered a loss of \$653 million. That meant big spending money for C.P.R. shareholders, big taxes for *all* Canadians.

The Canadian National had a good year in 1953, and paid the government nearly \$250,000 in dividends on preferred stock. But five years later, with railroad operating revenues of \$705 million, its 1958 loss was \$14 million; the C.P.R. in 1958, taking in \$467 million in railroad operations, showed a profit of \$55 million. Both had revenue from other activities—the Canadian National \$9 million and the Canadian Pacific \$17 million.

"Integration and Enterprise"

Why these incredible differences? I got two one-word answers by interviewing Canadian shippers, the men who pay the freight. One was "integration." The other was

“enterprise.” These two points of view gibe perfectly. Both seem valid to me.

Here’s an example of integration that showed a lot of imaginative enterprise: A major headache to railroads, in the U. S. as well as Canada, has been the rise of air and truck transportation. The Canadian Pacific launched a “pilot plant” operation on the West Coast, to see whether package shipments—less than carload lots—could be handled through one management no matter how they traveled. Today you can ship from Vancouver by rail, truck, piggyback, or air, in any combination. This service is integrated in control of solicitation, handling, transportation, and accounting. It worked so well in 1959 that it will be extended throughout Canada. The shippers said it saves time, money, trouble, and bookkeeping.

The Canadian National will follow suit. That’s it, the government railroad isn’t as free to experiment, to find new ways.

Another example: Both railroads own a string of fine hotels across Canada. But the managements’ attitudes are different. The Canadian National, after its experience in building a splendid new hostelry in Montreal, the Queen Elizabeth, has flatly announced it will build no more new ones. The rival Canadian Pacific completed and opened in February 1959 an addition to the Royal York in Toronto that makes this 1600-room hotel the largest in the British Commonwealth. With enthusiasm, the C.P.R. sees itself as “providing facilities for the needs of an expanding nation.” (Did you know Can-

ada boasted a population of 18 million in 1960?) So while the government hotel enterprise wants no more, the private enterprise is alert to new places that will yield a profit.

The St. Lawrence Seaway

How about the St. Lawrence Seaway? Everybody asks that. Some diversion of freight tonnage from both railroads is inevitable, perhaps a great deal.

"It isn't a threat: it's only seven-twelfths of a threat," a C.P.R. official remarked. He referred to the fact that the winter freezeup will probably halt Seaway traffic to far inland ports part of the year. The Seaway, that liquid turnpike that will transform much of Canada's Midwest, just as in the U. S., also can be looked on by railroads as a challenge and an opportunity.

The piggyback system of freight shipment—by which wheeled vehicles ride on flatcars, then take off on highways to make deliveries—gave somebody a big idea. Why not a fishyback? Why not adapt the same method to freight vessels? So the C.P.R. is developing a line of containers suitable for this traffic. This imaginative idea will help shippers pack their freight so that it can travel by land or inland sea, according to the season. The C.P.R. rails will provide a usable alternative when the inland waters are frozen over.

As 1960 opened, the Canadian Pacific had had six months' experience with its newly streamlined organization. The country, previously divided into eight dis-

tricts, is now divided into four regions—Atlantic, Eastern, Prairie, and Pacific. This cuts down overhead tremendously. This is part of the integration policy that seems to go right down the line. For example, rail, air, and steamship tickets can all be purchased at the same place; and the same salesman will help find accommodations at a C.P.R. hotel. And if he pushes C.P.R. express or C.P.R. communications services, that's what he's paid for doing. The customer doesn't get mixed up trying to find his way to a dozen offices in the same city.

More statistics could be cited—many more—such as comparison of fixed charges ratios, the input of \$50 million more into the Canadian National in 1958 despite a deficit of \$51 million, and so forth. The big point, however, is not in the figures, but in the philosophy and policy. What actually is happening in Canada is that a loyal group of hard-working and able managers are struggling with an impossible adversary—the sickness that is socialism, no matter how one tries to avoid the term.

Fish or Cut Bait?

Can the economic disease be cured? Is it really too late as the Ottawa journalist insists? Or is one big, courageous step all the Canadian government needs to take? Such a step would simply be to start treating the C.N.R. like a private enterprise. To do so, the government would have to: (a) Set up an income tax account for this railroad on the same basis as its competitor. (b) Sim-

plify the corporate structure, streamlining it into an integrated whole (there were 79 corporations in the C.N.R. complex five years ago, 45 one year ago, more than 30 still). (c) Tell the railroad to keep its hand out of the government till; no more subsidies; when an operation loses money, cut it off.

Ah, what a capitalistic utopia, with every institution required to fish or cut bait, turn in a profit or sell out! The political screaming that would ensue would shake the polar icecap.

U. S. Might Learn from Canada

But lest U. S. citizens gain the notion that it is only the Canadians who have drifted into socialistic enterprise without knowing it, let us be aware of the following: The inland waterways system of the United States is wholly supported by the taxpayers, not by the users; barges ride toll-free in channels kept open by the government for their benefit on the pretext of military necessity. The various State-chartered "authorities" are exempt from property tax, exempt from federal tax on their securities; none is operated on a basis of full self-support and contribution to taxes. Port facilities, bridges, airports, toll roads do not *pay* taxes; they *collect* them, without calling them taxes. The country's major highway system is a public utility. Such a facility is capable of standing on its own economic feet, as other public utilities are required to do.

Will the railroads of the U. S. A. succumb to the eco-

nomic disease that is socialism? Of course we know that such a thought is ridiculous, until we recall the words of President Crump: "The Canadian people as a whole have never consciously or deliberately sought socialistic answers to their problems." But in times of economic difficulty, such an answer sometimes seems so easy!

EDITOR'S NOTE: Some persons may question the fairness of this comparison between private enterprise and socialism on grounds that the Canadian government took over and combined numerous railroad failures and then extended its services into unprofitable areas. But a charge of unfairness is scarcely warranted, since this is the way of socialism according to its own claims. In the open market, competitive enterprise abandons uneconomic ventures; whereas, the closed or monopolistic market of socialism is unresponsive to costs and uses its taxing power to cover losses.

“I’M FOR FREE ENTERPRISE—BUT!”

by Willis H. Hall



FREEDOM of religion, freedom of the press, and our free enterprise system are the foundations upon which we have built the greatest way of life of any nation. This is our American heritage given to us by the Founding Fathers who had courage to fight and die for the God-given rights of free people. Freedom of religion remains substantially intact. Freedom of the press endures in spite of sporadic attacks by those who would like to control, regiment, or direct the people's access to news.

Our concept of free private enterprise is under attack from many sources. Powerful forces who believe in the socialization of property, the supremacy of the State, the subservience of people to government, are constantly boring from within and without to achieve their objectives. But, the greatest threat to our free enterprise system comes from within. There are too many people who are for free enterprise—BUT!

Rugged enterprisers in the home-building industry

From *The Detrouiter*, weekly publication of the Greater Detroit Board of Commerce, of which Mr. Hall is General Manager.

fight public housing—BUT government mortgage corporations are needed. Some manufacturers object to any government regulation of their business—BUT they welcome a government tariff to curb foreign competition. Chambers of Commerce in the TVA area fight for free enterprise—BUT government power, subsidized by all the people, is sought. Some retail merchants resist government regulation—BUT seek government aid in policing “fair price” agreements. Segments of the petroleum and mining industry are firm believers in the free enterprise system—BUT government should control competitive imports.

Farmers are rugged individualists and great believers in free enterprise—BUT they fight to preserve the right to have Uncle Sam finance rural electrification at half the government cost of borrowing money.

Weakness Under Pressure

Too many of us believe in the free enterprise system until the going gets tough—then a little government subsidy in the form of tariffs, import quotas, or other devices is requested.

We need a new dedication, a renewed devotion to our American enterprise system.

There is no room for a doubting Thomas. The preacher who wishes to preserve freedom of religion must also be a fighter for our free enterprise system, without BUTS.

The editor of a now defunct afternoon Detroit news-

paper once said, "This newspaper is for enterprise, hook, line, and sinker. . . . BUT, we recognize there are proper areas of government ownership." There can be no freedom of religion or freedom of the press without a strong free enterprise system. Look at Cuba!

We can't compromise with statism. Government ownership is an insatiable octopus whose tentacles reach out to grasp everything in its area. TVA is a striking example. Starting as a flood control project, with the incidental development of hydroelectric power and a pledge not to construct or operate steam electric generating plants, it now operates the largest steam-generating power system in the world. We, the taxpayers of Michigan, through the taxing power of the federal government, have been forced to contribute one hundred million dollars to subsidize this operation. We are subsidizing our own destruction because TVA-subsidized power is luring Michigan industry and Michigan jobs to the TVA area.

The Genius of Private Enterprise

Former President Herbert Hoover said, "The genius of the private enterprise system is that it generates initiative, ingenuity, inventiveness, and unparalleled productivity. With the normal rigidities that are a part of government, obviously the same forces that produce excellent results in private industry do not develop to the same degree in government business enterprises."

We have a responsibility to fight against the slow ero-

sion of our free enterprise system. To preserve the right to our American heritage we must work harder at our responsibilities. We must oppose the "gimme" pressure groups and the political "hander-outs." We must militantly challenge the philosophy that government can do everything for us and charge the bill to others. There are no others—they are you. We must stand, as individuals, for the right to own, to save, to invest in our free enterprise system. Without this freedom, other freedoms will soon be of little value.

CHRISTIANITY AND EDUCATION

by *Edmund A. Opitz*



THE CRISIS of our culture comes into one of its focal points in education. Most inquiries into education, however, are little more than amiable discussions about conditions in our schools. There is a dearth of trenchant criticism of contemporary educational theory and practice which measures its shortcomings against the demands of the Christian revelation.

Culture is religion externalized, and our culture bears the imprints of its molding by Christianity; we were Christendom before we began thinking of ourselves as Europe or the West. The hallmarks of this faith stamp themselves even on our rebellion against it, for every rejection or denial implies something positive against which the reaction occurs. The positive things in our culture have been Christian things, or the things of Christian cultivation.

T. S. Eliot has said somewhat the same thing in *The Idea of a Christian Society*. There are some, he observes,

From the Introduction to R. J. Rushdoony's *Intellectual Schizophrenia: A Study in Philosophy and Education* (Presbyterian and Reformed Publishing Company, New Jersey, 1961).

who say "that a society has ceased to be Christian when religious practices have been abandoned, when behavior ceases to be regulated by reference to Christian principle." But there is another way of looking at the matter. "The other point of view, which is less readily apprehended is that a society has not ceased to be Christian until it has become positively something else. It is my contention that we have today a culture which is mainly negative, but which, so far as it is positive, is still Christian. I do not think that it can remain negative, because a negative culture has ceased to be efficient in a world where economic as well as spiritual forces are proving the efficiency of cultures which, even when pagan, are positive; and I believe that the choice before us is between the formation of a new Christian culture, and the acceptance of a pagan one." (London, 1939, p. 13)

The word "pagan" usually connotes an innocent, care-free child of nature. This kind of thing is hardly a live option for modern man and, presumably, is not what Eliot has in mind. Christianity's chief antagonist for the past two centuries has been the secular faith of the Enlightenment, and a perverse form of it is the main contender today. In its early phases there was something attractive about this faith, but in its reactionary phase during this century it has spawned an idolatrous, statist cult manifesting itself now as communism, and again as various dilutions of Marxism.

Communism is one version of environmentalism—the notion that a man's character is made for him and not by him. Improve his material circumstances and you

change man for the better. Education, under this dispensation, is the sum total of efforts to adapt man to his surroundings.

Should the educated man be adjusted to his environment? Adjustment is the aim, as many educationists see it. Some of them narrow the concept of the environment down to the social group and recommend that schooling be a process of merging the man into the mass. These theories have not gone unchallenged. Man, say the opponents of environmentalism, has the capacity to respond creatively to his environment and surpass it. And the group, they point out, may exhibit norms that are warped or vicious. Accommodation to these is debasing.

What Is Environment?

The environmentalists return to the fray by asking their critics if the aim of education, then, is to produce maladjusted products? It is not, obviously, but at this point the argument runs aground because both parties accept too limiting a notion of what constitutes man's environment. As the term is commonly used, environment refers to the world of time and space, the world of things, the physical frame within which man struggles to survive. No Christian can accept so narrow a definition of environment; his natural habitat is the universe of time and space, but he is also envired by another dimension, eternity.

This dimension has dropped out of contemporary life. The modern outlook does not include it, with the re-

sult that multitudes of people no longer feel a sense of life as participation in a cosmic adventure. They have come to believe that the world of things which can be seen, felt, measured, and tested is man's sole habitat. Belief in the reality of things not seen has dimmed or disappeared and we are living, so the French writer, André Malraux, tells us, in "the first agnostic civilization." This charge, or description, is all too true. It is a fundamental assumption, unconsciously presupposed in our time—and thus more a mood than a premise—that man is a creature of the natural order only. It was the evil genius of Karl Marx to seize upon this mood and make it explicit. Communism today offers a godless religion and a this-worldly salvation, a caricature or parody, point by point, of Christianity. And one has the uneasy feeling that many people, now on the fence, would go communist except for an inertia which prevents them from following their premises to the bitter end.

We are living, some have suggested, in the post-Christian era. Our outlook is, in general, man-centered, secularist, and utopian. It is materialistic and rationalistic. It uses majority decision as its criterion of right. It asserts a false individualism as against natural associations such as the family and intimate community groupings, and then it turns to nationalism as the principle of social cohesion. There are very few new truths, but there are always lots of new errors—and these are some which have gained acceptance during recent centuries. The axioms now widely taken for granted are largely eight-

eenth and nineteenth century products, and they are alien to the Christian and humanist tradition. But even though they seem more deeply entrenched than ever in the popular mentality, they have already come under fire from some of the more discerning minds.

Socialism Lacks Appeal

The acids of modernity may have eaten away at historic Christianity, but more recently they have also attacked the Enlightenment faith. Christianity has been purged of some undesirable accretions during this ordeal, but its rival has probably been damaged beyond repair. Reflect further on some of the tenets of the latter and ask: Where are now its votaries? Futurism, the gospel of unimaginable progress; scientism, belief in the messianic potential of science; democracy, faith in the omniscience of majorities; socialism, utopia by means of political ownership—who now defends these dogmas? They still have their partisans, true, but they gain few recruits. Christianity, on the other hand, is resurgent; not always wisely so, perhaps, but it is, at any rate, alive enough to challenge the ablest contemporary minds. It fared badly under the shallow optimism which reigned last century because Christianity is a religion of hard answers. It is not called into play when men are content with glib answers to soft questions; it partakes of the tragic view of life.

Henry Adams ironically remarked that his contemporaries had “solved the universe.” Christianity is not for

the likes of these. But today's crisis is religion's opportunity. Life again confronts men with paradox, uncertainty, dilemma, and catastrophe; the smooth façade is dented and breached. Man tries to play God and fails to secure even a niche for himself in any pantheon. The homemade heaven he tries to fashion on earth—in totalitarian lands—resembles an old-fashioned hell. He aspires to the role of deity and reverts to subhumanity. Perhaps if men attempt a more modest role—to become truly human—we may, with God's help, make it. But such a choice as this demands an individual commitment. Before we seek for better answers, let alone hard answers, we must start to ask the right questions. In this respect each of us needs all the help he can get, and he can get help from the right books.

This analysis will hardly find favor with professional educationists, nor with those who reject religion. But even many churchmen, regrettably, are more at home with sentimentality than hard, rigorous thinking. They will be uncomfortable with anything that challenges them to re-examine things they have taken for granted.

Many churchmen are disturbed because the Bible may no longer be read in the so-called public schools, but how many acknowledge the inevitability of the secularist trend in tax supported and politically controlled schools? The state is secular in a free society, the alternative being some form of caesaropapism. It follows that wherever government gets into the education business—whether at local or national levels—its influence will tend to secularize the schools. The churches respond to this chal-

lence by offering released-time religious instruction, and by establishing—at a progressive rate—their own week-day schools. Laudable as are these efforts, it is feared that, in all too many cases, parochial and private schools operate with the same theories of education as tax supported institutions.

The Nature of Man

Before we can discuss the nature of education intelligently, we must have come to some understanding of the nature of man. Soviet schooling with its emphasis on scientific and technological instruction, reflects the Marxian understanding of human nature. Whatever else we say about the Marxian view of man, we must certainly admit that it falls short in every dimension of the Christian view of man—a creature created by God for fellowship with Himself. If the Christian view of man's nature and destiny is our premise, we cannot possibly agree that even a superbly trained engineer is a finished educational product. We need lots of engineers in modern society, and good ones are to be preferred to those less highly skilled. But engineering is in the realm of means, and the crucial question concerns the ends to be served by these means. It's fine that we constantly improve our means, but unless we simultaneously improve our ends we generate a conflict by hitching too much power to too little purpose. "Power is never a good," Alfred the Great observed, "except he be good that has it." It would further the interests of clarity if we could

use the word training to describe the instruction that has to do with means, or instrumental knowledge; reserving the word education for that which has to do with ends, or formative knowledge.

Instruction in instrumental knowledge is not education, although it is part of education and useful in its own right. It is needful that men possess such skills as the ability to lay bricks, cut hair, add figures, perform experiments in physics and chemistry, write books, and preach sermons. But while the possession of such skills is desirable and important, their exercise is not the distinctive mark of an educated man. It is true, however, that an educated man ought to have a quiverful of such and similar talents and be able, like Jefferson, "to calculate an eclipse, survey an estate, tie an artery, plan an edifice, try a cause, break a horse, dance a minuet, and play the violin." But this is merely to say that a man ought to be trained as well as educated.

Inherent Defects of the System

The so-called public school system in the United States stems mainly from the nineteenth century and partakes of the dubious philosophy of that time and subsequent periods. As a system of instruction supported by taxation and compelling attendance it was bound to veer toward secularism and statism, but other inherent defects were apparent as well. Late last century the astute French critic, Ernest Renan observed that "countries which, like the United States, have set up considerable popular in-

struction without any serious higher education, will long have to expiate their error by their intellectual mediocrity, the vulgarity of their manners, their superficial spirit, their failure in general intelligence." (Quoted by Albert Jay Nock in *The Theory of Education in the United States*, Chicago, 1932, 1949, p. 20)

In the twentieth century, compulsory government schooling got its philosopher, John Dewey. "The educational process," as viewed by this influential teacher, "has no end beyond itself." Education is "vital energy seeking opportunity for effective exercise." (John Dewey, *Democracy and Education*, N. Y., 1921, pp. 59 and 84) The Dewey philosophy is pragmatic, experimental, and instrumentalist—not advanced tentatively for argument and debate, but insisted upon dogmatically as the only permissible point of view. I. L. Kandel, Professor of Education Emeritus, Teachers College, Columbia University, writes, in *School and Society* for August 22, 1953, "The critic, however sincere, who ventures to comment adversely on the consequences of the cult of pragmatism, experimentalism, or instrumentalism is regarded as almost committing sacrilege."

But now it is admitted on all sides that the sacred cow is out of sorts. There is something wrong with our system of education because there is something wrong with our theory of education, and we won't correct our system until we straighten out our theory. But this we cannot even begin to do unless we know what is normative. We really do know, as a matter of fact, but we need to be reminded that the norms are Christian imperatives.

THE POWER OF TRUTH

by *Leo N. Tolstoy*



THE POWER of the government is maintained by public opinion, and with this power the government, by means of its organs—its officials, law courts, schools, churches, even the press—can always maintain the public opinion which they need. Public opinion produces the power, and the power produces public opinion. And there appears to be no escape from this position.

Nor indeed would there be, if public opinion were something fixed, unchangeable, and governments were able to manufacture the public opinion they needed.

But, fortunately, such is not the case; the public opinion is not, to begin with, permanent, unchangeable, stationary; but, on the contrary, is constantly changing, moving with the advance of humanity; and public opinion not only cannot be produced at will by a government but is that which produces governments and gives them power, or deprives them of it. . . .

No feats of heroism are needed to achieve the greatest and most important changes in the existence of humanity; neither the armament of millions of soldiers,

These passages are selected from Count Tolstoy's essay on *Patriotism and Christianity* written in 1894.

nor the construction of new roads and machines, nor the arrangement of exhibitions, nor the organization of workmen's unions, nor revolutions, nor barricades, nor explosions, nor the perfection of aerial navigation; but a change in public opinion.

And to accomplish this change no exertions of the mind are needed, nor the refutation of anything in existence, nor the invention of any extraordinary novelty; it is only needful that we should not succumb to the erroneous, already defunct, public opinion of the past, which governments have induced artificially; it is only needful that each individual should say what he really feels or thinks, or at least that he should not say what he does not think.

And if only a small body of the people were to do so at once, of their own accord, outworn public opinion would fall off us of itself, and a new, living, real opinion would assert itself. And when public opinion should thus have changed without the slightest effort, the internal condition of men's lives which so torments them would change likewise of its own accord. . . .

The governments know this, and tremble before this force, and strive in every way they can to counteract or become possessed of it.

They know that strength is not in force, but in thought and in clear expression of it, and, therefore, they are more afraid of the expression of independent thought than of armies; hence, they institute censorship, bribe the press, and monopolize the control of religion and of the schools. But the spiritual force which moves the world

eludes them; it is neither in books nor in papers; it cannot be trapped, and is always free; it is in the depths of consciousness of mankind. The most powerful and untrammelled force of freedom is that which asserts itself in the soul of man when he is alone, and in the sole presence of himself reflects on the facts of the universe, and then naturally communicates his thoughts to wife, brother, friends, with all those with whom he comes in contact, and from whom he would regard it as sinful to conceal the truth.

No milliards of rubles, no millions of troops, no organization, no wars or revolutions will produce what the simple expression of a free man may, on what he regards as just, independently of what exists or was instilled into him.

One free man will say with truth what he thinks and feels amongst thousands of men who by their acts and words attest exactly the opposite. It would seem that he who sincerely expressed his thought must remain alone, whereas it generally happens that everyone else, or the majority at least, have been thinking and feeling the same things but without expressing them.

And that which yesterday was the novel opinion of one man, today becomes the general opinion of the majority. And as soon as this opinion is established, immediately by imperceptible degrees, but beyond power of frustration, the conduct of mankind begins to alter.

Whereas at present, every man, even if free, asks himself, "What can I do alone against all this ocean of evil and deceit which overwhelms us? Why should I express

my opinion? Why indeed possess one? It is better not to reflect on these misty and involved questions. Perhaps these contradictions are an inevitable condition of our existence. And why should I struggle alone with all the evil in the world? Is it not better to go with the stream which carries me along? If anything can be done, it must be done not alone but in company with others."

And leaving the most powerful of weapons—thought and its expression—which move the world, each man employs the weapon of social activity, not noticing that every social activity is based on the very foundations against which he is bound to fight, and that upon entering the social activity which exists in our world every man is obliged, if only in part, to deviate from the truth and to make concessions which destroy the force of the powerful weapon which should assist him in the struggle. It is as if a man, who was given a blade so marvelously keen that it would sever anything, should use its edge for driving in nails. . . .

Let the government keep the schools, church, press, its milliards of money and millions of armed men transformed into machines: all this apparently terrible organization of brute force is as nothing compared to the consciousness of truth, which surges in the soul of one man who knows the power of truth, which is communicated from him to a second and a third, as one candle lights an innumerable quantity of others.

The light needs only to be kindled, and, like wax in the face of fire, this organization, which seems so powerful, will melt, and be consumed.

THE NEW SCIENCE AND THE NEW FAITH

by *Donald H. Andrews*



IF WE LOOK about the world today, we can see clearly that there are two especially significant factors shaping the future of our civilization: *science* and *religion*. Science is placing in our hands the ultimate power of the universe, the power of the atom. Religion, or the lack of it, will decide whether we use this power to build a brave new world of peace and abundance for all mankind, or whether we misuse this power to leave a world utterly destroyed. How can we have the wisdom to meet such a new and difficult challenge?

We may feel pessimistic at the outlook. And yet there is a note of hope, because this same science that is giving us the power of the atom is also giving us atomic vision. We are looking inside the atom and seeing there a universe which is not material but something beyond the material, a universe that in a word is not matter but music. And it is in this new vision of the atom that we find an affirmation and an invigoration of our faith.

Dr. Andrews is Professor of Chemistry, the Johns Hopkins University. This was delivered as a Laymen's Sunday sermon at Bryn Mawr Presbyterian Church, October 23, 1960.

Atomic Energy

To see this vision in perspective, we need first of all a clear idea of the magnitude of this new power from the atom. You know that I could hold right here in my hand the little chunk of uranium metal that was the heart of the bomb that dropped on Hiroshima. It was only about the size of a baseball; but packed in that metallic ball there was the explosive force of 20,000 tons of TNT. That is enough TNT to fill the tower of the Empire State Building; and with the availability of bombs of that size, war became a new problem.

Now we might have restricted the use of uranium bombs by controlling the sources of uranium because it is found in only a few places in the world. But we had hardly started to adjust our thinking to this new uranium weapon when we were faced with the hydrogen bomb. Hydrogen is just as plentiful as uranium is scarce. We know that we have hydrogen in water; water is H_2O and the H stands for hydrogen; there is also hydrogen in wood and hydrogen in our bodies. I have calculated that if I could snap my fingers in one magic gesture to release the power of all the hydrogen in my body, I would explode with the force of a hundred bombs of the kind that fell on Hiroshima. I won't try the experiment, but I think you can see that if we all knew the secret, and we could all let ourselves go, there would be quite an explosion. And then think how little hydrogen we have in us compared with the hydrogen in Delaware Bay or in the ocean beyond. Salt water is still H_2O ; the

same hydrogen is there. And the size of the ocean shows us the magnitude of the destructive power we hold in our hands today.

Of course, there is also an optimistic side to the picture. For if I knew the secret of letting this power in my body change directly into electricity, I could rent myself out to the electric light companies and with just the power in my body, I could light all the lights and run all the factories in the entire United States for some days. And think, if we all knew this secret and we could pool our power, what a wonderful public utility company we would make. With just the hydrogen of our bodies, we could run the world for years. Then think of Delaware Bay and the ocean and you see that we have a supply of power for millions of years to come. It is power with which we can literally rebuild the world, provide adequate housing, food, education, abundant living for everyone everywhere.

An Octillion Atoms

Now let us see where this power comes from. To grasp our new view of the atom, we have to appreciate first of all how small the atom is. I have been trying to make this clear to my own class in chemistry. One night there were some dried peas lying on our kitchen table, and these peas looked to me like a little group of atoms; and I asked myself a question. Suppose I had the same number of peas as there are atoms in my body, how large an area would they cover?

I calculated first that there are about an octillion atoms in the average human body; that is a figure one with 27 ciphers, quite a large number. Then I calculated that a million peas would just about fill a household refrigerator; a billion peas would fill a small house from cellar to attic; a trillion peas would fill all the houses in a town of about ten thousand people; and a quadrillion peas would fill all the buildings in the city of Philadelphia.

I saw that I would soon run out of buildings at this rate, so I decided to take another measure—the whole state of Pennsylvania. Imagine that there is a blizzard over Pennsylvania, but instead of snowing snow, it snows peas; so we get the whole state covered with peas, about four feet deep. You can imagine what it would look like going out on the turnpike with the peas banked up against the houses and covering the cars; Pennsylvania thus blanketed would contain about a quintillion peas.

But we still have a long way to go. Next we imagine our blizzard raging over all the land areas of the entire globe—North America, South America, Europe, Asia, and Africa, all covered with peas four feet deep; then we have sextillion peas. Next we freeze over the oceans and cover the whole earth with peas, then we go out among the neighboring stars, collect 250 planets each the size of the earth, and also cover each of these with peas four feet deep; and then we have septillion. Finally we go into the farthest reaches of the Milky Way; we get 250,000 planets; we cover each of these with our blanket of peas and then at last we have octillion peas correspond-

ing in number to the atoms in the body. So you see how small an atom is and how complicated you are.

Now although an atom is small, we can still in imagination have a look at it. Let us focus on an atom of calcium from the tip of the bone of my finger and let us suppose that I swallow a magic *Alice in Wonderland* growing pill. I start growing rapidly and this calcium atom grows along with me. I shoot up through the roof, into the sky, past the clouds, through the stratosphere, out beyond the moon, out among the planets, until I am over a hundred and fifty million miles long. Then this atom of calcium will swell to something like a great balloon a hundred yards across, a balloon big enough to put a football field inside. And if you should step inside of such a magnified atom, according to the physics of forty years ago, you would see circulating over your head, down at the sides, and under your feet, some twenty luminous balls about the size of footballs. These balls are moving in great circles and ellipses, and are of course, the electrons, the particles of negative electricity which by their action create the forces that tie this atom of calcium to the neighboring atoms of oxygen and make up the solid structure of my finger bone.

Since these electrons are moving like planets, you may wonder whether there is an atomic sun at the center of the atom. So you look down there and you see a tiny, whirling point about the size of the head of a pin. This is the atomic sun, the atomic nucleus. Even if the atom were big enough to hold a football field, this nucleus is still only about the size of a pinhead. It is this atomic

nucleus that contains the positive charge of electricity holding these negatively charged electrons in their orbits; it also contains nearly all the mass, and the atomic energy.

You may ask what else there is, and the answer is nothing—nothing but empty space. And since you are made of atoms, you are nothing much but empty space, too. If I could put your body in an imaginary atomic press and squeeze you down, squeeze these holes out of you in the way we squeeze the holes out of a sponge, you would get smaller and smaller until finally when the last hole was gone, you would be smaller than the smallest speck of dust that you could see on this piece of paper. Someone has remarked that this is certainly the ultimate in reducing. At any rate, it shows us how immaterial we are.

Music of the Spheres

Now this 1920 view of the atom was on the whole a discouraging picture. For we believed that the electrons obeyed the law of mechanics and electrodynamics; and therefore the atom was really just a little machine; and in mechanics the whole is no more than the sum of the parts. So if you are made of atoms, you are just a big machine; and since the universe is also made of atoms, it is just a supermachine. And this would mean that we live in a mechanistic universe, governed by the laws of cause and effect, bound in chains of determinism that hold the universe on a completely predetermined course

in which there is not room for soul or spirit or human freedom. And this is why so many scientists a half a century ago were agnostics or atheists.

Then came the scientific revolution in the late 1920's. A suggestion from Louis de Broglie, a physicist in France, showed us that these electrons are not point particles but waves. And to see the meaning of this new picture, imagine that you can put on more powerful glasses and go back inside the atom and have a look at it in the way we view it today. Now as you step inside, instead of seeing particles orbiting around like planets, you see waves and ripples very much like the ripples that you get on the surface of a pond when you drop a stone into it. These ripples spread out in symmetrical patterns like the rose windows of a great cathedral. And as the waves flow back and forth and merge with the waves from the neighboring atoms, you can put on a magic hearing aid and you hear music. It is a music like the music from a great organ or a vast orchestra playing a symphony. Harmony, melody, counterpoint symphonic structure are there; and as this music ebbs and flows, there is an antiphonal chorus from all the atoms outside, in fact from the atoms of the entire universe. And so today when we examine the structure of our knowledge of the atom and of the universe, we are forced to conclude that the best word to describe our universe is *music*.

Now this gives us a completely new philosophy. You see, if the universe were just a great machine, then it would be governed by mechanistic determinism and it would yield a hopeless outlook. But in music the *whole*

is *more* than the sum of the parts. In music it is the aspect of the *whole* that is significant. Play a single note from a symphony and it may be pleasing or it may be harsh, but by itself it means very little. Only when all the notes are blended in the entire form, in the harmony, the melody, and the counterpoint, do we have the deep significance and power of the symphony. And interpreting life in this new perspective, we see that a human being is not a machine but a symphony.

A Part of the Universe

As you listen now, you don't hear this music of the spheres all around you; and you may ask why. First, although part of this music does actually consist of sound, it is so inaudible, so slight in energy content, that our ears cannot perceive it. Another part of this music consists of electrodynamic radiation like light; actually at this moment you are filled with a kind of symphonic light. And not only are you filled with it, you are also radiating it, and this can be proved very easily in the laboratory. Of course, if you turn out the lights and stand in the dark, you do not appear to be glowing; yet if you stand in front of an infrared television camera in complete darkness, the television screen will show you as a glowing form, beaming with light which radiates out from you as a result of the vibration of your atoms. This is an established physical fact.

Far beyond that, in these new waves first discovered by de Broglie, we have a new kind of phenomenon in

the universe, a new kind of dynamic form which ties the entire universe together in a new kind of unity. You may think that you are here sitting comfortably and quietly, but actually you are only focused here; you are spread out over the neighboring fields, over the surface of the earth, and throughout the entire universe.

I think that you can see this pattern if you think first of the force of gravity. If I let my hand fall, the reason it falls is not because bodies naturally fall, but because every atom in my hand is tied by the invisible threads of gravity to all the atoms in the trillions of tons of matrix rock which lie in the core of our earth. The reason you are sitting quietly and not floating up around the ceiling is because you also are tied by these invisible threads to the core of the earth beneath. But this is not all. If I wave my hand, these threads of gravity stemming from it not only move the leaves on the trees outside, create ripples down on the water of the bay, but also move the moon; the sun feels this motion, and the stars; even the farthest nebula will tremble because of the motion of my hand. As a famous physicist put it, every heartbeat is felt through the entire universe.

A Unity and Common Focus

And of course, this action is a two-way street. Not only do the forces from our bodies go out throughout the entire universe but the entire universe is feeding back both gravitational and de Broglie waves to us. If I cup my hands, in a very real sense I am holding be-

tween them the entire universe. Here between my hands is this fabric of dynamic force, coming here from every atom in the universe. Every one of these atoms is sending its mysterious influence all around us. We see that in this new sense we transcend space. We have to view our universe, not in terms of the location of points, not in terms of being *here* and not there, but in terms of a unity, a dynamic form in which all action and all reality have common focus. And in these terms, our faith and our religion take on new significance.

We not only have this transcendence of space; we also find that the phenomenon of life transcends time. Today we know very little of the mysteries of the beginning and ending of time, of the creation and the ultimate destiny of the universe. We only begin to see dimly in perspective something of the events that took place billions of years ago when the relations of matter, energy, space, and time were very different from what they are today. We cannot say positively whether the universe was created at a definite point of time. Some physicists believe that there was an act of creation about ten billion years ago. Others say, "If that is so, what was happening *before* the creation of the universe?" Of course, that is an old question. St. Augustine was once asked, "What was the Lord doing before creation?" and is said to have replied that He was creating a special kind of hell for people who ask such questions.

Today we have to be content with very fragmentary knowledge of these initial cosmic events; but we see enough to realize that time does not go infinitely back-

ward in a kind of stale uniform structure. There is in the origin of time some deeper meaning; and by symmetry we can believe that at the end of time, there is also a deeper meaning. So in this aspect of the whole of life, we perceive a reality that transcends time and merges into eternity.

Transposed Through Time

I think you can see this if you try to look at life in the atomic perspective. As you sit now with your octillion atoms, you are constantly exchanging old atoms for new. Every time you breathe, you breathe in quadrillions of oxygen atoms; you breathe out other quadrillions of molecules of carbon dioxide. It has been estimated that the atomic content of the entire body on the average is renewed about every five years, some parts faster and some parts slower.

Take Julius Caesar, for example, 2,000 years ago. Caesar went through many sets of octillion atoms in the course of his lifetime. And those atoms are now diffused pretty well around the entire surface of the earth; so it is an easy calculation to show that there is a high probability that you have in your body right now a thousand atoms that were once in the body of Julius Caesar. Of course, you also have atoms from Caesar's wife, from Caesar's dog, from the trees in Imperial Rome, in fact from nearly all the living objects that were here on earth 2,000 years ago.

Science tells us that there is really little significance

in our possession of Caesar's atoms because we have today a new concept of the meaning of atomic individuality, and we believe that we cannot identify individual atoms. Nevertheless, this is a perspective that gives us a sense of unity in time. And speaking very reverently, we believe that Christ lived on earth as a man, that he shared our human lot, that he breathed as we breathe; and in the same perspective we can say that each of us has in his body a thousand atoms that were once in the body of Christ. And beyond this, science says that there is a reality still more significant. Individual atomic content means very little; for in this new perspective, the individual atoms are scarcely more than the shadows of a far deeper reality that we find in this total atomic *harmony* within us, the spirit of our Creator within us.

One of my friends suggested that human life is like an orchestra. There are octillion musicians on a vast stage; and as the symphony of life is played, many players rise and leave the stage and their places are taken by others; but the symphony goes on without a break and the director remains the same. You see that this perspective is now focusing on the whole which is more than the sum of the parts; and it tells us that there is in each of us an eternal core, call it dynamic force, call it personality, call it spirit or soul or symphony or what you will; there is in us this core, this director of our symphony of life that somehow has an invariance that transcends the changes of space and time. And in this way, we can understand that in mortal life there is this immortal reality that merges with the eternal.

In this perspective we can also see better our relations to our Creator. We are not infinitesimal beings on a small planet in a remote corner of the universe. Somehow the universe merges with us and in this new vision we can understand how there can be a Creator of the universe who holds in his hands the farthest reaches of the stars and at the same time stands close to each of us as a loving Father ready to strengthen and sustain us if we turn to him.

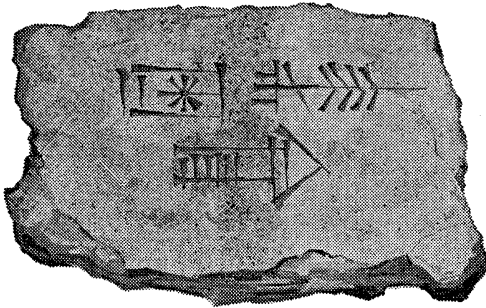
We see that literally the kingdom of heaven is around us and within us, that there is a spiritual domain with a reality far deeper and more significant than anything tangible and visible. And we see that this domain is where we live and move and have our being. We see that the ultimate power of the universe is not the shattering power of the atom, but the vitalizing power of love, the love of our Creator for us, the love that we should have for him and for our fellow human beings.

Today we must begin to live our lives in these new terms, living not as machines moving in superficial space, but as children of our Creator, moving in the domain of the spirit, close to our Creator when we turn to him, held ever in his loving hand. Living thus, we can face the vast problems of this new atomic age and can hope to solve them victoriously.

I believe that we can achieve this new faith. I believe that in this faith we can win the victory of this new age. And when that glad day comes, I believe we will understand with new wisdom the meaning of "Ye shall know the truth, and the truth shall make you free."

HOW TO REDUCE TAXES

by *Leonard E. Read*



THE CUNEIFORM SIGNS, as shown above, are copied from a clay cone now on display at The Louvre. The cone was excavated by the French at the site of ancient Lagash, a prehistoric city located in Mesopotamia. The messages on the cone were etched with a reed stylus on soft clay during the third millennium B.C.¹

While the experts on Sumerian civilization may not agree precisely in their interpretations, the consensus is that the above three signs mean "freedom from taxes." There are two features to observe about these ideograms.

¹ See Samuel Noah Kramer, *From the Tablets of Sumer* (Indian Hills, Colorado: The Falcon's Wing Press, 1956), Chapter 6, "The First Case of Tax Reduction," pp. 41-46.

First, the word "freedom" here puts in its earliest written appearance. Second, is the remarkable clarity used to depict "taxes." These Sumerians expressed in a symbol the nature of governmental "take" better than we express the process in our modern languages. Note its barb or fishhook or harpoon characteristics, suggesting, so very clearly, that this instrument is one which can be thrust into, but hardly retrieved from whatever it penetrates. The nature of taxation thus revealed itself at the very dawn of history, and experience confirms this early disclosure: Taxes are easy to increase but almost impossible to decrease.

We need not go beyond the experiences of our own country in this century to verify the one-way tendency of our taxes. They continue to penetrate inexorably deeper, always advancing, never receding. Look at the record: The population of the U. S. A. increased from 76 million in 1900 to 174 million in 1958 while government expenditures *per person* (in terms of 1947-49 dollars) rose from \$56 in 1900 to \$580 in 1958, a more than tenfold expansion of governmental assessments *per person*—man, woman, and child.

Where is the end of all this? If the trend of the past few decades be projected into the future—the near future even—the prospect is that of a once great economy flying to pieces. The expenditures of government (now equal to 35 per cent of the peoples' earned income) have long since passed the point where they can be met by direct tax levies. Inflation—increasing the volume of money—is then resorted to. This reduces the value of

the monetary unit. Serious in our country? The dollar has lost 52 per cent of its purchasing value since 1939!

Historically, in most instances, governments resort to inflation when the collection by government reaches 20 to 25 per cent of the country's earned income.² As a rule this is the level beyond which direct tax levies become politically inexpedient. Inflation, therefore, becomes the only alternative means of financing excessive expenditures. And the more overexpanded the government, the more the inflation!

Inflation in the U. S. A., however, is more dangerous than in other countries and for a simple reason: We are more specialized than other people are or ever have been. We are so specialized that all of us are dependent upon the exchange of our numerous specializations. In a highly specialized economy such as ours, the exchanges are not by barter; a circulating medium of exchange is required. This is money's most important function.

Inflation, let it be repeated, is a politically engineered increase in money volume. This thins or dilutes the circulating medium. The medium can, assuming a continuation of inflation, become so thin that it will lose all of its circulating power. This is what happened in Germany after World War I when 30 million marks would not purchase a loaf of bread.

²"Dr. Colin Clark, the Australian economist, has concluded from his study of governmental costs that whenever the figure for any country rises to more than 20 or 25 per cent, progressive inflation and the debauchery of the currency is likely." See p. 110, *Liberty: A Path to Its Recovery* by F. A. Harper. Irvington-on-Hudson, N. Y.: The Foundation for Economic Education, Inc., 1949.

The Moral Case for Freedom

The purpose of this paper, however, is not to point out the dangers of government in an ever-expanding role with its ever-increasing costs, and the ultimate consequence of this course—inflation. These threats are well known to all individuals who are likely to be of any help in slowing down and eventually reversing present trends. Not as well known is the fact that a mere rehashing of these threats, coupled with scoldings and exhortations, will not turn the tide. People simply are not frightened away from collectivism by statistical or mathematical or materialistic arguments which show the expansion of government, the rise of the debt, the bite of taxation, the erosion of the dollar, the extent of inflation, and so on.

The purpose of this paper, therefore, is (1) to suggest that arguments on behalf of freedom, when confined to the materialistic—which too often they are—account in part for the seemingly irreversible one-way direction of the taxing process and (2) to draw attention to the moral arguments that must be perfected and presented if any change is to be brought about.

Omitting the enormous activities and costs related to the “cold war,”³ government’s expansion in the U. S. A.—

³ While the wastes and excesses in current “defense” expenditures are related to a spreading acquiescence to socialism, this aspect of the subject is beyond the scope of this paper. The purpose here is served by pointing out that for fiscal 1961 “defense” expenditures are one per cent higher than at the end of the Korean War. But, nondefense expenditures are 86 per cent higher! See *Monthly Tax Features*, February 1960. Tax Foundation, Inc., New York, N. Y.

and elsewhere, for that matter—is a growth in socialism. It is an increasing practice of the collectivistic concept—the notion that the individual exists for the group, by the group's permission, and for the group's sake.

This concept denies the Creator and substitutes therefor the omnipotent State as the source of man's rights and the dispenser of privileges. State supervision of welfare and prosperity is substituted for personal responsibility. The State takes from and gives to, as its political hierarchy sees fit. The Marxian ideal, "from each according to ability, to each according to need," is, quite consistently, part and parcel of the collectivistic doctrine. Ignored is the idea that government is for the purpose of securing the inalienable rights of man. It cannot be otherwise, for the State, not the Creator, is the ultimate sovereign—according to collectivism.

Examples of this from-each-according-to-ability-to-each-according-to-need thesis are the progressive income tax, TVA, government mail delivery, government housing, compulsory social security, subsidies to farmers, protections against competition, federal aid to education, and so on. A specific example would be a federal grant for a local hospital.

Taking this specific example, the people who seek federal aid for their local hospital present a united front. They achieve a political unanimity, a wholeness, and their demands come through clear and loud. Once the hospital is built it stands as tangible evidence of an "accomplishment," a monumental testimony to the "wisdom" of its sponsors. The good it does is visible. It can

be photographed and publicized as a concrete instance of community welfare.

Now this federal grant-in-aid means of local achievement does have some opponents. An observant taxpayer who resides in New York sees no reason why he should be compelled by the political apparatus to subsidize the citizens of Los Angeles or Dallas. But suppose he expresses his opposition materialistically as he invariably does. He may, for instance, complain about the cost to him. And, how much is that? Why, only a pittance—30 cents, perhaps. What a niggardly position to take! He, with his big income! And, if he argues that anyone, regardless of how wealthy, can be “pennied and dimed” to death, he is confronted with the impossible task of naming the instances that take so many of his pennies and dimes. He may even generalize about national financial trends but, to do so, he must talk in terms of billions of dollars. Such terms are as incomprehensible to his listeners as are 100,000,000 light years.

Opponents of socialism who argue only materialistically would be well advised to add the moral argument.⁴ As distinguished from socialism’s proponents, with their

⁴ Dr. Thomas Nixon Carver, thirty-two years Professor of Political Economy at Harvard University, once said to me, “The two most influential books in Western Civilization have been the Bible and Adam Smith’s *Wealth of Nations*.” Adam Smith and the Biblical writers were, among other things, moral philosophers. Reflect, also, on the thinking that went into the Declaration of Independence, the discussions in the Constitutional Convention, and the arguments set forth in *The Federalist Papers*. The appeals were not made on the basis of material advantages. The arguments were in the realm of moral philosophy, and the case was won by appealing to man’s sense of justice.

united front, they are a splintered and fragmented lot. It is next to impossible for them to unite on materialistic terms.⁵ The financial injuries done to them are not alike in any two instances, nor do the injuries, imposed in dribbles, greatly excite the victims. The damage is done more or less unobserved. Nor can these material injuries be photographed, or dramatized with any persuasiveness. Invisible, material erosions of an individual's larder are no match for the huge government dam or the new, merciful, thousand-bed hospital. This is a one-sided contest between the seen and the unseen, with the thing seen considered real while the unseen is dismissed as imaginary.

Supplying groups of the population with government pap as quickly destroys their capacity to fend for themselves as does the hand-feeding of squirrels. Men as well as animals tend to regard any coddling as a right. Simply reflect on any of the thousands of special privileges granted by government, of more than a year's duration, and see if one can be discovered that is not already re-

⁵ Experiences of the past three decades support this contention. Many antisocialists have been certain of a common private property interest among the millions of insurance policyholders, shareholders, and homeowners. However, repeated attempts to organize them against socialism have come to naught. They simply will not coalesce along materialistic lines. Nor should we believe that wage earners have been brought together in labor unions by reason of monetary motivations. Their enormous memberships have been achieved by (1) coercion and (2) the conviction that the "benefits" they seek are rights. More obvious to many union members than to the rest of us is the fact that they do not make money by striking. These costly ventures, like their expensive union memberships, are either forced upon them or charged off to "gaining rights for the workingman."

garded as a right. How can it be otherwise if the collectivistic notion is accepted that government is the grantor of rights as well as the dispenser of privileges? The opponents of socialism are on weak ground if they rely on materialistic arguments against those who believe in their privileges as rights. The socialists bring "human rights" to their side; the adversaries only complain about pilfered pennies and dimes.

A Moral Reorientation

Over the past fourteen years I have lectured at scores of meetings before audiences of nearly every type. In most of these lectures, I have expressed in materialistic terms the course our country is now on, and my conclusions—also in materialistic terms—have been actually frightening. Never once have my facts, the documentation, or the conclusions been challenged. Yet, in all these years, I have never witnessed a single individual who was moved away from his collectivistic notions by reason of a fear of what the future held for him materialistically.⁶ The collectivist, communist, socialist, state interventionist—call him what you will—merely responds,

⁶ The material needs of Americans are satisfied to an unprecedented degree. This explains, in part, why appeals to material well-being are so futile. Douglas Murray McGregor of Massachusetts Institute of Technology has this to say: "Man is a wanting animal—as soon as one of his needs is satisfied, another appears in its place Man's needs are organized in a series of levels—a hierarchy of importance Man lives for bread alone, when there is no bread But when he eats regularly and adequately, hunger ceases to be an important motivation A satisfied need is not a motivator of behavior!" See *The Management Review*, November 1957.

in effect: "I will suffer any indignity for my faith!"

However, during these years, I have noted countless individuals who have made the ideological switch from collectivism to freedom. In every case, where diagnosis has been possible, the individual made the switch because he had grasped, for the first time in his life, the right and wrong of it all. The experience was a moral reorientation!

The materialistic argument has only the force of shouting, "Fire!" or "Man overboard!" It can compel attention. And there, it seems, its usefulness ends. If, after getting attention, one cannot advance the moral argument, he may only add to the state of confusion—like not being able to point out where the exits are, or not knowing how to conduct a rescue operation.

Adherence to Principle

It is only in the moral realm that socialism's antagonists—freedom's devotees—can find any common ground for concerted or unified effort. Where we can make no impression at all over the personal loss of 30 cents, or any multiplication of small change, we can win agreement on the point that there is no difference in principle between the forcible extortion of 30 cents and the forcible extortion of one million dollars. One is misappropriation as well as the other. The distinction is one of degree, not of kind. To violate the principle, even minutely, is to compromise the amount but not the principle. The principle is surrendered, regardless of amount.

To forswear allegiance to honesty and integrity—the principle here at issue—is to destroy the moral underpinnings without which no good society can endure.

Legalizing the forcible extortion of the citizens' resources does not alter the morality of the act. It merely absolves the offender of his crime—in the eyes of the legal apparatus! Not in the eyes of one's Maker! Absolution by the State has meaning only if it be conceded that man's rights to life and liberty are endowments of the State, that is, are endowments of those quite ordinary human beings who succeed in attaining political office. That these people are the source of rights is no more valid than the divine-right-of-kings thesis. It is only the modern way of rendering an old world fallacy.

Inalienable Rights

Once we accept the only alternative to state omnipotence, namely, that man is endowed by his Creator with certain inalienable rights, we cannot, logically, grant to government any powers which do not pre-exist in the individuals who organize it. These rights of the individual in relation to others, when viewed personally, are fairly clear and need little in the way of elaboration.

No sane farmer, in his capacity as an individual, would dream of forcibly collecting from all citizens a sum of money as payment for not growing wheat. No respected resident of Dallas would think of going about the country coercively collecting funds for a Dallas hospital, re-

ardless of how urgent the need. No thoughtful businessman would try to keep customers by personally forcing a competitor to raise his price for the same product. No wage earner with any sense of justice would, on his own, forcibly deny the right of another wage earner to any job connection peaceably agreed upon. No sensible individual would have the effrontery to impose his personal idea of a minimum wage or maximum hours on a nation's citizenry.

Moral standards for individuals, fairly well established by all the world's moral and ethical systems, find no reasonable sanction for modification by individuals acting concertedly, whether organized as governments or labor unions or trade associations. No new rights come into existence by collectivizing two persons or a million of them. If this is not a correct conclusion, then, pray tell, what is the magic number at which new rights originate?

The above is only suggestive. It has been set forth merely to stake out the area in which each of us should strive for perfection. For it is only in moral philosophy—the study of right and wrong, a qualitative discipline—that the case for freedom and the rights of man can be won. Short of a growing effectiveness in this area, we are committed to a continuance of the present course. The only end to this course of governmental expansion and its ever-penetrating tax take is, as history seems to reveal, either atrophy or revolution.

It is only when we understand that government can have no rightful powers of control, over and beyond

the powers that inhere in individuals as moral rights, that we can clearly recognize the proper limitations of the State. With this recognition will come the trimming process: government reduced to the enormously important function of *securing* the rights of man. Limited to this role—its only competence—government will become an aid, not an ailment; a bargain, not a burden. Taxes will then be a matter of relative unimportance.

Summarized, this paper insists that the only way to reduce taxes is for each devotee of liberty to become, as best he can, a moral philosopher. Too difficult? Only if the Golden Rule, the Ten Commandments, and the Declaration of Independence are beyond one's scope!

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