

ESSAYS
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LIBERTY

VOLUME IX



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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.

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Whose Bread I Eat—His Song I Sing

by J. G. McDaniel, M.D.

Not in the Constitution by George W. Nilsson

Having Our Cake and Eating It, Too

by Clarence B. Carson

The Web of Materialism by Charles H. Malik

Sharing the Gains by Harold M. Fleming

The Inpert Situation by Neil M. Clark

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THE IMPORTANCE OF BELIEFS

by Dean Russell



A WISE MAN once said, "Those who forever keep an open mind will have a lot of garbage thrown in it."

That is the theme of my brief remarks this evening to you pupils of Keith Country Day School—and to your teachers, parents, and friends who are sharing this occasion with you.

It seems to me that, increasingly, we Americans of today don't really believe deeply about anything. We seem to make a fetish about keeping an open mind on everything. As a result, the enemies of human freedom and human dignity are throwing in garbage by the bucketful.

As pupils in high school and adult citizens in the business and professional world, you will hear on all sides that the mark of an educated person is his toleration of opposing viewpoints. All along the line, you will be encouraged—and re-encouraged—to keep an open mind on all subjects, and to be ready always to listen to the "other side."

Dr. Russell is Professor of Economics and Chairman of the Department of Economics and Business Administration at Rockford College. This article is from his address at graduation ceremonies of the Keith Country Day School, Rockford, Illinois, June 8, 1961.

I am here this evening to question that concept of the educated man. I say flatly that no person is educated who has an open mind on, for example, the issue of human slavery. It is wrong morally, socially, and economically. It always has been wrong, and always will be wrong. My mind is totally closed on the subject. I point-blank refuse to listen to the "other side" of the question—that is, I will never listen seriously to anyone who favors human slavery.

I assume that you, too, have a closed mind on the issue of slavery. If so, you can now understand the point I am trying to make when I state so strongly that tolerance and open-mindedness are frequently dangerous and destructive.

This example of slavery is, of course, too obvious to prove anything. I have used it only to establish my thesis as quickly as possible—that is, some issues are not open to rational discussion. Now let us move on to issues that are more controversial.

For example, President Kennedy has just returned from a conference with the leader of Russia and of world communism. If our President went to that conference with an open mind on the issue of communism, he is a foolish man. But I assume that he, like me, has a totally closed mind on the subject. I assume that he is an educated person who understands that communism is a vile and false philosophy that can lead only to the complete loss of personal freedom and human dignity. I assume that our President went to that meeting merely to size up the enemy, to learn as much about

him and his plans as possible, and to better prepare himself to lead the Western world in its continuing struggle with the tyrants who have enslaved more than 800 million human beings. If that was his purpose—and, again, I assume it was—the trip could prove to be of value. For while we should never have an open mind on the subject of tyranny, we should always search for better ways to stop it, to defeat it, and to destroy it. True enough, the honest man may be forced to negotiate with the robber and murderer who holds a gun. But that unpleasant fact does not mean that the honest man has an open mind on the subjects of robbery and murder.

Again you may say, “The examples you have selected are too easy. Surely all of us are opposed to dictatorial communism. You still haven’t proved your thesis about the danger of perpetual open-mindedness and listening to all viewpoints.” I agree, but I’m not through yet. At this point, at any rate, I hope that you agree with me that only a foolish and uneducated person will keep an open mind on *all* subjects. Now let us explore a few issues that are not quite as easy as the two already cited.

Family Responsibilities

I believe that it is the moral, social, and economic duty of every parent to provide for his children as best he can. I also believe that it is the moral, social, and economic duty of every adult son and daughter to take care of his aged parents when they cannot provide for themselves. My mind is closed on the subject. I will not will-

ingly listen to the siren song of the welfare-staters who advocate the dishonoring of parents by turning them over to the government. Nor will I give any consideration whatever to the sincere but misguided humanitarians who are persuading parents to look to government to take care of their children for them.

I am convinced beyond any shadow of a doubt that the weakening of this parent-child mutual responsibility will lead steadily to the destruction of the family as a basic unit of society. And when the unity and the mutual responsibility of the family is gone, the basic purpose of organized society will disappear along with it. For obviously, there soon wouldn't be any individuals to concern themselves about freedom if the family unit were totally destroyed. But suppose, as seems more likely, that the family unit is not abolished but is merely corrupted and weakened. In that case, freedom for the individual will doubtless continue to be an issue. But it will tend increasingly toward a superficial and distorted form of freedom. That is, it will become a desperate struggle by various individuals to free *themselves* from slavery, rather than a fight against the idea of human bondage itself.

That is my belief. And as a result of it, I will not listen to any person—I will not voluntarily support any proposal or law—that will in any way undermine the moral and economic responsibility of parents for their children and of children for their parents.

If you still have an open mind on this subject, perhaps you have not fully considered the powerful evi-

dence that is so readily available. For example, it is not at all difficult to find families, in Rockford or any other city, where the parents look upon their children as hindrances to their pleasures. These children are generally neglected and are often abandoned. But for some perverted reason, this fact is seldom cited as an object lesson of what happens when family responsibility is weak or missing. Instead, it is used as an excuse to turn over to the state *all* children—fortunate as well as unfortunate—for supervision and care in many areas of our daily lives. The responsibility of the parents is automatically taken from them. Thus family unity in general is weakened still further in a misguided approach to this sad problem of helping the victims of disrupted families.

Let the State Provide!

Conversely, it is also easy to find families in which the children, in turn, recognize no responsibility whatever toward their parents. Increasingly, our solution to this equally sad problem is to demand that the state provide for *all* elderly persons, whether or not they have children who can support them. Thus the circle has come full turn. Parents vote to have the state support their children. And, in turn, the children vote to have the government support their parents. Under this immoral concept of parenthood and of honoring one's father and mother, it is hardly surprising to observe the rapid decline of the family as the basis of our society. It seems clear

to me that the result is a trend toward degradation of the parents, the absence of any real values in the children, and a society that is increasingly controlled and directed by governmental authority.

True enough, we employ the democratic mechanism to legalize this abandonment of our moral and family responsibilities. But this does not make the results any the better. It is just as immoral—and just as destructive of society—to vote our responsibilities away as it is to throw them away.

Even the communist leaders of Russia, who began by totally rejecting the family unit as the basis of their society, soon discovered that the results were disastrous. While the communist concepts of law and morality are still a distortion of reality, perhaps it is significant to observe that the concept of the family unit was eventually reinstated in Russia.

“Would You Let Them Starve?”

Now many of you may agree with the general thesis that I have here advocated, but add, “Yes, but the state must at least guarantee the bare necessities of life to everyone—food, clothing, education, housing, and so on. For after all, there *are* many children and old people who literally cannot provide for themselves and who have no one to provide for them. Would you let them starve, Professor Russell?”

My answer is clear. “No, I will not stand by and watch my neighbor starve. I will not tolerate a situation in

which children have no chance for an education. I will not knowingly permit a human being to die for lack of minimum medical care. I will do what I can to help them with my own time and my own money."

Please observe the pronouns I have used—I and mine. I use those pronouns proudly. I will not demean them—nor the sentiment behind them—by saying what "we" should do in this area of personal responsibility. You will, of course, do what seems to you right. And doubtless, you already have your own methods of fulfilling whatever moral responsibility you accept in this area. For what it is worth, here is my own particular approach to this ever-present problem of aiding my less fortunate and less capable fellow man.

First, I shall provide as well as I can for my own children, for my own parents, for my own family. Then I will do the best I can for my immediate neighbors who are in need. When that task exceeds my limited resources—as it does—I shall ask for your help. And I am confident that you will give it. On the community level, I will answer the plea of my church and various other voluntary agencies that are dedicated to helping the destitute and the less fortunate. I will also give due consideration to the appeals of other voluntary agencies that are dedicated to helping unfortunate persons on the state, national, and international levels.

But never will I turn to government for help in these areas. I will never join the sincere but misguided enemies of human dignity who think of themselves as good citizens and moral persons when they vote to take from

you your money to be used for some humanitarian purpose that *they* think is good. I will never do it because I am convinced that this procedure cannot be of lasting value to anyone and cannot provide a lasting solution to any problem in this area. In fact, it is clear to me that governmental solutions to these problems generally create two new and more difficult problems for every one seemingly solved.

I believe that any measure by government to make parents less responsible for their children—or children less responsible for the welfare of their parents—is another step in the direction of tyranny and the destruction of a moral society. If it continues from the cradle to the grave, it will make us only *things* to be manipulated, instead of *persons* to be respected. Thus I no longer pay any attention whatever to the dozens of differing viewpoints on the other side of this issue. I have listened to most of them in the past, I have studied many of them carefully, I have given much thought to their general promise and performance—and I have rejected them all as basically unsound. Thus I no longer have an open mind on the subject. If I listen at all, it is merely to try to discover some way to convince the persons who advance these ideas that their seemingly humanitarian proposals are basically evil and are destructive of the very thing they profess to want.

Now let's stop a moment and consider what I have said. Obviously I believe the thesis I have advanced here this evening; else I would not have submitted it to you. Is the validity of the thesis automatically proved merely

because I believe it? Not in the least! An idea is good or bad on its own merits; my belief in it does not make it either true or false.

Do you believe it? I do not know. But this much I do know. If you forever keep an open mind on the subject, the battle will be lost by default. You won't count, one way or the other. So I urge you to examine it, to think about it, and then to accept it or reject it. This does not mean, of course, that you can never thereafter examine new evidence, if such is discovered. It means only that you can then devote your time and thoughts to additional issues and ideas that also need your attention. If you accept this idea of personal responsibility, however, it will also mean that the enemies of liberty and dignity will then have one less open mind to throw garbage into.

It is important that each of us believe positively in something. In fact, as we discovered in Korea, beliefs are vital. The Chinese communists had considerable success in converting to their beliefs a certain segment among the captured American prisoners. But the evidence is clear that the Americans who went over to the other side had no deep beliefs in anything—God, family, country, or whatever. Thus their defection was not surprising. And I am convinced that this general lack of any positive belief is primarily responsible for our continuing losses in the “cold war” with the socialists, at home and abroad.

For example, in this nation we used to believe firmly in a personal God. But he isn't so popular anymore.

In this country we used to believe that the penniless immigrant and the poor boy from the farm could work themselves up to the top in the companies that employed them. That idea merely produces a cynical smile among the vast majority today.

We used to believe that our nation was the best and greatest in the world. But today, we spend a great deal of time apologizing for existing.

Only a few years ago, most Americans believed that every person was responsible for himself and his family—and that charity should provide for the unfortunate few who just couldn't make the grade—and that a subsidy from government was a disgrace to be avoided at almost any cost. That belief is now almost totally dead in America.

When we *had* strong beliefs and convictions, we were a growing people and a great nation. We knew where we were going and what we wanted. Today we don't. But the enemy does. The communists and socialists—at home as well as abroad—have strong beliefs and convictions. They know what they want and how to get it. And they are winning—not because their beliefs are good and true, but because so many of us who have not yet accepted the socialist philosophy don't really have strong beliefs and convictions to the contrary. Thus we can't possibly win—for the simple reason that we aren't fighting for anything.

Think about it. Yes, even pray about it. The issue is not merely important; it is vital.

WHOSE BREAD I EAT— HIS SONG I SING

by J. G. McDaniel, M. D.



I REMEMBER, as a small boy in knee britches, going with my father to hear an address given by the Honorable Stephen Pace, then congressman from the old Georgia 12th District. It was on the banks of the Ocmulgee River. There was a barbecue, and citizens, especially farmers, from all the counties gathered. This was before the first World War.

It seemed that someone in the Congress had introduced a bill that would give the farmers some money provided they did something. The congressman vigorously opposed it. I have no idea what it was, because I was watching a "dirt dobber" making a ball of mud. The congressman snapped me back to attention, however, when he said, "I'm going to tell you a true story about the wild hogs that once lived about forty miles down the river."

"Years ago," the congressman said, "in a great horse-shoe bend down the river, there lived a drove of wild

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hogs. Where they came from no one knew, but they survived floods, fires, freezes, droughts, and hunters. The greatest compliment a man could pay to a dog was to say that he had fought the hogs in Horseshoe Bend and returned alive. Occasionally a pig was killed either by dogs or a gun—a conversation piece for years to come.

“Finally, a one-gallused man came by the country store on the river road and asked the whereabouts of these wild hogs. He drove a one-horse wagon, had an ax, some quilts, a lantern, some corn, and a single barrel shotgun. He was a slender, slow-moving, patient man—he chewed his tobacco deliberately and spat very seldom.

“Several months later he came back to the same store and asked for help to bring out the wild hogs. He stated that he had them all in a pen over in the swamp.

“Bewildered farmers, dubious hunters, and storekeepers all gathered in the heart of Horseshoe Bend to view the captive hogs.

“‘It was all very simple,’ said the one-gallused man. ‘First I put out some corn. For three weeks they would not eat it. Then some of the young ones grabbed an ear and ran off into the thicket. Soon they were all eating it; then I commenced building a pen around the corn, a little higher each day. When I noticed that they were all waiting for me to bring the corn and had stopped grubbing for acorns and roots, I built the trap door. Naturally,’ said the patient man, ‘they raised quite a ruckus when they seen they was trapped, but I can pen any animal on the face of the earth if I can jist get him to depend on me for a free handout.’”

We have had patient men in our central government in Washington for years. They are using our own dollars instead of corn. I still think about the trap door and the slender, stooped man who chewed his tobacco deliberately, when he spat and turned to the gathered citizens many years ago and said, "I can pen any animal on the face of the earth if I can jist get him to depend on me for a free handout."

DANGER:
"MINDTRAPS" AHEAD

by *W. E. Sprague*



"Like a stairway leading to a gallows, there are thirteen perilous steps that often lead a man to socialism. And like the sprung trap, the fatal fourteenth step, socialism seals his fate."

This—despite the "reverse English"—is a splendid example of a basic device commonly used by socialists themselves in a subtle sort of verbal "sleight of hand" to win converts to the welfare state or the planned economy or whatever idea they are advancing as the grand solution to all mankind's problems. But, as the "reverse English" indicates, it is a game you, too, can play. It is, in fact, a game we had all better learn to play because it is a deadly game in which *our personal freedom* is at stake.

An exaggeration? Perhaps, but remember that opening paragraph; we will return to it.

Mr. Sprague is a free-lance writer with a background of some fifteen years in sales, credit, and insurance. He now specializes in what he terms "the practical application of history, logic, and language studies to daily living."

There are thirteen devices, including the one above, commonly used by the utopian planners and, in a sense, they are indeed "steps." They do not follow one another in any special order, nor do they have a mounting, cumulative effect (though they may at times); still they are "steps" in the sense that they are designed to lead you and me into what can rightly be called a "mind-trap." They are steps toward a dark world of anguish, the anguish of confusion, and away from a bright world of reason.

These thirteen basic devices, however, were not invented by socialism, nor are they strictly socialistic property. They are, in fact, as old as Plato, Aristotle, and those "Madison Avenue boys" of ancient Greece, the Sophists. They are perhaps even older. They work on a simple principle that has been known to every tyrant, despot, and dictator since the time of Alexander and before—the principle that: no man can think clearly if he is frightened, angry, or in any other way emotionally overstimulated. New or not, these thirteen devices are as effective today, because of that principle, as they have been throughout history. In the hands of a skilled socialist recruiter, these devices can and do trap thousands of us who are "sitting ducks" because we are unfamiliar with this sort of verbal legerdemain.

Once you have become familiar with them, however, once you have learned to spot their use, you become free of them to a considerable degree—providing you remain aware of them. To free yourself altogether, though, requires more than constant vigilance, more than the abil-

ity to merely “peg” these devices when you encounter them. What that “something more” is, we will explore very shortly. But first—what are these devices, these “steps” to socialism? And how do they work?

The collective name by which they are known sounds innocent enough. They are called “logical fallacies.” Their name is misleading, however; it makes them sound like the toys of philosophers and formal logicians. This they may very well be, but don’t be deceived! They are also deadly little tricks that play on certain weaknesses we *all* possess. They are subtle little “terror tactics” that really have little to do with logic, as we usually think of that word, and have a lot to do with striking at our fears and, through our fears, arousing our hatreds or feeding the flame of anger. Remember—no man can think clearly, indeed at all, if he is emotionally overstimulated. Rather than “logical fallacies,” perhaps they should be called “emotional irritants,” since they relate to logic, it may be said, only in that they attempt to short-circuit your power of reason.

Appeal to the People—Ad Populum

Consider these phrases—phrases we have all heard many times over:

“Which is more important—big business or the little fellow?” “Price controls protect the working man.” “Why not have federal aid? It’s our tax money, isn’t it?”

A philosopher or logician would probably call these examples of *argumentum ad populum*, one of the logical

fallacies. The impressive Latin name means "argument appealing to the people." The important thing is the *way* it appeals to the people. Each of the three phrases contains certain key words which evoke in us an image—a word picture—to which *all of us tend to respond*. By contrasting the words "big" and "little," the speaker creates a picture of a gruesome sort of Goliath, labeled "big business," about to strike out at courageous but tiny David called "the little fellow," with whom anyone familiar with the Bible story will automatically identify. And even if one had never heard of David versus Goliath, the key words still tend to excite the common American sentiment for the underdog. In the second phrase, the key words are "working man" and "protect." Again, most people working for wages will almost automatically identify with "working man," and the implied threat in the word "protect" (after all, we need protection only if "someone is out to get us") instantly stirs our fears. In the third example, the key word with which we will tend to identify is "ours"; if the tax money is indeed "ours," we certainly have a right to it then!

Ad populum—the appeal to the people—is quite typical of all thirteen devices, all thirteen "steps." It is structured with key words that invite us to identify with an image that is somehow (within the scope of that image) threatened. Thus the facts are ignored, snubbed, trampled, or completely obscured—no mention is made of what these words really mean in the objective world around us, or even what the speaker intends them to mean. What, for example, is really meant (if anything)

by "big business"? Which "big business"? What companies or corporations and when? What "little fellow" and how is he less important? "Price controls" when and on what and for how long? And how do they "protect"? Or do they? Is it truly "our tax money"? How much of it did you pay? Or me? Isn't tax money more of a common trust that in reality "belongs" to no one? Or is it?

The point is, you see, that the answers to these questions are the facts of the issue, but *ad populum*, like the other fallacies, dare not be concerned with facts. Instead, facts are obviated by "image words" so generalized they have practically no meaning. If you coded these words and fed them to a computer, the computer would reject them or else answer them with equally meaningless phrases. Or if you presented these three phrases to a formal logician for analysis, he would be powerless to act until you also gave him the answers to the questions, until you gave him facts. Logically, then, these thirteen "steps" are untenable but, emotionally, they are potent. They hit you—to coin a phrase—"right where you live." Their aim is to make you defensive, to make you feel "picked on," and thus forget the facts. After all, how can you be bothered by facts when some bully is about to "clobber" you?

Appeal to the Heart

In case you can't be scared into forgetting the facts, there is another fallacy so closely related to *ad populum* it is considered by some to be merely a twist. Its Latin

name means "an appeal to the heart," and it aims to coax you, if you won't be frightened, into ignoring the facts by arousing your sympathy. "Peace and harmony and cooperation," it might say, "are Man's destiny—not competition." Who among us does not respond to the image of Eden, especially since we were brought up on it? What culture in what age has not had its ideal of a Paradise or an Elysian Field? Who can resist the picture of a sunny, green world living in idyllic "peace and harmony and cooperation"? But what kind of "peace and harmony"? What kind of "cooperation"? The kind known to the shepherd's unthinking charges, or the kind achieved by the voluntary association of free individuals who have made their decision on facts?

By now you are perhaps beginning to see that all of these devices, these "mindtraps," have certain things in common: they aim at obscuring the facts by creating images with which you will identify, first, then react to emotionally. It seems so simple one wonders that they work at all. But they work, and work astoundingly well! Why? Because our emotional network, as any psychologist will tell you (and I will leave the fine points to him), is made up of a collection of more or less standardized and generalized images that we have all acquired simply by the process of being born, living, and growing up. This emotional network, incidentally, with its collection of images, is quite necessary to survival; we would never have the time to reason out the billions of decisions of a minor note that we encounter in daily living. But *only* careful, rational thinking can carry us through

the vast complexity that is our economy and our nation. And it is here that these "steps" to socialism would have us forget facts and struggle through an emotional response to images, to "word pictures."

What, then, are the remaining eleven logical fallacies? It might do to mention at this point that, viewed strictly as logical fallacies, as toys of the logicians, there are many more than thirteen. A complete listing and classification can be found in textbooks on logic or in any standard encyclopedia. We are concerned here, though, as stated earlier, with the ones most commonly used by the planners of utopia in their battle against ideas of free market, private property, individual enterprise, and the many other aspects of a free philosophy. Restricted so, there are then eleven remaining fallacies.

Non Sequitur—It Does Not Follow

"Without compulsory government health programs, thousands upon thousands of people will suffer for want of proper medical care!" Sound familiar? Of course it does. This current battle cry of socialism is essentially the fallacy of *non sequitur*—translated: "it does not follow." Put simply, it means there is no logical connection between "thousands of suffering people" and the absence of a program of socialized medicine, but there certainly is an emotional connection once you are tricked into placing yourself in the image of those "thousands upon thousands." Stay out of the image and ask for the facts.

False Cause

In some ways, all of these "mindtraps" touch and overlap; hence, we have a sort of "half-brother" to *non sequitur*, sometimes called "false cause." Its Latin name—*post hoc, ergo propter hoc* (a mouthful even for the old Romans)—translates: "after this, therefore because of this." An example? How about—"Free enterprise collapsed and that's why we had the depression." In this statement, the speaker is committing a dual fallacy. First he is equating "free enterprise" with *all* the conditions in both industry *and* government that existed prior to the depression; then he is ignoring a host of external (that is to say, international) factors that may have very well contributed to the depression; for these, taken all together, were the major determinants. Yet in his flippant use of the term "free enterprise," he intends you to react to the image of business and industry, symbolized by the 1929 crash, as being the sole factor.

Overgeneralization

This same example also falls, at least partly, under the heading of another of the commonly used fallacies, *secundum quid*. In a word, it means "overgeneralizing." It works in a variety of ways. In the case of "collapsing" free enterprise "causing" the Depression, all factors—contributing or not, extraneous or not—are lumped under one very broad general heading, "free enterprise." Another method of overgeneralizing is what might be

called building "straw men" or "paper dragons." The idea is to take a handful of superficial characteristics and build an image to represent *each* individual in a certain class or group. Thus the socialist is fond of depicting the "capitalist" as a bloated, walking money-bag, preying on "the common people." Absurd? Of course, but the image would not persist if it were not effective.

Give 'em a Foot and They'll Take a Mile

Another "mindtrap," this one closely related to *secundum quid*, and indeed another form of overgeneralizing, is sometimes called the "entering wedge" argument or sometimes referred to as "give-'em-a-foot-and-they'll-take-a-mile" reasoning. A good example is still bounding about the current scene: "If you allow automation in industry, you'll soon have thirty million unemployed!" Again, this is a "David and Goliath" image, inviting you to identify with thirty million unemployed "Davids." Well, automation is more and more on the scene and our economy seems to be adjusting nicely. But that is unimportant to the speaker; it's merely a fact.

Name-Calling

Tu quoque, in Latin, means "thou also"; in everyday American it means: "Oh yeah! Well, you're one, too!" The fallacy of *tu quoque* is nearly pure name-calling. Venture to suggest that complex, bureaucratic government is a burden on taxpayers and tends to destroy

profit motive for both business and the wage earner, and you might hear this: "How about the greedy profiteers of capitalism? Look what they do to initiative!" Aside from the fact that greed is no more intense or evenly distributed among "capitalists" (whoever they *really* are), than among Hottentots, the trick here is a quick counter-attack, again with "image words," to trap you into defending something entirely foreign to the issue being discussed—thus saving your antagonist the job of defending elaborate government.

Authorities and Statistics

"Jefferson once said. . . ." Or "our figures prove. . . ." Familiar? Indeed so, and they are familiar to logicians as *argumentum ad verecundiam*, another "two-in-one" fallacy. Some logicians, in fact, consider these statements as separate fallacies. In the vernacular, "Jefferson once said. . . ." might be called "appealing to the wise man," while "our figures prove" stands apart as a separate fallacy. Consequently, it can be said that we have here a "double step" to socialism.

In either case, quoting a famous person (living or not) or quoting figures, *verecundiam* means "appeal to authority." This is a particularly effective device for utopians, since we have all been reared to respect authority and most of us to stand in awe of large numbers. What Jefferson or anyone else said about a particular topic, or what statistics allegedly show about it is really not the point—though that is what we are urged to be-

lieve. The point is the validity of the topic judged on current, reliable facts. And, since any competent mathematician can show you several ways to "lie" with numbers, figures in themselves are not necessarily current or reliable or factual. Did Jefferson, or whoever else is quoted, have firsthand knowledge of the facts relating to the topic? Is the topic within his field of special knowledge? Who compiled the statistics, and how? Are there any cross references on them?

Destroy the Man or Source

Perhaps the most popular, and certainly the most vicious, of these "mindtraps" is *argumentum ad hominem*—the argument that attacks not the issue but rather the man. In close alliance with *ad hominem* is its variation known as "poisoning the well." Examples of these two abound in every area of human endeavor, but perhaps the favorite of socialism occurs when a proponent of limited government is brash enough to suggest that there may still be some merit in referring occasionally to some of the original premises of liberty as variously stated by the framers of our Constitution. "You'd still have us wear silk breeches and powdered wigs," they shout. Or let any man criticize wasteful government spending, and he may be assailed as a "tight-fisted, inhuman Scrooge," or worse. The basic idea, the aim of *ad hominem*, is to attack the man, not the issue, especially if the issue *cannot* be logically defended at all. "Poisoning the well" is essentially the same tactic used against groups, political

or racial or religious, and sources of ideas such as books, documents, or publications.

These two fallacies are especially vile in that, to their users, there are "no holds barred"; attack on any grounds, including, if necessary, the deliberate assassination of reputations by out and out lies. In fact, the closer you come to the truth in your presentation or criticism, the greater risk you run, usually, since you then represent a hazard that must be removed at all costs.

The False Analogy—All Analogies Are False

We come now to the most troublesome "mindtrap," the slickest "step" to socialism that we shall examine. It is, in many ways, the most difficult to deal with, owing to a peculiar duality of its nature. It is at once both "true" and "false," which is to say that, while it will always contain certain seeds or elements of truth, it is *always* false; yet it is an absolutely indispensable tool in the process of learning—anything. It is the analogy. Stated simply, an analogy is a device for explaining one thing in terms of another. A classic example can be found in the lore of the Old West.

When the transcontinental railroad pushed its way across our nation, the American Indian got his first (and probably frightening) look at a locomotive. We are all familiar with his name for it, the Iron Horse. The term was an abbreviated analogy; the Indian had long been familiar with the white man's metal, iron, and with the horse. He explained the locomotive to himself, then, in

these terms which he knew and understood—the strange machine was iron and it carried things and people as did his horse. Still, the analogy is false; a locomotive is *not* a horse.

Modern day physics would be lost without the analogy, though here whole sets of analogies are considered and called by various names such as “constructs” or “abstractions.” Nonetheless, they are analogies in that terms like “electron” or “neutron” or “chain reaction” are essentially descriptive terms for things and events no one has ever actually seen; still the terms are useful and vital, since they reduce the processes of matter to a comprehensive level by acting as working models of these processes.

But analogies, no matter how useful, no matter how closely they resemble that to which they are compared, are always “like” something—but they are *not* identical to that thing. Hence, in this sense, they are always false. The test of the usefulness or reliability of an analogy lies in asking yourself, “How close *is* the resemblance? Does this specific analogy *really* fit? What are the similarities and what the *differences* in this particular comparison?” Above all else, we must remember that an analogy is always a comparison, not a proof. When we view it as a proof (or advance it as one), we commit the “logical fallacy,” the “mindtrap” of what logicians call the “false analogy.”

Consider the following:

“Like a stairway leading to a gallows, there are thirteen perilous steps that often lead a man to capitalism.

And like the sprung trap, the fatal fourteenth step, capitalism seals his fate." Yes—our opening paragraph rephrased as the utopian planner often uses it. Phrased either way it is a false analogy, for the comparison between a gallows and any ideology is a farfetched one; yet the image it evokes is a powerful one, an image calculated to steer your mind completely away from the facts. Don't be steered; the major factor in comparing two ideologies or philosophies is simple: they can be compared only to each other and done so with a cold, objective eye.

The false analogy of the gallows, however, illustrates my major point in all of this, a point I cited earlier. By a simple switching of terms, by "reverse English," any one of these thirteen common devices, used so much these days by the advocates of government control, government aid, and government intervention, can just as easily be used against them—if one cares to play at such games. For a game is, as I have said, exactly what it is: a game that people of all kinds have been playing perhaps since the birth of the human race. We need to do more than play this game, however; deadly as it is, we need to avoid playing it. Rather, do we need effectively to combat its effects. In times past, as in the present, whole nations and cultures have succumbed to them.

"Today Germany! Tomorrow the world!"—one of history's greatest *non sequiturs*.

"For the good of the people!"—a tired, clichéd *ad populum*; yet how many nations have been captured by this one alone?

Appeal to Fear

The last of the "mindtraps" is *argumentum ad baculum*, the "appeal to fear." In its most crude form, it is nothing more than a threat; a club, as it were, held over our heads; a statement of ". . . or else!" We rarely encounter it in this form, though, until its users stand on the very threshold of their goal. But how about something like this: "Where do you stand? With big business or with the people? You're either with us—or against us!" That "against us" is simply a thinly veiled threat. In a sense, *ad baculum* is an element inherent in nearly all the arguments of the Omnipotent State faction, since the arguments, as we have noted, aim at arousing the emotion of fear above all other emotions—fear of big business, of poverty, of unemployment, of exploitation, of . . . you name it! Yet fear is dispelled by knowledge and by specific truths. Herein lies the most effective means of combating the "mindtraps" and freeing ourselves from their effects altogether.

The Steps Reviewed

And so we have thirteen "steps," the thirteen devices used in the socialists' *game*. Remember them well:

1. *Argumentum ad populum*—the appeal to the people, the "little fellow."
2. The appeal to the heart—"peace and harmony," the image of Eden.

3. *Non sequitur*—it does not follow, even if someone says it does. Check it yourself.
4. *Post hoc, ergo propter hoc*—the "false cause."
5. *Secundum quid*—overgeneralizing.
6. The entering wedge—"Give 'em a foot and they'll take a mile"—but only if someone gives 'em the mile, too.
7. *Tu quoque*—"You're one, too!"
8. *Argumentum ad verecundiam*—"Jefferson once said . . ." Oh? Was he there? Did he see it?
9. *Argumentum ad verecundiam* (second variety)—"Our figures prove. . ." How reliable are "our figures"?
10. *Argumentum ad hominem*—"Attack the man, not the issue." But the issue is what is important.
11. Poisoning the well—the *source* of the idea is not important; the idea is!
12. False analogy—*all* analogies are false, so consider the differences as well as the similarities.
13. *Argumentum ad baculum*—"believe or else!"

We must learn this game at least to the extent of recognizing those arguments that appeal not to our reason but to our unreasonable fears. When next you meet an argument that evokes an image and excites fear, check it with questions—"Who said so? And how does he know? What are the facts, the *specific* facts?"

Facts, not dialectics, are the best weapons. Truth, not emotion, will keep us free.

GENESIS OF EXTREMISM

by *Leonard E. Read*



SUPPOSE you have a property—some acres, orchards, herds, buildings. Fearing that it might be despoiled, you employ a guard for protective purposes. He is provided with your rifle and pistol. You contract with him to serve on behalf of that defensive force which inheres in your moral right to life, livelihood, and liberty.

Should no trespassers or marauders appear, the guard remains alert but inactive. For defensive action is only a secondary action; it is brought into play only at the instance of someone else's aggressive action.

Let us now assume that the guard becomes impatient with his inaction, that he despairs of his strictly negative role. Realizing that the self-same force he has been given to defend you can be used to take your life and livelihood, he turns on you, his employer. Contrary to your wishes and using your own weapons, he takes it on himself to sell your produce, pocketing the cash. Some he uses to increase his own wage; he gives other parts

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of it to neighbors he thinks are "needy"; more of your dollars are allocated by him to a savings account for your old age, but actually he uses these to gratify a space craft hobby of his and deposits his IOU in the account; he goes into debt, but he monetizes the debt so that the dollars he allocates to you are not diminished but increased in number; he dictates how much produce you may raise and the prices you may receive. In short, your hired defender comes to dominate your life.

Being a normal, self-responsible, self-controlling individual, you rebel at this immoral and unwarranted authoritarianism, stoutly maintaining that you do not believe in any part of the guard's program.

The guard, in the meantime, will have rationalized his actions to the point of self-righteousness with two lines of defense. The first will justify his own actions, "*But I am doing this for the good of all.*" The second will belittle his critics by name-calling, "*You are extremists.*"

Extremism, as currently publicized, is aimed almost exclusively at "the extreme right." Khrushchev has not been labeled an "extremist," nor have any of our home folks who sponsor federal urban renewal, or TVA and its extensions, or compulsory social security, or foreign aid to socialistic governments, or whatever. By their definitions, none of them is "extremist." But they are, almost without exception, the ones who hurl the epithet "extremist" at those who do not agree with their authoritarian actions.

What we are witnessing is an instance of action and reaction. The genesis of the reaction is the action, and

the origin of the current "extremism" is socialistic action.

Let your memory or imagination take you back three decades to pre-social security days. A person who then said he did not believe in compulsory social security evoked no reaction at all. No one thought to classify him as belonging to "the extreme right."

Then came compulsory social security, as socialistic as anything that falls under the definition. The authors of this legislation took the action. Reaction, in the form of dissent, followed. The actionists now call the reactionists "extremists." Had there been no socialistic action in the first place, there would be no antisocialistic reaction now. Nor would the term, "extremist," in its present context, have come into usage.

Parenthetically, there is, now and then, a person who remarks, "I deplore both the extreme left and the extreme right." To unmask this bit of nonsense requires only that it be translated: "I deplore both action and reaction." This makes no more sense than to deplore the thrust of a jet motor or the kick of a shotgun or the flight of a golf ball. Such remarks originate in thoughtlessness and thus do not admit thoughtful analysis.

Variable Responses

What ought to be considered, and carefully, are the varied types of antisocialistic reaction evoked by socialistic action. The social actionists tend to disparage all reaction in one lump—"the extreme right."

There are as many types of reaction as there are per-

sons who react. There are those who do not react at all to socialistic flippancy, as unmoved as animals in the zoo. Others only mumble in their beards. These are allies of the socialists in the sense that they are inclined to "go along" with *what is*, regardless of its character.

But among us are numerous dynamic reactionists. Some are calm and rational while others are volatile and emotional. Some proceed peaceably, others belligerently. Some expose the fallacies of socialistic ideas while others never rise above name-calling. Some confine themselves to educational methods, others to political devices. Some try to gain a better understanding and exposition of freedom principles while others set out to reform "the ignorant masses." Some see the fault in themselves and their own shortcomings; others think the socialistic debacle has its origin only in the Kremlin. Some do their work for freedom joyously while others work only in anger. Some give no thought to the time element except their own economical use of it; others insist that "time is running out" and promptly hurry in the wrong direction.

Not All to the Bad

My concluding commentary on the current socialist action is that it may have some good in it. This is to suggest that this action, the forerunner of the antisocialist reaction, has a kind of value; it isn't all to the bad. Liberty, as the late Paul Valery pointed out, is not *primary* within us; it is never evoked without being pro-

voked. The idea of liberty is always a response. In the context of this analysis it is a reaction. We rarely think we ought to be free, or think about it at all, until something shows us we are not free.

The socialist action is a preface to the reaction. Without such action most consciousness of and attention to liberty might well fade out of existence. Until recently the idea of liberty was close to extinguished in the minds of the American people. Something had to provoke a new, dynamic, libertarian sensitiveness. Short of a socialist action, what could accomplish this? Reaction to it is the great and rewarding dividend. May the reaction be marked by intelligence, integrity, good manners, determination; in short, may it take the form of an *extreme* intellectual, moral, and spiritual renaissance!

THE URBAN RENEWAL FALLACY

by John C. Sparks



WHEN A WOMAN picks up her shopping bag and heads for her favorite shopping area, she sets into motion an integral part of a very technical economic machine, the *free market place*. For the next hour or two she will make numerous economic decisions. She will select the stores in which she will shop; she will select the products she will buy; she will show preference for one brand over another. It is quite possible that an item she seeks will not be quite to her satisfaction, and she will not buy. One can speculate as to the many factors that influence her decisions. If she has no car, she will probably pick stores accessible by public transportation. Ease of access, walking distance, public transportation, and automobile traffic routes are important factors to any shopper. Other considerations include comparative prices, her budget, attractiveness of the store and products, the quality of service, friendliness of clerks, and a host of other points, some of which may be more aptly classified as whims. Nevertheless, each selection she makes, to buy or not to buy, is an economic decision affecting

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manufacturers, distributors, retailers, advertisers, realtors—the list of businesses is almost endless.

Persons, who are free to do so, daily make innumerable separate decisions involving exchanges of wealth. These exchanges we describe as the operation of the free market place. Their effect on the progress of mankind is tremendous. Selectivity has revealed a preference for the electric vacuum sweeper to the old hand-push carpet sweeper; selectivity has outmoded the buggy whip; it has relegated the candle to a decoration rather than its former use as a chief method of lighting. Selectivity results in a continuing upward pressure toward improved values of quality and service, unless artificially prevented or restricted by force of government.

As consumers, we benefit from the results of selectivity; it's fun to buy an automatic washer rather than the old washboard and tub. It's a pleasure to stop at a convenient and luxurious roadside motel after a hot day of driving rather than battle downtown traffic trying to find a hotel. Through such selectivity, those who provide the more desirable products and services are rewarded. But the manufacturers of the carpet sweepers, buggy whips, candles, washboards, and the owners of downtown hotels may not fully share the delight of the consumers because their own businesses may fail or be adversely affected by these changes.

The product or service popular twenty years ago may no longer be in demand today. All kinds of property face the hazard of changed values in the eyes of the buying public. Investors frequently spread their investments

to hedge against those which may decline in value. An owner of a new home in an expanding suburb may well wonder about the value of his investment thirty years later. Owners of commercial real estate are constantly seeking information to enable them to make decisions consistent with the movement of real estate values up and down. A modern commercial building located strategically will normally command a higher rental than an older building in a less strategic location, although an ultramodern building located poorly may command less rent than an older building with a good location. Considerations are many in the market place and—if not influenced by governmental intervention—will very accurately reflect the sum total of the economic decisions of everyone.

How to Retard Progress

Unfortunately for mankind, however, intervention by government is brought into play all too frequently. The results range from the humorous to the tragic, from the awkward to the grotesque—and in every instance progress is pushed backward. Since every interventionist action is based upon enforcement of the unnatural, it is not surprising that the consequences are undesirable.

For example, governmental price support of a farm product, intended to prevent the price from falling when the supply is abundant, will bring about a greater supply than ever before—just the opposite of the intent. On the other hand, a ceiling price intended to enable more

people to buy a certain product at a lower price, will drive that product out of production—and fewer rather than more will have the opportunity to buy it. Skilled tradesmen, encountering stiffened competition, will frequently use government to license (and restrict) entry of newcomers into their field. But if wages rise in that field, consumers and other less restricted enterprisers often find a way to eliminate or by-pass the licensed trade—and the licensed and “protected” tradesmen are threatened by obsolescence, rather than achieving greater security. Every interventionist or socialistic law works that way: rent control, price and wage controls, subsidies to farmers or industries—name it, and analyze it, and find the same bizarre and unpleasant results.

The Urban Renewal Program

A new kind of socialistic innovation has come into being within recent years called “urban renewal,” which is now threatening to lull local governments and civic-minded citizens into embracing economic fallacy and corruption rather than standing for natural economic laws and moral principles.

The federal laws on urban renewal enable a city government to seize private homes and private business properties for the purpose of fulfilling the public good as determined by the political planners. Urban renewal is not necessarily slum clearance although parts of the planning program may include removal of some “blighted” residential areas. Urban renewal is the re-

design of a whole section of a city by its planners (aided with ideas and finances from Washington), including removal of buildings not in harmony with the master plan.

Following the acceptance of the plan by the local and federal politicians, private property is acquired through the use of eminent domain, and either rebuilt or torn down. The condition of the property does not determine whether or not it can be razed. Perfectly good buildings in compliance with sanitation and safety requirements may be condemned and removed if the property does not fit into the scheme of the planners.

After the land is cleared, it is sold to private investors who agree to use it according to the specifications of the master plan.¹ The federal government picks up from two-thirds to three-fourths of the difference in the cost of buying the properties and the ultimate receipts from the sale of the land. This expense, borne partially by the local community (25 per cent to 33½ per cent) and the balance by the federal government, represents the bulk of the extremely wasteful cost of the federal Urban Renewal Program.

Selectivity Denied

This program should be rejected by every high-principled citizen of each city of our country on the basis that it is morally wrong. Unfortunately, the temptation to avail oneself of the funds of others, behind the mask

¹ A Supreme Court decision of November 1954 declared constitutional the procedure of government condemning private property for other than public use.

of legal respectability, has been too strong for many communities to resist. Thus, the urban-renewal federal grant scheme is growing rapidly in popularity. Like other federal grants-in-aid schemes, it undermines self-reliance, it corrupts normally-sound individualistic champions of freedom, it encourages financial bankruptcy, it opens local communities to federal control, and it accomplishes all of these undesirable results through bribery of the local citizen with his own money. The federal urban renewal device has the further claim to infamy in that its supporters ignore completely the natural law of economics—*the selectivity of the market place!*

Each person selects certain things in preference to other things—including where to live, where to work, where to attend church, where to send children to school, and where to shop. At one time most families chose to live in the city. Undoubtedly, they were influenced by the lack of adequate private transportation and time required to travel to the city from the neighboring countryside or village. However, recent population figures reveal what we all have observed to be true; the city dwellers have been rapidly emigrating to the suburbs and countryside. More people now prefer to live outside the city—more open space, improved automobiles, whatever the reasons—and they individually have made the choice to do so. This is a choice having many economic effects on many segments of the lives and businesses of those left behind in the downtown section of the city.

The Downtown Merchant's Challenge

Downtown retail stores find they are no longer selected as "the places" to shop by as many people as before, and it's not too difficult to understand why this change in preference has occurred. Attractive modern shopping centers in the outlying areas of the city are more easily accessible to the suburbanite. Many are beautifully designed and landscaped. Promotions by shopping center merchants often cause shopping to take on a gala festive air. *Parking is plentiful*, and, most importantly, provided and paid for by the private owners of these centers. Primarily due to location, these private-enterprising merchants are more attractive to the consumer than their downtown counterparts. As almost every successful private businessman can attest, success in business comes from efficiently providing a product or service and making it available where it attracts a sufficient number of customers to bring about a profit. The successful retailer must cause customers to select his place of business. If his location renders his store second choice or worse in the customer's evaluation, when he was once first, then he must recognize that economic selection has caused him to lose his "front-running" position just as surely as buggies, high button shoes, washboards, and candles also have lost position.

This does not mean that the downtown merchant must surrender without a struggle; he may adjust, as did those producers of years ago who intelligently changed their manufacturing equipment from high-

button shoes to the new styles in demand by the "fickle" public. In recent years, not all cotton textile manufacturers stood by and cried while producers of synthetic fibers made huge inroads on their sales volumes. Those who intelligently met the challenge of the ever-changing market place developed new cotton-fiber treatments to compete in the wash-and-wear merchandise field.

"The market makes people rich or poor, determines who shall run the big plants and who shall scrub the floors, fixes how many people shall work in the copper mines and how many in the symphony orchestras. None of these decisions is made once and for all; they are revocable every day. The selective process never stops. It goes on adjusting the social apparatus of production to the changes in demand and supply. It reviews again and again its previous decisions and forces everybody to submit to a new examination of his case. There is no security and no such thing as a right to preserve any position acquired in the past."²

Consumers are coldly logical in their selection of where to shop to fit their convenience and wants, and the entrepreneur who sees the opportunity and fills the demand wins the day. But no business "victory" is forever—even for downtown merchants.

The decision cannot be ignored—the consumer has already made his choice today just as he made a different choice yesterday—and the outlying and suburban merchants are relegating the old conventional congested

²Ludwig von Mises, *Human Action* (New Haven: Yale University Press, 1949), p. 308.

downtown shopping district into second place. Door-to-door bakery routes have encountered the same stiff competition from shopping centers. It is surprising that no one has proposed federal aid to bakery routes!

The Consumer Still Rules

It is not the purpose of this article to recommend solutions to the downtown property owners. Instead, it is to call attention to the fact that a new mode of suburban and outlying multi-residential and shopping-area living has come into its own. The consumer has spoken. Burying one's head in the sand does not change the situation, and attempts to "bring back" either a downtown commercial or residential area by artificial aid rather than natural selection may prove quite costly, especially to owners of downtown property.

If the possibilities of return for risk taking are good, investment funds will be available from those who are willing to take a chance. On the other hand, it is unlikely that voluntary investments in an uneconomical situation will be readily forthcoming. Those who seek federal urban-renewal aid undoubtedly recognize that voluntary investment will not be available for such downtown renewal. And, of course, no merchants are being restrained from remodeling or relocating, nor are they prevented from providing customer parking facilities. They are willing, however, to take advantage of improper, but legal, means to force persons who do not choose to invest, *to contribute without recourse* in order

to bail out the skidding downtown businesses. Among those persons forced to contribute via the tax route to downtown redevelopment are the very outlying and suburban merchants who are gaining first place in the consumer's heart. Furthermore, the consumer himself, having elected to patronize the suburban merchant, must also contribute via taxes to the downtown merchant and help subsidize him because that merchant, in effect, has continued to market in a "high-button shoes" manner and location.

*The Crux of the Matter Still Lies in the
Market Place*

It is tempting to downtown owners to proclaim noble objectives to justify their request for federal aid. They wish to preserve the so-called "core" of the city. They hope to increase tax values of the "main" business section and surrounding area as promised by the planners. They become loquacious on behalf of civic pride. Little or no mention is made of the fact that the chief objective in the minds of the downtown owners and merchants is a *subsidy from funds taken from others*.

When buggy whips were on the decline as the automobile industry began to grow, the innovation of pearl handles on buggy whips (even if subsidized by government) would have done nothing to rescue the industry headed for obsolescence by the choices being registered in the market place. Neither will subsidized rejuvenation of downtown commercial and business property

change the choice of the consumer. Nor will apartments, town houses, and other residential buildings constructed on land formerly occupied by slums or dilapidated apartments change the minds of those who prefer to live "farther out." Experience has already shown that many of the investors in new residential apartments erected on urban-renewal land are regretting the day they ignored the decision of the market place and risked their savings on such uneconomical endeavors.

In a series of articles for the *Cleveland Plain Dealer*, Eugene Segal reported on residential apartments built there in 1957 and since under the federal Urban Renewal Program: "The occupancy rate is too low for the projects to pay their own way. Most of them are delinquent in mortgage or tax payments. The owners are losing money. The projects have nothing that will persuade investors to build more. These are details you would not want showing when you are promoting urban renewal." The author went on to quote one of the owners, "We don't spend enough on maintenance. We can't because the money is not coming in. If we don't spend more, this will become a slum again."³ Furthermore, the promise of increased tax values on the "renewed" land is almost certainly *not* an attraction to potential investors.

City officials in Wink, Texas, are hoping businessmen in its downtown area will use the money (federal funds) they receive to put up new stores in place of those which

³ Eugene Segal, "Housing Renewal Crisis," *Cleveland Plain Dealer*. April 30, May 1 and 2, 1961.

will be torn down. It is recognized, however, that such hope will not likely become reality for "a dozen main street buildings are ramshackle frame structures already deserted by their owners *for lack of business.*"⁴ In this case the difficulty of changing economic selectivity stems from declining reserves of oil in the vicinity. At one time, Wink had more than twelve times its population today. Then it was a boomtown.

There are many who make wrong decisions every day, and if such decisions are made by individuals with their own funds and property, no general harm is done. But when civic leaders and city officials combine to encourage waste of the funds of others through the federal Urban Renewal Program, harm is heaped upon all, including the subsidized merchants and the hopeful real estate developers. The subsidized merchants are given a palliative that will lull them into false security. The unsuspecting developers will flirt with business failure as people reconfirm their preferences to reside somewhere other than downtown or near the "heart of the city."

Communities that ignore the verdict of the free market place, and attempt to repeal the individual decisions and judgment of consumers and investors, are bound to reap ill results. No benefit will derive from embracing the fallacy of political urban renewal.

⁴"Small Towns Scramble To Get Slum Removal Aid from Uncle Sam," *Wall Street Journal*. July 3, 1961 (Emphasis added).

SUBSIDIES WORK!

by *Paul L. Poirot*



OPPONENTS OF federal aid and other forms of subsidy often base their objections on "the fact that subsidies won't work." Unfortunately for their argument, subsidies *do* work, and that is a major reason why they are objectionable.

Maybe the best way to get at this matter is to consider our common experiences as buyers and sellers in the market place. If we happen to offer an item for sale and it "goes like hot cakes," we are likely to conclude that the customers want more and that we ought to produce and offer more of the item. Or, as buyers of an item especially to our liking, we do our best to make sure the seller keeps it in good supply. The function of pricing in a free market is to see that "the price is right" to keep the supply of anything in reasonable balance with the demand for it. A "high" price encourages production and discourages consumption; a "low" price encourages consumption and discourages production. Most anyone can understand, after a moment's reflection, how and why this works in the market place.

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And if a person will carry on that thought, he'll see that subsidies work in somewhat the same way. For instance, it is fairly obvious, after years of experience in the United States, that a subsidy for wheat will encourage the production of wheat until it overflows the granaries and "Liberty Ships" and figuratively "runs out of our ears." Subsidized surpluses of corn, cotton, tobacco, peanuts, butter, cheese, eggs—anything at all—accumulate in the same way.

Surpluses of coal miners, auto workers, steel workers, or specialists at any service are practically guaranteed if the price of the service is held high enough and a subsidy is offered to the unemployed. There is no surer way to have a high level of unemployment in an economy than to pay people for not working.

At first blush, one might suspect that subsidized housing would lead to a surplus of dwellings, but actually it is the dwellers who are subsidized, not the dwellings. Thus, the inevitable consequence of subsidized housing is an increase in the number of families seeking to occupy subsidized space.

Likewise, food subsidies increase the numbers of those qualifying for free food; transportation subsidies increase the numbers of free riders; education subsidies increase the numbers of those who need education; clothing subsidies increase the numbers of the ill-clad; medical-care subsidies increase the numbers of those who seem to be sick; old-age subsidies increase the numbers of the aged indigent; subsidies to the poor assure endless and growing poverty.

Opponents of welfare state implementation of the gospel of Karl Marx—to each according to need—are wrong in declaring that subsidies won't work! *Subsidies always work* to increase the supply—create a surplus—of the thing or the group that is being subsidized. Now, it well may be that those who advocated the subsidies in the first place did not understand what the inevitable consequences would be; perhaps they actually believed that subsidies would work backwards and that it is possible to diminish poverty by subsidizing it. Whatever their intentions, subsidies *do work*, and ought not to be trifled with.

Since subsidies are so deceptively dangerous—taking from some without their consent or knowledge and giving to others in a way that seems to aggravate rather than cure what ails them—it behooves us to seek other solutions to our problems.

We mentioned earlier that buyers and sellers, voluntarily offering and risking in a free market only what is their own, seem to gain phenomenal results if the “American Common Market” (the United States without welfarism) may be taken as an example. Competitive enterprise, regulated by consumer choice as reflected in the ups and downs of price in a free market, tends to reward according to merit—as our peers judge merit. And what is the measure of a man's success in a free market? The extent to which he effectively serves others as these others want to be served! Wealth accumulates in the hands of those who most economically and abundantly produce the things which alleviate poverty, and thus peo-

ple are stimulated to emerge and climb and help themselves. Multiplying wealth is by far the fastest way to help the poor. Dividing wealth and subsidizing poverty is the fastest way to starve everyone.

Let's be careful what we subsidize, because subsidies work!

MODERN ROBBER BARONS

by *William Henry Chamberlin*



WHAT little trade went on during the Middle Ages was considerably harassed by a group that has passed into history under the name of "robber barons." Entrenched in castles strategically built in mountain passes or on navigable rivers (the ruins of these castles are still a tourist sight on the Rhine and the Danube), the feudal owners levied more or less regular tribute on merchants and traders who passed within the neighborhood.

The use of gunpowder finally proved the undoing of the robber barons, as of the feudal system in general. Their castles were vulnerable to artillery; and the increasingly absolute centralized state acquired a monopoly of taxation rights as well as of political power.

The term robber barons has been sweepingly and unfairly applied to the pioneer builders of America's industries and railway systems. Unquestionably there was some wrongdoing, fraud, and corruption during the big upsurge of opening up and developing the trans-Mississippi West after the end of the Civil War. Standards of

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public life were not as high as they should have been; the moral letdown that usually follows big wars made itself felt.

But, by and large, the good which these industrial pioneers accomplished far outweighed the occasional spectacular and highly publicized evil. The transformation of the West, from a land of open prairies and mountains thinly settled by bands of roving Indians, into new settled states made prosperous by farms, mines, and industries and served by ample rail communications, was one of the great achievements of economic history. It was done by enterprising management, free capital, and free labor. The process was certainly more efficient and infinitely more humane than the brutal compulsions employed for the same purposes in the Soviet Union and Red China.

Abuse of Power in Unions

Now there is a new breed of robber barons, those who abuse the vast power which increasing interdependence of the economy and mistaken one-sided legislation have placed in the hands of trade unions. These modern robber barons systematically abuse this vast power in order to pillage their fellow-citizens by means of intimidation, stoppage of essential facilities, the actual imposition on communities of grave inconveniences of all kinds.

What made the plight of the merchant in the Middle Ages still more difficult was that he had to buy off not one but many oppressors. Anyone who could erect a

castle on a much used highway could cut in on the spoils. This situation is often duplicated in the twentieth century. It is within the power not only of big trade unions, but of small segments of the membership of these unions, sometimes acting in defiance of the established union leadership, to bring the wheels to a grinding stop and create a paralysis of an essential service.

Happening to visit New York toward the end of January, I found America's largest city in a situation suggesting that a foreign enemy was drawing a tighter and tighter blockade around its supply lines. Some six or seven hundred members of tugboat crews had quit their jobs because they were afraid that, a year hence, management might introduce efficiency changes that would require fewer operators.

Not content with the inconvenience which their concerted withdrawal of work created for the normal supply of New York City with food (this was less than they had counted on), they proceeded to tie up the whole transportation system of the eastern United States. They dispatched persuasive "goon squads" to railway junctions, some of these located hundreds of miles from New York. They turned Grand Central into a ghost terminal. Because of the alleged grievance of a few hundred tugboat operators, tens of thousands of commuters in the New York area were prevented from reaching their jobs and thousands of railway workers were made temporarily unemployed.

Sometimes in traveling in the Soviet Union I experi-

enced considerable difficulty in getting out of a provincial town because of delayed and chronically overcrowded trains. I had never imagined there might be similar difficulties in New York. But on the day when I wished to return to Boston, every train had stopped and a blizzard grounded all planes. By good luck I was able to find a bus with an empty seat; but many people, some with more urgent reasons for travel than mine, must have been stranded as a result of a controversy in which they had no part or responsibility.

Soon after my return to Boston the workers of the MTA (Metropolitan Transit Authority), which operates the subway and bus system of Boston and the surrounding area, took it into their individual and collective heads to report sick. This was to evade a state law that forbids strikes in public utilities. The idea was to wield the blackjack of causing immense inconvenience to the hundreds of thousands of people who use the MTA to get to their places of work in order to force management to sign on the dotted line what the union was demanding on a new contract.

The robber baron character of this thinly disguised strike was all the more apparent because the pressure was not being used against a corporation that could show a profit. The MTA, which is publicly owned, has been deeply in the red for as long as the oldest Bostonian can remember; its annual deficit is covered by extra taxation levied on the citizens of Boston and its suburban communities. What the union leaders were demanding (and, needless to say, they got it) was that fellow-

citizens, many earning lower wages and salaries than the union members, should dig deeper in their pockets to pay a wage increase that bore little if any relation to the labor market conditions.

Another example of blackjack tactics was the action of airline flight engineers in stopping airline transportation because they did not like a decision of the National Labor Relations Board that one union should represent them and the airline pilots. Perhaps it required the wisdom of Solomon to decide whether there should be one union or two. But a husband prevented from flying to the bedside of a critically ill wife might reasonably resent being made the innocent victim of this all too frequent type of union "jurisdictional" dispute.

Above the Law

The status of the medieval robber barons depended on their ability to deport themselves as above the law; and this is equally true as regards their modern successors. The rule of law, the conception that no one may do what is legally forbidden to others, is part of the fabric of a free society. But, where trade unions as organizations or their leaders and agents as individuals are concerned, this rule is more often broken than observed.

The disgruntled tugboat workers could stop all trains; the MTA workers could deprive a big metropolitan community of essential transportation; the flight engineers could ground the airlines, all with complete im-

punity. Suppose the shoe had been on the other foot. What would have happened if the managements of the railways, of the MTA, of the airlines, had decided to shut down service because they were dissatisfied with the revenues they were receiving? They would certainly have been permitted to do no such thing and would probably have found themselves in jail.

Union-Inspired Violence

The Congressional Committee headed by Senator McClellan, investigating racketeering and illegal practices in the trade-union movement, produced a mountain of incontrovertible evidence that many union organizers should be behind bars for outrageous violations of the laws protecting persons and property against violence and destruction. Indeed, not a few of these organizers have "served time," not for anything connected with labor-management disputes, but for acts of common criminality.

Typical cases of union-inspired violence that occurred during an "organizing" campaign for the Teamsters' Union in the South were the blinding of a truck driver in Nashville with tear gas and the burning of two truck drivers in Atlanta with a "Molotov cocktail." These events took place as the McClellan Committee was investigating the case of a Texas union organizer, one Raymond Shafer, who invariably resorted to the Fifth Amendment while under questioning. Mr. Shafer's activities, according to evidence and testimony introduced at

the Committee hearing, included bribing Mexicans to burn trucks, trying to arrange the murder of an employer whom he disliked, and ordering that a man who had incurred his displeasure should be beaten unconscious and have the word "rat" etched into his face with acid.

Most trade-union leaders may be personally upright men, pursuing the interests of their fellow-members as they see them. But a minority, as shown by the McClellan Committee investigation, are deeply imbedded in a mire of corruption, gangsterism, and sordid connections with the underworld.

The prolonged and bitter strike waged by the United Auto Workers against the Kohler Company, manufacturers of plumbing equipment, furnished interesting and significant illustrations of the "above the law" arrogance of the trade-union bosses. Many individual workers did not want this strike and in the end it petered out, the company carrying on production with the considerable part of its work force that was satisfied with conditions and with newcomers who were hired to replace the die-hard strikers.

From the beginning, the U.A.W. resorted to the crudest methods of intimidation and violence, with little opposition from union-backed local government officials. First there was mass picketing, which made it impossible for the considerable number of employees who wished to get into the plant to do so. When "mass picketing" was stopped by legal injunction, there was a campaign of individual intimidation, with such features as continuous ringing of nonstrikers' phones to shout

obscenities, throwing "paint bombs" into the houses of nonstrikers, and sabotaging their cars.

When this sort of thing also failed to stop production at the Kohler plant, the union put on an intensive secondary boycott and made a nationwide effort to induce buyers, by threats and propaganda, to cease dealing in Kohler equipment. Professor Sylvester Petro, in his analytical little book, *The Kohler Strike: Union Violence and Administrative Law*, remarks as follows on the highly one-sided character of much current labor legislation:

Had the Kohler Company attempted to induce other firms to refuse to deal with the U.A.W. or to hire Kohler strikers, it would have been held guilty of an unfair labor practice with extremely serious consequences . . . yet the U.A.W. was privileged to spread economic harm all over the country, not only to Kohler, but to its entirely innocent distributors and other neutral third parties.

Despite all these patently illegal activities on the part of the trade union, the National Labor Relations Board in 1960, after the strike had been effectively ended for years, ordered the Kohler Company to rehire the strikers on the ground that the company had allegedly engaged in "unfair labor practices." Professor Petro attributes this decision to a belief that a union must never lose a strike.

Should this philosophy prevail, should all risk be taken out of striking, there is no limit to the inflationary pressures that would be set loose by wage demands that would bear no relation to market conditions. Professor

Edward H. Chamberlin, in his thoughtful booklet, *The Economic Analysis of Labor Union Power*, notes that trade-union members today fall within the middle income rather than the low income sector of our society and goes on to make this point:

One effect of trade-union policy, with respect both to wages and to nonwage fringe benefits, working rules, etc. which raise costs and thus prices, is to diminish still further the real income of the really low-income groups, including not only low-income wage receivers, but also such other elements of society as "self-employed" and small businessmen, students, old people and other unemployables, insurance beneficiaries, pensioners, etc., etc. Those who are *really* concerned with the lot of the underprivileged in our economy will hardly be impressed by the claims of the trade-union sector. Today's underprivileged are to be found elsewhere.

Biased Laws

One big factor which makes it possible for union bosses to levy tribute on industry, and indirectly on those who buy industry's products—which means most of the population—is distinct bias in current laws regulating labor-management relations and in the administration of these laws. It has already been shown that the NLRB showed less than impartial wisdom in reinstating the Kohler strikers. More recently, the Supreme Court threw out a number of rulings of the NLRB which were designed to give some protection to nonunion workers and to implement the provision of the Taft-Hartley Law which forbids the closed shop.

The NLRB had ruled that it was unfair to nonunion

workers to provide in a contract that the foreman of the composing room and the mail room must be a member of the International Typographers Union. For the same reason it forbade the hiring of casual workers through a union-operated hiring hall, reasoning quite plausibly that a nonunion member would have slight chance of employment through such a hall. It also found that labor and management must refund to employees all union dues collected under an agreement which had been ruled to constitute an illegal closed shop.

The Supreme Court in several decisions has been very sensitive to the rights of accused communists and subversives and to the claims of certain minority groups. But its consideration, in these cases, did not extend to workers who might prefer not to be union members. By knocking the NLRB decisions on the head, it made very difficult the implementation of the law of the land against the closed shop.

The Contributing Factors

What has made it possible for leaders of organized labor—even small minority segments of organized labor—with increasing boldness and effrontery to inflict serious loss to the economy and inconvenience to the community in order to enforce their exactions, in the true style of the robber barons of the Middle Ages? Several factors enter into the situation. More and more workers have been induced or intimidated into joining trade unions. Our whole industrial setup has become more

interdependent, so that comparatively small groups can paralyze essential functions of production and transportation. During the last thirty years trade-unionism has been getting a flagrantly favorable bias in the enactment, still more, perhaps, in the enforcement or nonenforcement, of the laws.

And the victims of the new robber barons show little spirit, like the peaceful merchants who regularly paid tribute to the masters of the frowning castles on the Rhine. When a few hundred tugboat workers were able to stop all railway transportation in the New York area, throwing thousands out of work and creating the gravest inconvenience for tens of thousands more, it would have been interesting to see what would have happened if a few thousand frustrated embattled commuters had banded together and engaged in a little spirited "mass picketing" themselves around the union headquarters and around Grand Central Station. But the "innocent bystander" victims of interruptions of transportation and shipping and other essential services usually display a patient submissiveness that is only calculated to encourage further exactions.

The heart of the matter is to bring the vastly larger and more powerful trade unions of the present time under the same rule of law that applies to other citizens. Nine-tenths of the robber baron activities would cease if the simple rule were thoroughly enforced that members of a union as individuals or a trade union as an organization may not do things (from throwing rocks at nonstrikers' cars to organizing secondary boycotts)

that would land anyone else in jail. New legislation is less needed than is enforcement of present laws against violence, threats, assault and battery, and the like. Consideration also should be given to repeal of all measures the effect of which gives special advantage to trade unions. In that event, it might not be such a rare news item when a company, confronted with big new wage demands unwarranted by conditions of the market, will stand up and fight not only for its own but also for consumer interests, as the Kohler Company did under challenge.

LEGAL
—BUT IMMORAL

by Dean Russell



ALL OF US, at one time or another, have repeated the phrase, "Might doesn't make right." But like any other idea that, from constant repetition, degenerates into a mere cliché, we forget the meaning behind the words. That's why so few of us see the contradiction in the phrases, "Might does not make right," but "The way to determine whether Social Security is right or wrong is to vote on it."

In reality, who or what gets the most votes in an election is totally unrelated to who or to what is right.

When the majority of the people in old New England (and in other places at other times) endorsed that frightful campaign to search out and to burn witches, that didn't make it right. Everyone can now see that. But when I point out that price controls and subsidies to farmers are also morally and economically wrong, observe what happens. The farmers who get the subsidies (and the politicians who get the votes) immediately accuse me of not believing in democracy—"The people

From the *Rockford* (Illinois) *Morning Star*, September 10, 1961.

voted for it in a democratic election," they say, "so that makes it right." I say flatly, it does not.

When the majority of the American people endorsed the Eighteenth Amendment to our Constitution, that did not make drinking wrong; it merely made it illegal. Drinking is right or wrong on its own merits. And it did not suddenly become right again when the American people repealed the "prohibition amendment"; at that point, the drinking of whisky merely became legal once more.

Of course, the law and morality are frequently together on a given issue. For example, it is both immoral and illegal to murder and to steal. We are fortunate in such cases, for then we do not have to choose between law and morality. But since there is no positive relationship of any description between legalities and moralities, it is a mere coincidence when they correspond. The criteria for right and wrong come from a source (in fact, from several sources) that are outside of government. They existed before any current government was ever formalized. And, of course, they continue to exist during and after a revolution and the formation of a new government. The government does not, and cannot, bring them into existence.

Is It Right or Wrong?

I shall not here be so presumptuous and arrogant as to tell you what is right and what is wrong in all the relationships of mankind. In many areas and on many

issues, I just don't know. I can, however, offer a useful procedure for determining which is which.

Ask yourself whether human slavery is right or wrong. Was it right a hundred years ago? (Remember, the American people had approved of slavery and had voted for it.) After you have answered that rhetorical question as best you can (and have listed your reasons), you will discover that what the law says, or what your duly elected congressman says, are not included in your sources and guides for determining right from wrong. Nor did it even enter your mind to call your neighbors together for a vote on the issue.

I am confident that those same standards, guides, principles, and sources (whatever they may be) are more likely than any others to give you the correct solution to the many vital questions that we must answer as individuals and as a people. Hold fast to them and you are not likely to be pulled off-side by the childish notion that voting is the proper way to determine right from wrong. You will also then be in a far better position to use your vote intelligently to help determine what we should make legal and what we should make illegal, based on something more substantial than current and popular emotions.

Mechanically, I have no objection whatever to the democratic process—the mechanism—that we use to select our officials and to decide various issues that are of equal concern to all of the people. I can't think of any other practical way to do it. But I become discouraged indeed when people confuse the mechanism itself with the

rightness and wrongness of the resulting actions. The "liquidation" of millions of persons in Communist Russia under Stalin was wrong; it would have been equally wrong even if the overwhelming majority of the Russian people had voted for it in a democratic election. It is a fact that Hitler was elected more democratically than were most of the Presidents of the United States. But that fact is, of course, totally unrelated to the rightness or wrongness of the proposals and acts of the leaders of the two nations. In the final analysis, the only issue that can be decided by governmental voting is to determine what the minority shall be forced to do by the majority. That dangerous weapon should be used sparingly indeed.

When To Vote?

If voting could really be used to determine right from wrong—and what we should all be forced or forbidden to do—we could use it to settle the religious question once and for all. We could vote democratically to decide which religion we shall all be compelled to follow. (It always amuses me to observe how some of the most rabid of the social democrats back away from that one; and on occasion, I have been known to resort to the low trick of taunting the worst of them with this question: "What's the matter—don't you believe in democracy and the right to vote anymore?")

Perhaps James Madison, in the tenth *Federalist Paper*, best answered this general question on voting and democracy. "Measures are too often decided, not accord-

ing to the rules of justice and the rights of the minor party, but by the superior force of an interested and overbearing majority.”

That’s why our Founding Fathers deliberately established a Republic with heavy checks and balances against popular and hasty actions, instead of a Democracy in which the people are encouraged to believe that they have the “right” to vote on anything and everything. It’s too bad that their plan is being so constantly eroded away.

THE ELITE UNDER CAPITALISM

by Ludwig von Mises



A LONG LINE of eminent authors, beginning with Adam Ferguson, tried to grasp the characteristic feature that distinguishes the modern capitalistic society, the market economy, from the older systems of the arrangement of social cooperation. They distinguished between warlike nations and commercial nations, between societies of a militant structure and those of individual freedom, between the society based on status and that based on contract. The appreciation of each of the two "ideal types" was, of course, different with the various authors. But they all agreed in establishing the contrast between the two types of social cooperation as well as in the cognition that no third principle of the arrangement of social affairs is thinkable and feasible.¹ One may disagree with some of the characteristics that they ascribed to each of the two types, but one must admit that the classification as such makes us comprehend essential facts of history as well as contemporary social conflicts.

¹ See Ludwig von Mises, *Human Action* (New Haven, Conn.: Yale University Press, 1949), pp. 196-199.

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There are several reasons that prevent a full understanding of the significance of the distinction between these two types of society. There is in the first place the popular repugnance to assign to the inborn inequality of various individuals its due importance. There is furthermore the failure to realize the fundamental difference that exists between the meaning and the effects of private ownership of the means of production in the precapitalistic and in the capitalistic society. Finally, there is serious confusion brought about by the ambiguous employment of the term "economic power."

The doctrine that ascribed all differences between individuals to postnatal influences is untenable. The fact that human beings are born unequal in regard to physical and mental capacities is not denied by any reasonable man, certainly also not by pediatricists. Some individuals surpass their fellow men in health and vigor, in brain power and aptitude for various performances, in energy and resolution. Some people are better fit for the pursuit of earthly affairs, some less. From this point of view we may—without indulging in any judgment of value—distinguish between superior and inferior men. Karl Marx referred to "the inequality of individual endowment and therefore productive capacity (*Leistungsfähigkeit*) as natural privileges" and was fully aware of the fact that men "would not be different individuals if they were not unequal."²

In the precapitalistic ages the better endowed, the

² Critique of the Social-Democratic Program of Gotha (Letter to Bracke, May 5, 1875).

“superior” people, took advantage of their superiority by seizing power and enthraling the masses of weaker, i.e., “inferior” men. Victorious warriors appropriated to themselves all the land available for hunting and fishing, cattle raising and tilling. Nothing was left to the rest of the people than to serve the princes and their retinue. They were serfs and slaves, landless and penniless underlings.

Such was by and large the state of affairs in most parts of the world in the ages in which the “heroes”³ were supreme and “commercialism” was absent. But then, in a process that, although again and again frustrated by a renaissance of the spirit of violence, went on for centuries and is still going on, the spirit of business, i.e., of peaceful cooperation under the principle of the division of labor, undermined the mentality of the “good old days.” Capitalism—the market economy—radically transformed the economic and political organization of mankind.

In the precapitalistic society the superior men knew no other method of utilizing their own superiority than to subdue the masses of inferior people. But under capitalism the more able and more gifted men can profit from their superiority only by serving to the best of their abilities the wishes and wants of the majority of less gifted men. In the market economy the consumers are supreme. They determine, by their buying or abstention from buying, what should be produced, by whom and

³ Werner Sombart, *Händler und Helden* (Heroes and Hucksters) (Munich, 1915).

how, of what quality and in what quantity. The entrepreneurs, capitalists, and landowners who fail to satisfy in the best possible and cheapest way the most urgent of the not yet satisfied wishes of the consumers are forced to go out of business and forfeit their preferred position. In business offices and in laboratories the keenest minds are busy fructifying the most complex achievements of scientific research for the production of ever better implements and gadgets for people who have no inkling of the scientific theories that make the fabrication of such things possible. The bigger an enterprise is, the more it is forced to adjust its production activities to the changing whims and fancies of the masses, its masters. The fundamental principle of capitalism is mass production to supply the masses. It is the patronage of the masses that makes enterprises grow into bigness. The common man is supreme in the market economy. He is the customer "who is always right."

In the political sphere representative government is the corollary of the supremacy of the consumers in the market. The office-holders depend on the voters in a way similar to that in which the entrepreneurs and investors depend on the consumers. The same historical process that substituted the capitalistic mode of production for precapitalistic methods substituted popular government—democracy—for royal absolutism and other forms of government by the few. And wherever the market economy is superseded by socialism, autocracy makes a comeback. It does not matter whether the socialist or communist despotism is camouflaged by the use of aliases

such as “dictatorship of the proletariat” or “people’s democracy” or “Führer principle.” It always amounts to a subjection of the many to the few.

It is hardly possible to misconstrue more improperly the state of affairs prevailing in the capitalistic society than by dubbing the capitalists and entrepreneurs a “ruling” class intent upon “exploiting” the masses of decent men. We do not have to raise the question how the men who under capitalism are businessmen would have tried to take advantage of their superior talents in any other thinkable organization of production activities. Under capitalism they are vying with one another in serving the masses of less gifted men. All their thoughts aim at perfecting the methods of supplying the consumers. Every year, every month, every week something unheard of before appears on the market and is very soon made accessible to the many. Precisely because they are producing for profit, the businessmen are producing for the use of the consumers.

Confusion Concerning Property

The second deficiency of the customary treatment of the problems of society’s economic organization is the confusion produced by the indiscriminate employment of juridical concepts, first of all the concept of private property.

In the precapitalistic ages there prevailed by and large economic self-sufficiency, first of every household, later—with the gradual progress toward commercialism—of

small regional units. The much greater part of all products did not reach the market. They were consumed without having been sold and bought. Under such conditions there was no essential difference between private ownership of producers' goods and that of consumers' goods. In each case property served the owner exclusively. To own something, whether a producers' good or a consumers' good, meant to have it for oneself alone and to deal with it for one's own satisfaction.

But it is different in the frame of a market economy. The owner of producers' goods, the capitalist, can derive advantage from his ownership only by employing them for the best possible satisfaction of the wants of the consumers. In the market economy property in the means of production is acquired and preserved by serving the public and is lost if the public becomes dissatisfied with the way in which it is served. Private property of the material factors of production is a public mandate, as it were, which is withdrawn as soon as the consumers think that other people would employ the capital goods more efficiently for their, viz., the consumers', benefit. By the instrumentality of the profit and loss system the capitalists are forced to deal with "their" property as if it were other peoples' property entrusted to them under the obligation to utilize it for the best possible provision of the virtual beneficiaries, the consumers. This real meaning of private ownership of the material factors of production under capitalism could be ignored and misinterpreted because all people—economists, lawyers, and laymen—had been led astray by the fact that the legal con-

cept of property as developed by the juridical practices and doctrines of precapitalistic ages has been retained unchanged or only slightly altered while its effective meaning has been radically transformed.⁴

In the feudal society the economic situation of every individual was determined by the share allotted to him by the powers that be. The poor man was poor because little land or no land at all had been given to him. He could with good reason think—to say it openly would have been too dangerous—: I am poor because other people have more than a fair share. But in the frame of a capitalistic society the accumulation of additional capital by those who succeeded in utilizing their funds for the best possible provision of the consumers enriches not only the owners but all of the people, on the one hand by raising the marginal productivity of labor and thereby wages, and on the other hand by increasing the quantity of goods produced and brought to the market. The peoples of the economically backward countries are poorer than the Americans because their countries lack a sufficient number of successful capitalists and entrepreneurs.

A tendency toward an improvement of the standard of living of the masses can prevail only when and where the accumulation of new capital outruns the increase in population figures.

The formation of capital is a process performed with

⁴It was the great Roman poet, Quintus Horatius Flaccus, who first alluded to this characteristic feature of property of producers' goods in a market economy. See Mises, *Socialism*, new edition, p. 42 n.

the cooperation of the consumers: only those entrepreneurs can earn surpluses whose activities satisfy best the public. And the utilization of the once accumulated capital is directed by the anticipation of the most urgent of the not yet fully satisfied wishes of the consumers. Thus capital comes into existence and is employed according to the wishes of the consumers.

Two Kinds of Power

When in dealing with market phenomena we apply the term "power," we must be fully aware of the fact that we are employing it with a connotation that is entirely different from the traditional connotation attached to it in dealing with issues of government and affairs of state.

Governmental power is the faculty to beat into submission all those who would dare to disobey the orders issued by the authorities. Nobody would call government an entity that lacks this faculty. Every governmental action is backed by constables, prison guards, and executioners. However beneficial a governmental action may appear, it is ultimately made possible only by the government's power to compel its subjects to do what many of them would not do if they were not threatened by the police and the penal courts. A government supported hospital serves charitable purposes. But the taxes collected that enable the authorities to spend money for the upkeep of the hospital are not paid voluntarily. The citizens pay taxes because not to pay them would

bring them into prison and physical resistance to the revenue agents to the gallows.

It is true that the majority of the people willy-nilly acquiesce in this state of affairs and, as David Hume put it, "resign their own sentiments and passions to those of their rulers." They proceed in this way because they think that in the long run they serve better their own interests by being loyal to their government than by overturning it. But this does not alter the fact that governmental power means the exclusive faculty to frustrate any disobedience by the recourse to violence. As human nature is, the institution of government is an indispensable means to make civilized life possible. The alternative is anarchy and the law of the stronger. But the fact remains that government is the power to imprison and to kill.

The concept of economic power as applied by the socialist authors means something entirely different. The fact to which it refers is the capacity to influence other peoples' behavior by offering them something the acquisition of which they consider as more desirable than the avoidance of the sacrifice they have to make for it. In plain words: it means the invitation to enter into a bargain, an act of exchange. I will give you *a* if you give me *b*. There is no question of any compulsion nor of any threats. The buyer does not "rule" the seller and the seller does not "rule" the buyer.

Of course, in the market economy everybody's style of life is adjusted to the division of labor, and a return to self-sufficiency is out of the question. Everybody's bare

survival would be jeopardized if suddenly he would be forced to experience the autarky of ages gone by. But in the regular course of market transactions there is no danger of such a relapse into the conditions of the primeval household economy. A faint image of the effects of any disturbance in the usual course of market exchanges is provided when labor union violence, benevolently tolerated or even openly encouraged and aided by the government, stops the activities of vital branches of business.

In the market economy every specialist—and there are no other people than specialists—depends on all other specialists. This mutuality is the characteristic feature of interpersonal relations under capitalism. The socialists ignore the fact of mutuality and speak of economic power. For example, as they see it, “the capacity to determine product” is one of the powers of the entrepreneur.⁵ One can hardly misconstrue more radically the essential features of the market economy. It is not business, but the consumers who ultimately determine what should be produced. It is a silly fable that nations go to war because there is a munitions industry and that people are getting drunk because the distillers have “economic power.” If one calls economic power the capacity to choose—or, as the socialists prefer to say, to “determine”—the product, one must establish the fact that this power is fully vested in the buyers and consumers.

⁵ Cf. for instance, A. A. Berle, Jr., *Power without Property* (New York: Harcourt, Brace, Inc., 1959), p. 82.

“Modern civilization, nearly all civilization,” said the great British economist, Edwin Cannan, “is based on the principle of making things pleasant for those who please the market and unpleasant for those who fail to do so.”⁶ The market, that means the buyers; the consumers, that means all of the people. To the contrary, under planning or socialism the goals of production are determined by the supreme planning authority; the individual gets what the authority thinks he ought to get. All this empty talk about the economic power of business aims at obliterating this fundamental distinction between freedom and bondage.

The “Power” of the Employer

People refer to economic power also in describing the internal conditions prevailing within the various enterprises. The owner of a private firm or the president of a corporation, it is said, enjoys within his outfit absolute power. He is free to indulge in his whims and fancies. All employees depend on his arbitrariness. They must stoop and obey or else face dismissal and starvation.

Such observations, too, ascribe to the employer powers that are vested in the consumers. The requirement to outstrip its competitors by serving the public in the cheapest and best possible way enjoins upon every enterprise the necessity to employ the personnel best fitted for the performance of the various functions entrusted to

⁶ Edwin Cannan, *An Economist's Protest* (London: P. S. King & Son, Ltd., 1928), pp. VI f.

them. The individual enterprise must try to outdo its competitors not only by the employment of the most suitable methods of production and the purchase of the best fitted materials, but also by hiring the right type of workers. It is true that the head of an enterprise has the faculty to give vent to his sympathies or antipathies. He is free to prefer an inferior man to a better man; he may fire a valuable assistant and in his place employ an incompetent and inefficient substitute. But all the faults he commits in this regard affect the profitability of his enterprise. He has to pay for them in full. It is the very supremacy of the market that penalizes such capricious behavior. The market forces the entrepreneurs to deal with every employee exclusively from the point of view of the services he renders to the satisfaction of the consumers.

What curbs in all market transactions the temptation of indulging in malice and venom is precisely the costs involved in such behavior. The consumer is free to boycott for some reasons, popularly called noneconomic or irrational, the purveyor who would in the best and cheapest way satisfy his wants. But then he has to bear the consequences; he will either be less perfectly served or he will have to pay a higher price. Civil government enforces its commandments by recourse to violence or the threat of violence. The market does not need any recourse to violence because neglect of its rationality penalizes itself.

The critics of capitalism fully acknowledge this fact in pointing out that for private enterprise nothing

counts but the striving after profit. Profit can be made only by satisfying the consumers better or cheaper or better and cheaper than others do. The consumer has in his capacity as customer the right to be full of whim and fancies. The businessman as producer has only one aim: to provide for the consumer. If one deplors the businessman's unfeeling preoccupation with profit-seeking, one has to realize two things. First, that this attitude is prescribed to the entrepreneur by the consumers who are not prepared to accept any excuse for poor service. Secondly, that it is precisely this neglect of "the human angle" that prevents arbitrariness and partiality from affecting the employer-employee nexus.

A Duty of the Elite

To establish these facts does not amount either to a commendation or to a condemnation of the market economy or its political corollary, government by the people (representative government, democracy). Science is neutral with regard to any judgments of value. It neither approves nor condemns; it just describes and analyzes what is.

Stressing the fact that under unhampered capitalism the consumers are supreme in determining the goals of production does not imply any opinion about the moral and intellectual capacities of these individuals. The individuals both as consumers and as voters are mortal men liable to error and may very often choose what in the long run will harm them. Philosophers may be right

in severely criticizing the conduct of their fellow citizens. But there is, in a free society, no other means to avoid the evils resulting from one's fellows' bad judgment than to induce them to alter their ways of life voluntarily. Where there is freedom, this is the task incumbent upon the elite.

Men are unequal and the inherent inferiority of the many manifests itself also in the manner in which they enjoy the affluence capitalism bestows upon them. It would be a boon for mankind, say many authors, if the common man would spend less time and money for the satisfaction of vulgar appetites and more for higher and nobler gratifications. But should not the distinguished critics rather blame themselves than the masses? Why did they, whom fate and nature have blessed with moral and intellectual eminence, not better succeed in persuading the masses of inferior people to drop their vulgar tastes and habits? If something is wrong with the behavior of the many, the fault rests no more with the inferiority of the masses than with the inability or unwillingness of the elite to induce all other people to accept their own higher standards of value. The serious crisis of our civilization is caused not only by the shortcomings of the masses. It is no less the effect of a failure of the elite.

TO REBUILD THE ETHICAL FOUNDATION

by *Hans F. Sennholz*



ALBERT SCHWEITZER, in his *Decay and Restoration of Civilization*, expressed his hopes for the survival of civilization in the following words:

“The renewal of civilization has nothing to do with movements which bear the character of experiences of the crowd; these are never anything but reactions to external happenings. But civilization can only revive when there shall come into being in a number of individuals a new tone of mind independent of the one prevalent among the crowd and in opposition to it, a tone of mind which will gradually win influence over the collective one, and in the end determine its character. It is only an ethical movement which can rescue us from the slough of barbarism, and the ethical comes into existence only in individuals. . . .”

But most men lack character depth and stability. Infirm or shaky in our ethical moorings, we are guided by public opinion that is maintained by means of mass

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communication. Our opinions are shaped by the press, radio, and television, by financial and other considerations. Our understanding of ethical, political, and sociological phenomena is fashioned by heresy and propaganda, by majority beliefs and decisions.

We like to cling to and identify ourselves with popular labels. In democratic surroundings we are eager to be good democrats. In a socialistic setting we are good socialists, among communists probably good communists, and among conservatives we strive to be good conservatives.

But no matter what label appears to be the most fashionable, we are prone to attach the prevailing beliefs and prejudices to the label we adopt. If, for instance, we choose the conservative label because it appears fashionable and personally desirable, we tend to interpret it socialistically if the prevailing opinion is socialistic. As a crowd we thus usurp the fashionable labels and pervert them with popular notions and prejudices. Old venerable terms, such as democratic, liberal, and even American, thus are changed through usurpation and reinterpretation until they now purvey the very opposite of their original meanings.

Lest we become a speck in the crowd of which Schweitzer was speaking we must continuously re-examine the religious and ethical foundation to which we are moored. With unrelenting zeal and scrupulous care we must reorient ourselves always anew toward the ethics we profess. Without the greatest alertness we are bound to sink into the shallowness and instability of the mass.

If we believe in the inherent freedom and dignity of man, in his responsibility before his Creator and his fellow men, we must re-examine tirelessly our individual actions and readjust them to the foundation. If we profess the principles of a free society, political and economic freedom, individual property and enterprise, we must conform our words and actions to the principles professed. For we relapse into the mind of the crowd if we mean to profess the principles of individual freedom and responsibility, but in our daily affairs advocate collective action and coercion. And yet, this is the common failure of which we often are guilty.

We aim to be Christian, but sinfully transgress against our fellow men. We claim to be democratic, but advocate the tyranny of government over the people. We speak of ethics, but act ruthlessly and mercilessly. We pride ourselves in being American, but sneer at the dreams of the Founding Fathers. We call ourselves individualists, but mainly trust in collective action. We conveniently use the label "conservative," but clamor for more laws, and government intervention. In short, we echo the collective tone of mind.

According to Albert Schweitzer's analysis, a few individuals must bring into being a new tone of mind in opposition to the one of the crowd. In lonely existence, often despised and misunderstood, they must rebuild the ethical foundation that can give life to a new civilization.

THE SIGNIFICANT ROLE OF LUDWIG VON MISES

by Lawrence Fertig



ONE DAY several years ago I attended a dinner party at the home of a friend who is a knowledgeable defender of private capitalism and one of the best-known anti-communists in the United States. This man had been a socialist a generation ago. Also attending this party was Dr. Mises. Toward the end of the evening our host described how Mises had changed his life. It seems that he had come upon Mises' *Socialism* one evening and sat up all night to read it. He was completely shaken by this experience, he said, and from that point on he re-evaluated his socialist concepts and finally repudiated them. He described in glowing terms the impact of Mises' *Socialism* upon his maturing mind, and he attributed the complete change of his intellectual life to the power and logic of Mises' concepts.

How many minds have been similarly influenced it is not possible to say. But there is no question that the clarity and vigor of Mises' thinking has had a powerful influence on our times. For he is a scholar's scholar. The

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force of his ideas has been multiplied by the many able young economists he has trained and influenced. They have gone forth into public service and the academic world to spread the gospel of the free market and freedom.

It is not given to many people to have such influence. While it is true that the world in the last generation has moved appreciably toward the collectivist state, it is depressing to think how much further we might have gone had there not stood a valiant guard to lead at least some intellectuals in the direction of the free society. And foremost of this small but valiant group who, despite great odds, have continued to mold the thinking of many intellectuals in the Western world undoubtedly is Ludwig von Mises.

In his prophetic essay published in 1949, Friedrich Hayek defined the intellectual in a very interesting way. "The term intellectuals," he said, "does not at once convey a true picture of the large class to which we refer, and the fact that we have no better name by which to describe what we have called the secondhand dealers in ideas is not the least of the reasons why their power is not better understood . . . What qualifies him (the intellectual) for his job is the wide range of subjects on which he can readily talk and write, and a position or habits through which he becomes acquainted with new ideas sooner than those to whom he addresses himself."

This is a succinct and quite accurate description of intellectuals—"secondhand dealers in ideas." In other words, they are not the seminal thinkers, nor are they

usually great scholars, but they are people in various walks of life who latch on to important ideas of famous scholars and retail those ideas to the circle in which they are influential, large or small. Among the teachers, journalists, authors, and others with whom I am acquainted, I can testify that Mises is the kind of original thinker who molds the concepts of many intellectuals in ways in which they themselves are often not aware. The fact that his following is not legion is, of course, disturbing to those who are fighting for individual freedom. But it is well to remember that the leaders in the battle for free enterprise and freedom would not be so effective if they had not been inspired and taught by Mises. For they speak his ideas even though they modify and popularize his concepts.

Champion of the Free Market

Mises' monumental work, *Human Action*, is a case in point. Certainly it is not widely read—in terms of a popular best seller; nevertheless, it daily influences the minds of countless students, writers, and teachers. When this book was published in 1949, I devoted a column to reviewing it for the public.

“It is about time,” I said, “that some truly great advocate of liberal capitalism restated for our time the case of the free market and the sovereignty of the consumer, as opposed to the philosophy of government intervention and the sovereignty of the bureaucrat.

“But there is need for a much more comprehensive

work which would give intellectuals of traditional liberal persuasion a fountainhead for their gospel—the kind of inspiration and argument supplied to the opposing school by such writers as Karl Marx, Thorstein Veblen, and John Maynard Keynes. The need for such a work has been filled by Ludwig von Mises, one of the world's truly great economists. His book is entitled *Human Action*, which indicates the scope of his thinking.

“Economic man as such is pure fiction. Man is a whole being and all his actions and choices are interrelated. A definitive work of economics, therefore, can well be called *Human Action*.

“The planned economy is Dr. Mises' target. He says, ‘*The alternative is not plan or no plan. The question is: whose plan? Should each member of society plan for himself or should a benevolent government alone plan for them all?*’ And Mises is not afraid to use the words *laissez-faire*. ‘*Laissez-faire*,’ he says, ‘*means let each individual choose how he individually wants to cooperate in the social division of labor—let the consumer determine what the entrepreneurs should produce.*’

“The interventionist is always looking for stability. To bring about this impossible state he must force the public into a rigid economic mold of his own making. As a traditional liberal Dr. Mises' objective is a flexible economic system, which is the only kind of system that can exist in a world of action and change. This may be a book for scholars but it will undoubtedly have a profound effect upon public opinion.”

In the long run *Human Action*, *Socialism*, *The*

Theory of Money and Credit, and Mises' other great books continue to affect the minds of men and thus—even if imperceptibly—to have their effects upon events. But in judging Mises' influence, one should not underestimate the power of his person. His personality is unique, as those who have listened to him well know. His seminar at New York University is a rallying point for the faithful of the libertarian cause who want to engage in serious study. Mises' ability to clarify an abstruse subject is truly remarkable. His lectures are not only scholarly, but lively, which is an unusual combination. Another very important function which Mises performs is that of consultant and guide to those of us who are engaged in the daily battle. As an economic journalist whose function it is to interpret and comment upon ideas and events which are shaping the world of our time, I can bear witness to this.

It is essential and inspiring for us to have ready access to that inexhaustible mine of lore, philosophy, and theory—the mind of Ludwig von Mises. His comments upon some passing event, or upon a problem of national significance, never seem to follow the beaten path. Always he brings to bear upon a subject a wealth of historical information and an insight that is the very heart of wisdom. To those of us who write upon economic and political subjects his suggestions and counsel—which always seem to be available without limit—are invaluable.

It is Mises' function to state the truth about the market economy without quibble and without qualification. Many authors who write for a more popular field may,

on occasion, find it advisable to qualify a blunt truth, or to express their ideas with tenderness for the inconsistencies, illogic, and foibles of their audience. But not Mises. He states his principles in clear-cut fashion without regard for anything but the truth itself as he sees it. This is of high importance in guiding those who need some star by which to set their compass.

A Guiding Light to Clear-cut Thinking

If one is guided by the principles of the market economy as expounded by Mises, there is no excuse for fuzziness in thinking about the validity of any new economic proposal. These principles permit the writer who is a student of Mises to view with a clear and discerning eye every new utopian proposal for improving the world. Thus he can avoid falling into the many traps which are hidden in the new schemes.

I will mention here only one of many such proposals which seem to be gaining ground not only in the United States but in Britain and other countries as well. It is the theory that when an individual acts, he must ponder not only his own self-interest but the public interest as well. He must go about his business with two hats, so to speak. He is supposed to wear one hat when he acts as a private individual who decides what is best for himself. He is supposed to remove this particular hat and put on another one when he acts as a self-appointed public functionary, deciding what is best for the country and for humanity. Apparently he is to wear each hat suc-

cessively, never permitting his own self-interest to interfere with the course of action which he finally decides to be in the public interest.

According to this theory, when a producer of goods sets his price, he must decide not only what is good for him but what is good for everybody else. When a labor union leader approaches the employer, he must frequently say, "I can get ten cents an hour more for my men, but it is not in the public interest to take it." When an investor decides what to do with his money, he must think not only of interest rates and dividends but also of what is in the national interest.

This is the new philosophy which is gaining ground here and abroad. It is unworkable, it runs contrary to human nature, it distorts market factors, and it is completely utopian. Its only reason for existence is the attempt to relieve government from the evil effects of bad laws which disturb the market.

How Much Is Enough?

In Britain, the London *Economist* recently recommended that the Treasury publish a statistic concerning "the amount of wage increases that would be likely to topple the economy off-course . . . If these estimates were published," said the *Economist*, "and if they found their way into the headlines . . . public pressure against inflation could be built up at just the right time." The editorial then goes on to say that the Treasury should publish "the safe permissible limit for increases in wage

rates." Thus the government creates inflation of the money supply in the first place and then tries to regiment the economy so that no individual or group would take advantage of all the inflationary money which is lying around.

A similar proposal was made by Henry C. Wallich of Yale University, in a letter to the *New York Times*. He suggests that wage increases be limited by consensus to 2 per cent a year. He identified this figure as the long-range historical rate of productivity gain. It may be asked why Dr. Wallich is searching around for a new formula to supplant the result which the market would give. Plainly the answer is that labor union power is so great that temporarily it can get any wage rate it insists upon. But this uneconomic wage rate eventually is the cause of recession and unemployment, and at that point political pressure causes the federal government to inflate the money supply and to create deficits which are financed by the banking system. The way to cure this situation is to re-establish market conditions, not to impose some rigid formula which will make bad matters worse.

But perhaps the most curious suggestion of all was recently made by an economist who is considered rather conservative in some quarters. He is David Rockefeller, President of the Chase Manhattan Bank, one of the largest in the United States. When there was a great outflow of American dollars in the latter part of 1960 and the beginning of 1961, Mr. Rockefeller suggested that American corporations holding large funds for invest-

ment should not seek the highest return for their funds in international markets. He said, "It would seem wise and responsible—in a time such as the recent past, when the national interest clearly is involved—to exercise restraints in responding to a differential in foreign interest rates, particularly when the gains are incidental to a company's main business, and loom relatively small on the income statement. Here, as in so many areas, the business community has an opportunity, even an obligation, to lead the nation in a rational pattern of behavior, consistent with our growing role in the world."

But in all of the cases cited above did not Mr. Rockefeller, Professor Wallich, and the Editor of the London *Economist* really beg the question? Did they not assume that they really knew what is in the public interest? In the case of investing funds, one might well assert that the outflow of dollars seeking higher interest returns in other countries is definitely in the public interest, and not against it. It is the exodus of dollars which alerts the United States to the importance of curbing its inflationary policies. When public policy becomes even slightly anti-inflationary, investors retain their funds in the United States and do not seek to place them abroad. This pressure upon the government for some restraint upon inflation is certainly beneficial to the public. Yet in this particular instance it was asserted that the individual knew very well that it was in the public interest not to send his money abroad.

The lesson to be learned in all these cases is the lesson that Mises has devoted his life to teaching. There is no

substitute for the free market. What is "right" and what is "wrong" is to be determined by each individual, weighing his decisions in a climate of freedom. The world does not seem to have learned this lesson well. But concepts and intellectual trends do change over a long period of time. There is no reason why the present trend toward collectivism may not be altered in another generation. In this event there will undoubtedly be many monuments dedicated to the unswerving defender of the market system whose scholarship, wisdom, courage, and integrity have been such a shining example for more than half a century.

A SHORT HISTORY OF INFLATION

by Cecil V. Grove



GOVERNMENT OFFICIALS of post-World War I Germany deliberately embarked upon a policy of monetary inflation as a means (they thought) of solving the country's economic difficulties. They assumed that inflation could be controlled and that "a little inflation" would stimulate business and make for a healthy economy.

The inevitable results of such criminal tinkering with a nation's economy are starkly revealed in these figures from a German history book (*Um Volksstaat und Völkergemeinschaft* published by Ernst Klett, Stuttgart, 1961, page 149) :

PRICES IN GERMANY (in Marks)

1923

	1914	1918	1922	Summer	November
Potatoes (lb.)	.04	.12	80	2,000	50,000,000,000
Egg (one)	.08	.25	180	5,000	80,000,000,000
Beer (glass)	.13	.17	60	3,000	150,000,000,000
Meat (lb.)	.90	2.00	1,200	90,000	3,200,000,000,000
Butter (lb.)	1.40	3.00	2,400	150,000	6,000,000,000,000

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Out of the economic chaos thus created came Hitler, World War II, and the omnipotent governments threatening our world today. The current crisis in Berlin is but another manifestation of the continuing conflict between insatiable government and freedom-oriented individual man. The nature of that conflict has not changed over the past six thousand years.

MIRACLE OF THE MARKET

by Leonard E. Read



WE HAVE 80 million automobiles in this country, but it is impossible to find anyone who, by himself, knows how to make all of the complex parts and assemble them into the finished product. No person knows how to make even so simple an item as a pencil.¹ That we have so many things in such profusion, without anyone's knowing precisely how to make them, is a miracle of which we ought to be aware lest we inadvertently destroy its wonder-working powers.

An aspect of this miracle is that no two of some two billion adult human beings on this earth are identical. There is striking variance in such fundamentals as taste, smell, skin, hair, bone, gastric juice, amino acid and vitamins in blood, and so on. Further, each individual is a tiny islet of unique human energy, differing from all others in skill, knowledge, insight, creativeness. Thus, the solitary energy of even the most gifted person cannot produce a thing as simple as a pencil. A pencil is a miraculous configuration of varying creative energies contributed by literally millions of individuals, most of

¹ This fact is documented in "I, Pencil." See *Essays on Liberty*, Vol. VI, p. 371.

whom are unknown to one another. Yet pencils are available in profusion, at a price of only a few cents each.

The spontaneous coalescence of diverse energies in response to human necessity and demand is indeed a miracle—a gift from the Creator which no human authoritarian has even been able to approach, let alone duplicate. The nature of this miracle was clearly spelled out more than a century ago by that remarkable Frenchman, Frederic Bastiat:

On entering Paris where 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 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 [subdivisions of France] have been laboring today, without concert, and without any mutual understanding, for the provisioning of Paris. How can each day bring just what is necessary, nothing less, nothing more, to this gigantic market? What is the ingenious and secret power which presides over the astonishing regularity of such complicated movements, a regularity in which we all have so implicit, though thoughtless, a faith; on which our comfort, our very existence depends? This power is an *absolute principle*, the principle of freedom in exchanges.²

This “absolute principle” is what attends to the all-important configuration of varying creative human energies which takes place “without concert, and without

²See *Sophisms of Protection* by Frederic Bastiat. (New York: G. P. Putnam's Sons, 1874). pp. 122-23.

understanding." The principle operates as free from any over-all human direction or management as does the law of gravitation. Operating beyond the ingenuity of human action, this principle carries no price for its service—a service not within the ken of man, a service without which man could not exist. Indeed, the prime requirement is that this "secret power" be left alone, that is, free of any man-attempt to take it over.

Freedom in exchanges, that is, willing exchanges—the miraculous mechanism that Adam Smith termed "The Invisible Hand"—tends to tempt tinkers. There are many among us who entertain the foolish notion that they could, if given the authority, construct a superior mechanism. They would put floors under and ceilings over wages, prices, production. They would subsidize some at the expense of others, and protect the ones who complain about competition. In short, they are the ones who would interfere with creative energies and violate the principle of "freedom in exchanges."

The Sorry Alternative

Here is Bastiat's warning on that score:

What would be your conditions, inhabitants of Paris, if a minister, however superior his abilities, should undertake to substitute, in the place of this power [freedom in exchanges], the combinations of his own genius? If he should think of subjecting to his own supreme direction this prodigious mechanism, taking all of its springs into his own hand, and deciding by whom, how, and on what conditions each article should be produced, transported, exchanged, and consumed? Ah! although there is much suffering within your walls; although

misery, despair, and perhaps starvation, may call forth more tears than your warmest charity can wipe away, it is probable, it is certain, that the arbitrary intervention of government would definitely multiply these sufferings, and would extend among you the evils which now reach but a small number of your citizens.³

It is not necessary, however, to revert to nineteenth century France for examples of the enormous costs that accompany the substitution of government intervention for freedom in exchanges. We can draw on our own American experiences. The competitive open market freely coordinates our supplies and demands; the politically rigged process accomplishes no more than an obfuscation of the automatic, spontaneous, miraculous market process, and at ever-increasing costs!

No One Knows It All

The reason? Take any government official (a citizen backed by force), however superior his abilities, and observe what confronts him when he sets out to rig prices and production. It would be difficult to write a fraction small enough to express his infinitesimal portion of the required knowledge. For instance, a single company in the U.S.A.—one among many—produces not less than 250,000 complex items. Not only is there no single individual in the company who knows how to make any one of these products, but there is no person in the company who knows what all of these items are! Yet, our government official who probably has never entered one of the company's many plants, who doubtless has no

³ *Ibid.*, pp. 123-24.

acquaintance with any member of the company, who more than likely knows nothing at all about metallurgy, electronics, marketing, finance, or hundreds of other relevant disciplines, would inflict by force his abysmal ignorance on this complex operation!

Even when he realizes the colossal nature of his undertaking, our official, more often than not, concludes that he could do all of the “beneficent” rigging if only he had enough help and enough facts. Thus is a bureaucracy pyramided, layer on layer, one division of frustrated labor after another, fact-gathering bureaus, governmental research agencies, statistical heaps without end.⁴

If we concede that the function of government is to inhibit, restrain, and penalize all fraud, violence, misrepresentation, predation, in short, to invoke a common justice, then we might expect that the cost of governing John Doe’s grandson should have been no more in 1960 than it cost to govern John Doe in 1900—unless, of course, the grandson were more a rascal than was his grandfather.

Total expenditures of government at all levels in these United States in 1900 averaged \$56 per person. In 1960, *by reason of increased interventionism*, the average was \$615 per person.⁵

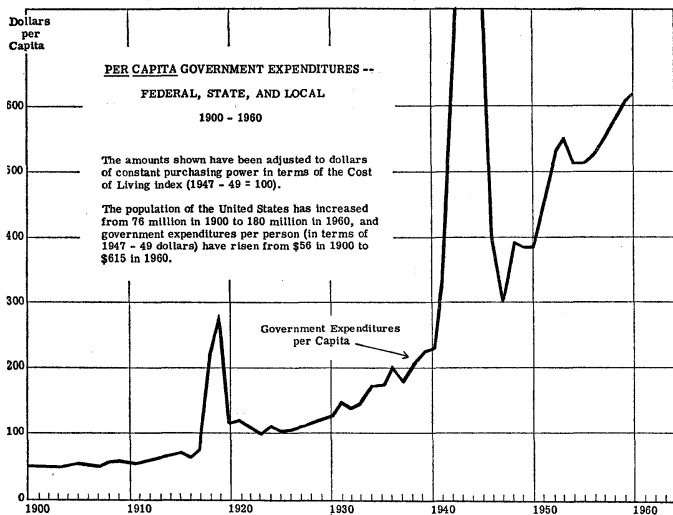
Some will argue that the people have asked for more

⁴ See “Statistics: Achilles’ Heel of Government” by Dr. Murray N. Rothbard. *Essays on Liberty*, Vol. VIII, p. 255.

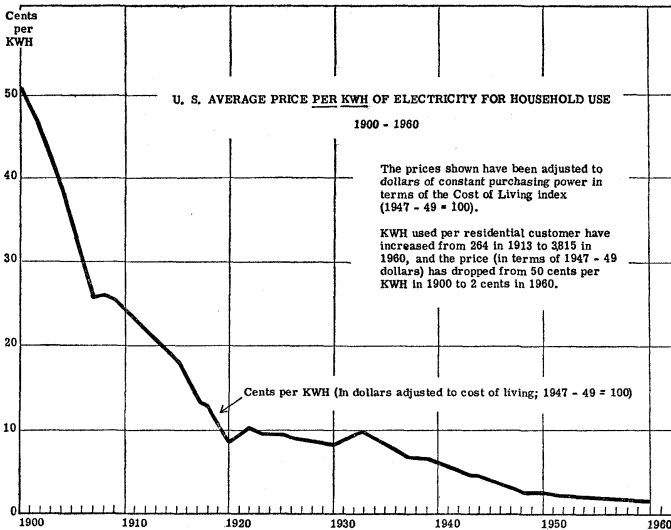
⁵ These figures are expressed in constant purchasing power (1947-49 = 100). The unadjusted figures: \$19 in 1900; \$778 in 1960!

and more governmental "services." True, they have. But we are not here concerned with the causes, only with the costs of interventionism.

Others will argue that wars have been largely responsible for these increased costs. True, they have. But wars, in turn—even civil wars—are but the consequence of governmental interventionism. Free peoples do not war with each other. Take Wisconsin and Illinois, adjoining states. There is no thought of armed conflict between the two. Goods and people cross the border as if it did not exist. Now erect trade barriers and exchange controls, requiring a gendarmerie from each state at the border. Sooner or later the gendarmes will have a go at it. "When goods do not cross borders, soldiers will."



So much for the mounting costs of interventionism.⁶ Now, it would be both interesting and enlightening if we could statistically demonstrate the accomplishments in declining costs when the free market performs the coordinating function. But statistical accuracy is out of the question. In the first place, there is no example of a product or service that does not bear the costs of governmental interventionism. And, second, there are few examples of products that were the same in 1900 as in 1960. A 1960 automobile, for instance, bore little resemblance to the horseless carriage of 1900. Nor was a



⁶ State interventionism carries costs that defy measurement, costs far over and beyond those which can be expressed in dollar terms, the stifling of initiative and the enterprising spirit being among them.

gallon of gas in 1960 like a gallon of the fuel used in the carriages of 1900.

The most comparable example that comes to mind is the kilowatt-hour (the energy to light ten 100-watt bulbs for one hour). The private power and light industry, substantial producers of kilowatt-hours, has not only borne its full share of governmental costs but also has suffered an inordinate amount of governmental interference, all under the heading of "regulation." Despite this handicapping, the kWh demonstrates the miraculous economies flowing from free market processes.

In terms of 1947-49 dollars, the price per kWh for household use was 50¢ in 1900. The price in 1960 was 2¢!

I am not trying to compare two wholly different things. Yet, there is a significant fact to be observed in the accompanying charts: one price line goes up and up; the other down and down.

There is one crystal clear lesson to be drawn from the abundance of evidence crying to be heard: *With no reservations, free all creative energies and their exchanges!* Let government, society's formal agency of force, minimize the current rascality as best it can—this, and nothing more. Otherwise, leave these millions of varying creative human energies alone, that the "absolute principle"—freedom in exchanges—may freely, uninterruptedly, and without cost configure these energies that they, in turn, may manifest themselves as automobiles, pencils, bread, houses, clothing, heat, light, symphonies, art, emerging individuals—indeed, all the things we live by.

WHAT CAN A BANANA TREE DO?

by Stanley Yankus



ACTIONISTS for freedom are clamoring: "Let's wake the people up! Don't they know what's happening! There isn't much time left."

Last week I listened for an hour to one of the most prominent and distinguished advocates of freedom in Australia decrying the evil and corruption of the United Nations and urging the distribution of literature to expose the deeds of evil men of this generation.

As I listened, the path I had traveled during the past seven years unrolled like a movie before my mind's eye. I, too, had exposed the evil and corruption inherent in the United States Department of Agriculture and its programs. I had spent my time, money, and effort attempting to reform others by making speeches and distributing literature. I had sincerely believed that when the people found out the facts and the truth, corrective action would take place automatically. Like so many patriots, I had found solace in the words: "At least I tried to wake the people up. That's all I can do."

In front of my Australian home I have a banana tree.

Mr. Yankus, a poultryman from Michigan, recently moved to Australia in protest against agricultural and other government interventions in the United States.

What can a banana tree do? A banana tree can grow. Discovering what I can do and what I cannot do is the simple lesson I learned from the banana tree. The path to freedom is not paved with photographs of evil and corruption. I wanted freedom but I did not succeed in attaining it. Why? I used the wrong method.

In the town of Warrnambool, Victoria, there is a clothing manufacturer, Fletcher Jones, who began to beautify the grounds around his factory and make the site one of the most beautiful gardens in Australia. It is perhaps the most photographed spot on the continent, and even foreigners come to see it. This attractive garden has influenced and inspired the entire population of Warrnambool to beautify not only their own gardens and homes, but their lives and characters as well. A gardener is always a student of the Creator's handiwork.

Now let us assume that instead of improving his own garden, Fletcher Jones had begun a campaign of exposure. Suppose that every week, with the threat of withdrawing his advertising, he had persuaded the local newspaper to publish pictures of the worst gardens in Warrnambool. Pictures of rubbish heaps would have turned neighbor against neighbor. Or, suppose he had made reform speeches, deploring the low character of the Warrnambool townspeople, and urging laws to compel them to beautify their gardens, meanwhile neglecting his own factory grounds on the excuse that he was a busy businessman. Such a Fletcher Jones could have had the satisfaction of saying, "I tried to wake the people up. That's all I can do."

Although exposing the evils of the United Nations and various government bureaus seems necessary, I have observed that people who constantly read and talk about existing evils become depressed. They soon adopt the attitude: "It's too late to do anything. The world is doomed. What's the use. The common man is too dumb to understand." Thus annoyed and depressed, they are unable to arrive at wholesome solutions to their own problems. Moral qualities and standards decline to: "Let's have fun. I'm not paid to worry."

After one of my first speeches in Australia, a listener commented, "There are a lot of people who would like to hear you, but you would never be invited to the Australian-American Club." At the time, I thought this was a compliment, meaning that Americans couldn't stand to hear the facts and the truth exposing the corruption of their government. I think now that it was a just criticism of the wrong methods I employed. If Fletcher Jones had exposed the facts about the rubbish heaps and unkempt gardens, and if he had told the truth about the miserable quality of the people who were responsible, no improvement would have resulted.

What can a banana tree do? It can grow. It can produce some fruit. Men like Fletcher Jones, who display the fruits resulting from the best of their efforts, invite others to taste what is good. My goal is to obtain or practice freedom, and I can only begin by improving myself. Some will say, "I have improved myself." But how many of us can give simple, clear answers and reasons to such basic questions as Why is stealing wrong? Can a

government give a gift? Does the law determine right and wrong?

The ability to ask questions is worth cultivating. It makes a man grow. The easiest job in the world is telling others to improve themselves, and the hardest job is improving oneself. If each of us will attend to his own hardest job, there will be no need to expose the failure of the United Nations idea; it will die from lack of supporters.

Some will argue that improving gardens and attaining freedom differ as night from day. Gardens are material things; freedom is an idea. But, doesn't a garden begin with an idea? Is the achievement of freedom limited to the realm of the mind, or does it extend to the everyday affairs of making a living? Strife, violence, and wars are the result when one man tries to impose his will upon another.

What can a banana tree do? It can grow. It can produce some fruit. It can send up some new shoots. By learning to grow in the ideas of freedom and by practicing them, we can attract others to emulate us. New shoots of freedom will appear only when this simple idea is understood and implemented. If a neighbor admires my banana tree, he may develop the desire to grow one of his own. This is the Fletcher Jones method—and I am trying to make it mine.

A SOCKDOLAGER

from The Life of Colonel David Crockett



From time to time, Congress has appropriated money for so-called charitable purposes. An unidentified narrator relates Davy Crockett's experience with the problem when he was a member of Congress. The following is slightly condensed from The Life of Colonel David Crockett compiled by Edward S. Ellis (Philadelphia: Porter & Coates, 1884).

CROCKETT was then the lion of Washington. I was a great admirer of his character, and, having several friends who were intimate with him, I found no difficulty in making his acquaintance. I was fascinated with him, and he seemed to take a fancy to me.

I was one day in the lobby of the House of Representatives when a bill was taken up appropriating money for the benefit of a widow of a distinguished naval officer. Several beautiful speeches had been made in its support, rather, as I thought, because it afforded the speakers a fine opportunity for display than from the necessity of convincing anybody, for it seemed to me that everybody favored it. The Speaker was just about to put the question when Crockett arose. Everybody ex-

pected, of course, that he was going to make one of his characteristic speeches in support of the bill. He commenced:

“Mr. Speaker—I have as much respect for the memory of the deceased, and as much sympathy for the sufferings of the living, if suffering there be, as any man in this House, but we must not permit our respect for the dead or our sympathy for a part of the living to lead us into an act of injustice to the balance of the living.

“I will not go into an argument to prove that Congress has no power to appropriate this money as an act of charity. Every member upon this floor knows it. We have the right, as individuals, to give away as much of our own money as we please in charity; but as members of Congress we have no right so to appropriate a dollar of the public money. Some eloquent appeals have been made to us upon the ground that it is a debt due the deceased. Mr. Speaker, the deceased lived long after the close of the war; he was in office to the day of his death, and I have never heard that the government was in arrears to him. This government can owe no debts but for services rendered, and at a stipulated price. If it is a debt, how much is it? Has it been audited, and the amount due ascertained? If it is a debt, this is not the place to present it for payment, or to have its merits examined. If it is a debt, we owe more than we can ever hope to pay, for we owe the widow of every soldier who fought in the War of 1812 precisely the same amount. There is a woman in my neighborhood, the widow of as gallant a man as ever shouldered a musket. He fell in

battle. She is as good in every respect as this lady, and is as poor. She is earning her daily bread by her daily labor; and if I were to introduce a bill to appropriate five or ten thousand dollars for her benefit, I should be laughed at, and my bill would not get five votes in this House. There are thousands of widows in the country just such as the one I have spoken of, but we never hear of any of these large debts to them.

“Sir, this is no debt. The government did not owe it to the deceased when he was alive; it could not contract it after he died. I do not wish to be rude, but I must be plain. Every man in this House knows it is not a debt. We cannot, without the grossest corruption, appropriate this money as the payment of a debt. We have not the semblance of authority to appropriate it as a charity. Mr. Speaker, I have said we have the right to give as much money of our own as we please. I am the poorest man on this floor. I cannot vote for this bill, but I will give one week’s pay to the object, and if every member of Congress will do the same, it will amount to more than the bill asks.”

He took his seat. Nobody replied. The bill was put upon its passage, and, instead of passing unanimously, as was generally supposed, and as, no doubt, it would, but for that speech, it received but few votes, and, of course, was lost.

Like many other young men, and old ones too, for that matter, who had not thought upon the subject, I desired the passage of the bill, and felt outraged at its defeat. I determined that I would persuade my friend

Crockett to move a reconsideration the next day.

Previous engagements preventing me from seeing Crockett that night, I went early to his room the next morning and found him engaged in addressing and franking letters, a large pile of which lay upon his table.

I broke in upon him rather abruptly, by asking him what devil had possessed him to make that speech and defeat that bill yesterday. Without turning his head or looking up from his work, he replied:

“You see that I am very busy now; take a seat and cool yourself. I will be through in a few minutes, and then I will tell you all about it.”

He continued his employment for about ten minutes, and when he had finished he turned to me and said:

“Now, sir, I will answer your question. But thereby hangs a tale, and one of considerable length, to which you will have to listen.”

I listened, and this is the tale which I heard:

“Several years ago I was one evening standing on the steps of the Capitol with some other members of Congress, when our attention was attracted by a great light over in Georgetown. It was evidently a large fire. We jumped into a hack and drove over as fast as we could. When we got there, I went to work, and I never worked as hard in my life as I did there for several hours. But, in spite of all that could be done, many houses were burned and many families made houseless, and, besides, some of them had lost all but the clothes they had on. The weather was very cold, and when I saw so many women and children suffering, I felt that something ought to

be done for them, and everybody else seemed to feel the same way.

“The next morning a bill was introduced appropriating \$20,000 for their relief. We put aside all other business and rushed it through as soon as it could be done. I said everybody felt as I did. That was not quite so; for, though they perhaps sympathized as deeply with the sufferers as I did, there were a few of the members who did not think we had the right to indulge our sympathy or excite our charity at the expense of anybody but ourselves. They opposed the bill, and upon its passage demanded the yeas and nays. There were not enough of them to sustain the call but many of us wanted our names to appear in favor of what we considered a praiseworthy measure, and we voted with them to sustain it. So the yeas and nays were recorded, and my name appeared on the journals in favor of the bill.

“The next summer, when it began to be time to think about the election, I concluded I would take a scout around among the boys of my district. I had no opposition there, but, as the election was some time off, I did not know what might turn up, and I thought it was best to let the boys know that I had not forgotten them, and that going to Congress had not made me too proud to go to see them.

“So I put a couple of shirts and a few twists of tobacco into my saddlebags, and put out. I had been out about a week and had found things going very smoothly, when, riding one day in a part of my district in which I was more of a stranger than any other, I saw a man

in a field plowing and coming toward the road. I gauged my gait so that we should meet as he came to the fence. As he came up I spoke to the man. He replied politely, but, as I thought, rather coldly, and was about turning his horse for another furrow when I said to him: 'Don't be in such a hurry, my friend; I want to have a little talk with you, and get better acquainted.' He replied:

"I am very busy, and have but little time to talk, but if it does not take too long, I will listen to what you have to say.'

"I began: 'Well, friend, I am one of those unfortunate beings called candidates, and — —'

"Yes, I know you; you are Colonel Crockett. I have seen you once before, and voted for you the last time you were elected. I suppose you are out electioneering now, but you had better not waste your time or mine. I shall not vote for you again.'

"This was a sockdolager. . . . I begged him to tell me what was the matter.

"Well, Colonel, it is hardly worth-while to waste time or words upon it. I do not see how it can be mended, but you gave a vote last winter which shows that either you have not capacity to understand the Constitution, or that you are wanting in the honesty and firmness to be guided by it. In either case you are not the man to represent me. But I beg your pardon for expressing it in that way. I did not intend to avail myself of the privilege of the constituent to speak plainly to a candidate for the purpose of insulting or wounding you. I intend by it only to say that your understanding of the Con-

stitution is very different from mine; and I will say to you what, but for my rudeness, I should not have said, that I believe you to be honest. . . . But an understanding of the Constitution different from mine I cannot overlook, because the Constitution, to be worth anything, must be held sacred, and rigidly observed in all its provisions. The man who wields power and misinterprets it is the more dangerous the more honest he is.'

"I admit the truth of all you say, but there must be some mistake about it, for I do not remember that I gave any vote last winter upon any constitutional question.'

"No, Colonel, there's no mistake. Though I live here in the backwoods and seldom go from home, I take the papers from Washington and read very carefully all the proceedings of Congress. My papers say that last winter you voted for a bill to appropriate \$20,000 to some sufferers by a fire in Georgetown. Is that true?'

"Certainly it is, and I thought that was the last vote which anybody in the world would have found fault with.'

"Well, Colonel, where do you find in the Constitution any authority to give away the public money in charity?'

"Here was another sockdolager; for, when I began to think about it, I could not remember a thing in the Constitution that authorized it. I found I must take another tack, so I said:

"Well, my friend; I may as well own up. You have got me there. But certainly nobody will complain that a great and rich country like ours should give the in-

significant sum of \$20,000 to relieve its suffering women and children, particularly with a full and overflowing Treasury, and I am sure, if you had been there, you would have done just as I did.'

“‘It is not the amount, Colonel, that I complain of; it is the principle. In the first place, the government ought to have in the Treasury no more than enough for its legitimate purposes. But that has nothing to do with the question. The power of collecting and disbursing money at pleasure is the most dangerous power that can be trusted to man, particularly under our system of collecting revenue by a tariff, which reaches every man in the country, no matter how poor he may be, and the poorer he is the more he pays in proportion to his means. What is worse, it presses upon him without his knowledge where the weight centers, for there is not a man in the United States who can ever guess how much he pays to the government. So you see, that while you are contributing to relieve one, you are drawing it from thousands who are even worse off than he. If you had the right to give anything, the amount was simply a matter of discretion with you, and you had as much right to give \$20,000,000 as \$20,000. If you have the right to give to one, you have the right to give to all; and, as the Constitution neither defines charity nor stipulates the amount, you are at liberty to give to any and everything which you may believe, or profess to believe, is a charity, and to any amount you may think proper. You will very easily perceive what a wide door this would open for fraud and corruption and favoritism, on the one hand,

and for robbing the people on the other. No, Colonel, Congress has no right to give charity. Individual members may give as much of their own money as they please, but they have no right to touch a dollar of the public money for that purpose. If twice as many houses had been burned in this county as in Georgetown, neither you nor any other member of Congress would have thought of appropriating a dollar for our relief. There are about two hundred and forty members of Congress. If they had shown their sympathy for the sufferers by contributing each one week's pay, it would have made over \$13,000. There are plenty of wealthy men in and around Washington who could have given \$20,000 without depriving themselves of even a luxury of life. The congressmen chose to keep their own money, which, if reports be true, some of them spend not very creditably; and the people about Washington, no doubt, applauded you for relieving them from the necessity of giving by giving what was not yours to give. The people have delegated to Congress, by the Constitution, the power to do certain things. To do these, it is authorized to collect and pay moneys, and for nothing else. Everything beyond this is usurpation, and a violation of the Constitution.' "

"I have given you," continued Crockett, "an imperfect account of what he said. Long before he was through, I was convinced that I had done wrong. He wound up by saying:

"So you see, Colonel, you have violated the Constitution in what I consider a vital point. It is a precedent

fraught with danger to the country, for when Congress once begins to stretch its power beyond the limits of the Constitution, there is no limit to it, and no security for the people. I have no doubt you acted honestly, but that does not make it any better, except as far as you are personally concerned, and you see that I cannot vote for you.'

"I tell you I felt streaked. I saw if I should have opposition, and this man should go to talking, he would set others to talking, and in that district I was a gone fawn-skin. I could not answer him, and the fact is, I was so fully convinced that he was right, I did not want to. But I must satisfy him, and I said to him:

" 'Well, my friend, you hit the nail upon the head when you said I had not sense enough to understand the Constitution. I intended to be guided by it, and thought I had studied it fully. I have heard many speeches in Congress about the powers of Congress, but what you have said here at your plow has got more hard, sound sense in it than all the fine speeches I ever heard. If I had ever taken the view of it that you have, I would have put my head into the fire before I would have given that vote; and if you will forgive me and vote for me again, if I ever vote for another unconstitutional law I wish I may be shot.'

"He laughingly replied: 'Yes, Colonel, you have sworn to that once before, but I will trust you again upon one condition. You say that you are convinced that your vote was wrong. Your acknowledgment of it will do more good than beating you for it. If, as you go round the

district, you will tell people about this vote, and that you are satisfied it was wrong, I will not only vote for you, but will do what I can to keep down opposition, and, perhaps, I may exert some little influence in that way.'

" 'If I don't,' said I, 'I wish I may be shot; and to convince you that I am in earnest in what I say I will come back this way in a week or ten days, and if you will get up a gathering of the people, I will make a speech to them. Get up a barbecue, and I will pay for it.'

" 'No, Colonel, we are not rich people in this section, but we have plenty of provisions to contribute for a barbecue, and some to spare for those who have none. The push of crops will be over in a few days, and we can then afford a day for a barbecue. This is Thursday; I will see to getting it up on Saturday week. Come to my house on Friday, and we will go together, and I promise you a very respectable crowd to see and hear you.'

" 'Well, I will be here. But one thing more before I say good-by. I must know your name.'

" 'My name is Bunce.'

" 'Not Horatio Bunce?'

" 'Yes.'

" 'Well, Mr. Bunce, I never saw you before, though you say you have seen me, but I know you very well. I am glad I have met you, and very proud that I may hope to have you for my friend. You must let me shake your hand before I go.'

"We shook hands and parted.

"It was one of the luckiest hits of my life that I met

him. He mingled but little with the public, but was widely known for his remarkable intelligence and incorruptible integrity, and for a heart brimful and running over with kindness and benevolence, which showed themselves not only in words but in acts. He was the oracle of the whole country around him, and his fame had extended far beyond the circle of his immediate acquaintance. Though I had never met him before, I had heard much of him, and but for this meeting it is very likely I should have had opposition, and had been beaten. One thing is very certain, no man could now stand up in that district under such a vote.

“At the appointed time I was at his house, having told our conversation to every crowd I had met, and to every man I stayed all night with, and I found that it gave the people an interest and a confidence in me stronger than I had ever seen manifested before.

“Though I was considerably fatigued when I reached his house, and, under ordinary circumstances, should have gone early to bed, I kept him up until midnight, talking about the principles and affairs of government, and got more real, true knowledge of them than I had got all my life before.

“I have told you Mr. Bunce converted me politically. He came nearer converting me religiously than I had ever been before. He did not make a very good Christian of me, as you know; but he has wrought upon my mind a conviction of the truth of Christianity, and upon my feelings a reverence for its purifying and elevating power such as I had never felt before.

“I have known and seen much of him since, for I respect him—no, that is not the word—I reverence and love him more than any living man, and I go to see him two or three times every year; and I will tell you, sir, if every one who professes to be a Christian lived and acted and enjoyed it as he does, the religion of Christ would take the world by storm.

“But to return to my story. The next morning we went to the barbecue, and, to my surprise, found about a thousand men there. I met a good many whom I had not known before, and they and my friend introduced me around until I had got pretty well acquainted—at least, they all knew me.

“In due time notice was given that I would speak to them. They gathered up around a stand that had been erected. I opened my speech by saying:

“‘Fellow-citizens—I present myself before you today feeling like a new man. My eyes have lately been opened to truths which ignorance or prejudice, or both, had heretofore hidden from my view. I feel that I can today offer you the ability to render you more valuable service than I have ever been able to render before. I am here today more for the purpose of acknowledging my error than to seek your votes. That I should make this acknowledgment is due to myself as well as to you. Whether you will vote for me is a matter for your consideration only.’

“I went on to tell them about the fire and my vote for the appropriation as I have told it to you, and then

told them why I was satisfied it was wrong. I closed by saying:

“‘And now, fellow-citizens, it remains only for me to tell you that the most of the speech you have listened to with so much interest was simply a repetition of the arguments by which your neighbor, Mr. Bunce, convinced me of my error.

“‘It is the best speech I ever made in my life, but he is entitled to the credit of it. And now I hope he is satisfied with his convert and that he will get up here and tell you so.’

“He came upon the stand and said:

“‘Fellow-citizens—It affords me great pleasure to comply with the request of Colonel Crockett. I have always considered him a thoroughly honest man, and I am satisfied that he will faithfully perform all that he has promised you today.’

“He went down, and there went up from that crowd such a shout for Davy Crockett as his name never called forth before.

“I am not much given to tears, but I was taken with a choking then and felt some big drops rolling down my cheeks. And I tell you now that the remembrance of those few words spoken by such a man, and the honest, hearty shout they produced, is worth more to me than all the honors I have received and all the reputation I have ever made, or ever shall make, as a member of Congress.”

“Now, sir,” concluded Crockett, “you know why I made that speech yesterday. I have had several thousand

copies of it printed, and was directing them to my constituents when you came in.

“There is one thing now to which I will call your attention. You remember that I proposed to give a week’s pay. There are in that House many very wealthy men—men who think nothing of spending a week’s pay, or a dozen of them, for a dinner or a wine party when they have something to accomplish by it. Some of those same men made beautiful speeches upon the great debt of gratitude which the country owed the deceased—a debt which could not be paid by money—and the insignificance and worthlessness of money, particularly so insignificant a sum as \$10,000, when weighed against the honor of the nation. Yet not one of them responded to my proposition. Money with them is nothing but trash when it is to come out of the people. But it is the one great thing for which most of them are striving, and many of them sacrifice honor, integrity, and justice to obtain it.”

DON'T GIVE TILL IT HURTS— SOMEONE ELSE

by Samuel A. Siciliano



FOR THE CONVENIENCE of patrons, authorities of our local post office installed a curbside mailbox outside the entrance.

When walking by this sidewalk mail drop the other day, I noted a car pulling up and stopping. The young mother at the wheel handed a letter to her small son standing in all of his three or four years on the seat beside her, then reached across the seat, wound down the window, and gave the boy permission to drop the letter down the chute.

Thinking to help the little fellow who was having difficulty reaching the chute through the window, I stepped to the curb, held out my hand, and indicated that I would be happy to relieve him of his task.

Small frown wrinkles creased his forehead and, grasping the letter more tightly, he turned to his mother for guidance.

Mr. Siciliano is a specialist on advertising and management in the newspaper business and also does free-lance writing.

“Thank you for your offer, sir,” she said, “but I think Billy can manage.”

With that she smiled at Billy. Returning her smile, the boy proceeded, with more than a little straining and struggling, to reach the slot and drop the letter into the box.

Another smile between them and they were gone.

I must confess that I had a momentary feeling of embarrassment and—to be quite frank—a mite of pique. After all, I had merely reached out a helping hand and it was refused. Oh, it was refused politely. But still and all, it wasn't as though I had taken something away. I was offering to give.

But was I really? Giving, I mean. As I walked slowly away from the mailbox, my mind dwelled upon my feelings and my reasons and, I am thankful to say, it also dwelled upon the feelings and reasons which must have been in the minds of Billy and his mother.

What if they had accepted my offer? I had to admit that if they had, I would have been taking something from them. First, I would have been depriving Billy of accomplishment; and, secondly, I would have been depriving his mother of an opportunity to teach her son a very valuable lesson in self-reliance.

Aren't we sometimes too prone to offer our helping hands? Don't we sometimes have a tendency to rush “to the rescue” before there is actually a need for our service?

It is particularly so in our relations with the young. Just as I was so quick to run to the aid of little Billy,

so do others hurry forward to set Suzy back on her feet after she trips before letting her try and get up herself; offer quickly to help Henry with his homework rather than let him puzzle it out for himself; reach hurriedly into the bank account to buy Mary or Jim that dress or bicycle instead of letting them follow their instincts to do something to earn their price.

And, by so doing, don't we take something away from them?

Allow Suzy to lift herself after a fall and note her smile of pride. See the bright eye of accomplishment which Henry lets shine when he makes a good grade on work he did all by himself. Note the loving care Mary gives the dress she earned herself, Jim's high-held head as he shows off the bike he purchased with his own money.

We are being selfish when our hand reaches out before it is wanted. For a moment's satisfaction to ourselves, that brief moment when we look within and offer self-congratulations because we "did something for somebody," we deprive him to whom we gave of another in the many steps he must take on the road to *his* self-reliance.

It isn't fair. As he adds years, he will also add problems which he and he alone can solve. The more knowledge he gains, the more self-confidence he gains, the easier it will be for him to reach those solutions.

We hear much today of the inability of many to cope with those dips and crevices in the path of an orderly life. We hear a great deal of the growing dependence

of the many upon the few, of the increasing numbers taking up residence in what they hope will be the welfare state. If the truth could be determined, we would probably find that this problem began to grow at the very time those who are older decided to *lead* those who are younger rather than *guide* them.

Parents from time immemorial have said, and rightly so, "I will see to it that my children have the things I never had." But the true meaning of that declaration should be for parents, by way of exemplary conduct and of respect for right principles, to give their children the tools to help them more easily earn the things the parents never had.

NOT IN THE CONSTITUTION

by *George W. Nilsson*



THE CONSTITUTION of Vermont reminds us:

. . . that frequent recurrence to fundamental principles and a firm adherence to justice, moderation, temperance, industry, and frugality are absolutely necessary to preserve the blessings of liberty and keep government free.

In addition to the threats of danger from outside of the United States, and subversion within, the constitutional republic of the United States is being threatened by the concentration of power in the federal government in spite of, and contrary to, the "checks and balances" of the Constitution.

Much of such concentration has been due to two World Wars and the Korean War, but more especially by twisting out of shape the interstate commerce clause of the Constitution (Article I, Section 8, Clause 3), using taxing power for punitive purposes instead of for

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raising revenue as authorized, and by misusing the general welfare clause.

More and more power is being seized by, or surrendered to, the federal government under the guise of the alleged general welfare clause of Article I, Section 8, Clause 1 of the Constitution, which contains the following language:

The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defense and general welfare of the United States . . .

This clause is followed by sixteen other clauses specifying the various powers of Congress—Clause 2, to borrow money; Clause 3, to regulate foreign and interstate commerce, etc.; then Clause 18 gives the Congress power “to make laws necessary to carry into execution the foregoing powers.” This last clause would have been unnecessary if Clause 1 gave “general welfare power.”

For 140 years it was generally recognized that the quotation from Clause 1 was not a grant of “general welfare power.” Many Presidents vetoed acts passed by Congress for that reason.

For instance, President Andrew Jackson, when he vetoed a bill for public improvements, stated:

We are in no danger from violations of the Constitution from which encroachments are made upon the personal rights of the citizen . . . But against the dangers of unconstitutional acts which, instead of menacing the vengeance of offended authority, proffer local advantages and bring in their train the patronage of the government, we are, I fear, not so safe.

Early in the 1930's some individual “discovered” that

the clause granted "general welfare power," and more and more this has been used to pass legislation based solely on this alleged grant of general welfare power.

The rush to pass "welfare" legislation for various pressure groups calls to mind an item in the joke column of *Pay Dirt*, a mining magazine published in Phoenix, Arizona (unfortunately, it is more tragic than humorous):

If a politician tries to buy votes with private money, he is a dirty crook; but if he tries to buy them with the people's own money, he's a great liberal.

As an illustration of how this alleged "welfare" clause is being misused, here is a quotation from a resolution passed June 15, 1959, at the conference of mayors held in Los Angeles, requesting additional federal funds for urban renewal. It begins as follows:

WHEREAS, The redevelopment of the blighted and deteriorating sections of American cities is vital to the welfare and prosperity of the entire nation . . .

This, of course, is not a statement of fact but is a self-serving declaration, because the deterioration of cities is due to the failure of the cities to enforce their building and health regulations, and its correction is purely a local matter. That statement is just as illogical as to say that this article is printed with white ink on black paper.

On July 8, 1960, during the Democratic Convention at Los Angeles, the newspapers reported that the mayors of five substantial cities had appeared before the Democratic Platform Committee and requested a statement in the platform recommending the establishment in the federal government of a "Department of Urban Affairs" which would have jurisdiction over "such problems as

inadequate housing, residential and industrial slums, double shift schools, inefficient mass transit systems, congested streets, water shortages, and sewage disposal."

Everyone of these problems is purely local. If the local communities are unable to take care of them, that tragic conclusion is an acknowledgment that the people are unable to govern themselves, and that the principles stated in the Declaration of Independence, the Constitution, and the Bill of Rights are incorrect. With such a hypothesis no American lawyer will agree.

When the Constitution was completed and ready to be signed, Benjamin Franklin made a speech in the course of which he said:

I think a General Government necessary for us, and *there is no form of government, but what may be a blessing to the people if well administered*; and believe further, that this is likely to be well administered for a course of years, and *can only end in despotism, as other forms have done before it, when the people shall become so corrupted as to need despotic government, being incapable of any other.*

Rules for Interpretation

There is a general rule of law that where the statement of a general proposition is followed by specific provisions, the latter prevail. This rule is stated by James Madison in *Federalist Paper* No. 41 and by Alexander Hamilton in *Federalist Paper* No. 83. It is applied by Mr. Justice Story to Article I, Section 8 of the Constitution, enumerating the powers of Congress, in his book on the Constitution in Sections 909, 910, and 911. He shows that by Clauses 2 to 17, inclusive, specific

powers limit Clause 1, referring to general welfare. Section 910 reads in part:

910 . . . Nothing is more natural or common than first to use a general phrase, and then to qualify it by a recital of particulars. But the idea of an enumeration of particulars, which neither explain, nor qualify the general meaning, and can have no other effect than to confound and mislead, is an absurdity which no one ought to charge on the enlightened authors of the Constitution. It would be to charge them either with premeditated folly or premeditated fraud.

Another yardstick to be used in determining the meaning of the general welfare clause is discussed below; *i.e.*, that the powers delegated to the United States by the Constitution are few, defined, and limited.

Here let us read a relatively modern statement of that rule:

Justice Frankfurter, in the opinion in *Polish Alliance v. National Labor Relations Board*, 322 U. S. 643, 650 (1943), said:

The interpenetrations of modern society have not wiped out state lines. It is not for us to make inroads upon our federal system either by indifference to its maintenance or excessive regard for the unifying forces of modern technology. Scholastic reasoning may prove that no activity is isolated within the boundaries of a single state, but that cannot justify absorption of legislative power by the United States over every activity.

Climate of Opinion in 1787

In 1787, when the Constitution was adopted, the colonists had been through eight years of war and four years of "a critical period." Knowing what led up to the war, and reading the charges in the Declaration of Independ-

ence, can anyone for a minute think that the colonists generally, and the members of the convention specifically, would have adopted a constitution which granted general welfare powers to the federal government?

The resistance to the adoption of the Constitution, which will be discussed hereafter, shows what the people generally felt.

This is summarized by Albert J. Beveridge in his great biography, *The Life of John Marshall*, in Volume I, Chapter 10, where he writes about the convention called in the State of Virginia for the purpose of discussing the ratification of the proposed United States Constitution. At page 371 he describes the general feeling of the people about a strong central government in these words:

They [who resisted the Constitution] had on their side the fears of the people who, as has appeared, looked on all government with hostility, and on a great central Government as some distant and monstrous thing, too far away to be within their reach, too powerful to be resisted, too high and exalted for the good of the common man, too dangerous to be tried. It was, to the masses, something new, vague and awful; something to oppress the poor, the weak, the debtor, the settler; something to strengthen and enrich the already strong and opulent, the merchant, the creditor, the financial interests.

True, the people had suffered by the loose arrangement under which they now lived; but, after all, had not they and their "liberties" survived? And surely they would suffer even more, they felt, under this stronger power; but would they and their "liberties" survive its "oppression"? They thought not.

Thomas Jefferson made the same point in a letter in 1823:

I have been blamed for saying that a prevalence of the doctrine of consolidation would one day call for reformation or

revolution. *I answer by asking if a single State of the Union would have agreed to the Constitution had it given all powers to the General Government? If the whole opposition to it did not proceed from the jealousy and fear of every State being subjected to the other States in matters merely its own? And also is there any reason to believe the States more disposed now than then to acquiesce to this general surrender of all their rights and powers to a consolidated government, one and undivided? [Italics added.]*

On February 16, 1783, four years before the Constitutional Convention, Pelatiah Webster published a pamphlet containing his idea of a proposed constitution for the United States. The whole draft can be found in *The Origin and Growth of the American Constitution*, by Hannis Taylor, in an appendix beginning at page 529. In paragraph 7 of his proposed Constitution, Pelatiah Webster says:

I propose further that the powers of Congress, and all other departments acting under them, shall all be restricted to such matters only of *general necessity and utility to all the States as cannot come within the jurisdiction of any particular State, or to which the authority of any particular State is not competent*, so that each particular State shall enjoy all sovereignty and supreme authority to all intents and purposes, excepting only those high authorities and powers by them delegated to Congress for the purposes of the general union. [Italics added.]

Articles of Confederation

Article VIII of the Articles of Confederation begins with the following language: "All charges of war and of expences that shall be incurred for the common defence and general welfare . . ."

James Madison pointed out in a letter to Edmund Pendleton, dated January 21, 1792, that the "general welfare clause" had been copied from the Articles of Confederation, and then said:

. . . Where it was always understood as nothing more than a general caption to specific powers, and it is a fact that it was preferred in the new instrument for that very reason as less than any other to misconstruction. [See *Jefferson and Madison*, by Adrienne Koch, pages 128 and 129, and Irving Brant's *Madison*, Volume 3, *Father of the Constitution*, page 138.]

Constitutional Convention Debates

A summary of the day-by-day proceedings of the Constitutional Convention of 1787 is found in Charles Warren's book, *The Making of the Constitution*.

From a study of the records of the Convention, it will appear that from time to time efforts were made by some delegates to have the Constitution grant broad general powers to the federal government. Each time such proposal was advanced, it was rejected.

Beginning on page 464 is a discussion of "The Taxing Power and the General Welfare Clause." At page 474 occurs this statement:

In Governor Livingston's Committee Report of August 21, these words had been used with reference to prior debts, and merely described them as having been incurred during the late war "for the common defence and general welfare . . ."

On page 475 Mr. Warren says:

Some words evidently had to be added that would make clear the power of Congress to levy taxes *for all the National*

purposes set forth in the grants of power subsequently specified in this section. Evidently the Committee selected these words, "to provide for the common defence and general welfare," as comprising all the other purposes for which Congress was to be empowered to levy and collect taxes. *They selected these words as embracing all the subsequent limited grants of power which the Committee of Detail, in its Report of August 6, had specified as constituting that amount of common defence and general welfare which the National Government ought to control and as to which ought to have power of legislation.* In other words, the phrase "to provide for the general welfare" is merely a general description of the amount of welfare which was to be accomplished by carrying out those enumerated and limited powers vested in Congress—and no others. [Italics added.] [See also James Madison by Irving Brant, Volume 3, *Father of the Constitution*, Chapter 10, beginning at page 132, which is entitled "General Power or Enumeration."]

Debates in the Various States

History tells us that in 1787 there was great opposition to the adoption of the proposed new Constitution. As a matter of fact, it squeaked through by a very few votes in a number of states. For instance, Massachusetts 187 to 168, Virginia 89 to 79, and New York 30 to 27, and then only on condition that a Bill of Rights be added.

The Federalist Papers were written by Alexander Hamilton, James Madison, and John Jay in support of the adoption of the Constitution, principally in connection with the debates in New York, where there was strong opposition to the adoption of the Constitution.

In *Federalist Paper* No. 41, James Madison said (after

pointing out the objections to the clause "to raise money for the general welfare") :

But what color can the objection have, when a specification of the objects alluded to by these general terms immediately follows, and is not even separated by a longer pause than a semicolon? If the different parts of the same instrument ought to be so expounded, as to give meaning to every part which will bear it, shall one part of the same sentence be excluded altogether from a share in the meaning; and shall the more doubtful and indefinite terms be retained in their full extent, and the clear and precise expressions be denied any signification whatsoever? For what purpose could the enumeration of particular powers be inserted, if these and all others were meant to be included in the preceding general power? Nothing is more natural or common than first to use a general phrase, and then to explain and qualify it by a recital of particulars. [Italics added.]

Only Limited Powers

In considering the question of whether this "general welfare" clause of Article I, Section 8, Clause 1 is a grant of power, we must also remember that the powers granted to the federal government were few and defined. James Madison, in *Federalist Paper* No. 45, said:

The *powers* delegated by the proposed Constitution to the Federal Government are *few and defined*. Those which are to remain to the State governments are numerous and indefinite. The former will be exercised principally on external objects, as war, peace, negotiations and foreign commerce; with which last the power of taxation will, for the most part, be connected. The powers reserved to the several States will extend to all the objects which, in the ordinary course of affairs, concern the *lives, liberties and properties* of the people, and the *internal order, improvement and prosperity* of the State. [Italics added.]

Alexander Hamilton, himself, who argued in the Constitutional Convention for general instead of particular enumeration of powers, nevertheless said in *Federalist Paper* No. 83:

The plan of the Convention declares that the power of Congress or, in other words, of the "national legislature," shall extend to certain enumerated cases. *This specification of particulars evidently excluded all pretension to a general legislative authority, because an affirmative grant of special powers would be absurd, as well as useless, if a general authority was intended.* [Italics added.]

Since the people were persuaded to adopt the Constitution on the basis that the federal government was being given only limited and specified powers, how dare anyone, in good conscience, now take the position that the words "general welfare" give the federal government unlimited power?

This principle was restated by Franklin D. Roosevelt on March 2, 1930, while he was Governor of New York, in a speech which was entitled "An Address on State Rights" (Collected Papers, Volume I, page 569). He said in part:

The preservation of this home rule by the states is a fundamental necessity if we are to remain a truly united country . . . to bring about government by oligarchy masquerading as democracy it is fundamentally essential that practically all authority and control be centralized in our national government, the individual sovereignty of our states must first be destroyed . . .

We are safe from the danger of any such departure from the principles upon which this country was founded just so long as the individual home rule of the states is scrupulously preserved and fought for whenever they seem in danger. Thus

it will be seen that this home rule is a most important thing—a most vital thing if we are to continue along the course on which we have so far progressed with such unprecedented success.

Bill of Rights

In many of the states, the Constitution was adopted only when it was accompanied by a resolution demanding that a Bill of Rights be added to the Constitution. If the people of the various states were satisfied with the Constitution as written, they certainly would not have demanded the added protection of the Bill of Rights.

As pointed out above, certainly no state would have adopted the Constitution if the Congress had been given *carte blanche* to pass any law or do anything which it desired or which it felt was for the “general welfare.”

This demand for a Bill of Rights, therefore, should be sufficient to prove that the Constitution, and particularly Article I, Section 8, Clause I, did not grant general welfare power to the federal government.

True to his promise, James Madison, in the First Congress, which met in 1789, caused to be passed a Bill of Rights containing twelve sections, ten of which were adopted and went into effect December 15, 1791.

This Bill of Rights, and particularly the Ninth and Tenth Amendments, are further and conclusive proof that the clause that we are discussing did not grant any authority to the federal government to pass any laws based on “general welfare powers.”

Statements by Contemporaries

On December 5, 1791, Secretary of the Treasury Alexander Hamilton presented to the Congress his "Report on Manufactures."

Madison delivered an address in Congress against the Report, in which he said in part:

If Congress can apply money indefinitely to the general welfare, and are the sole and supreme judges of the general welfare, they may take the care of religion into their own hands; they may establish teachers in every State, county and parish, and pay them out of the public Treasury; they may take into their own hands the education of children, establishing in like manner schools throughout the Union; they may undertake the regulation of all roads, other than post roads. In short, everything, from the highest object of State legislation, down to the most minute object of policy, would be thrown under the power of Congress; for every object I have mentioned would admit the application of money, and might be called, if Congress pleased, provisions for the general welfare.

The report was pigeonholed, the first major defeat for one of Hamilton's most cherished policies. (*Jefferson and Madison*, by Adrienne Koch, page 129.)

Further on the same question, James Madison, on January 1, 1792, in a letter to Henry Lee, Governor of Virginia, said in part:

What think you of the commentary . . . on the term "general welfare"? . . . The federal government has been hitherto limited to the specified powers, by the Greatest Champions for Latitude in expounding those powers . . . *If not only the means, but the objects are unlimited, the parchment had better be thrown into the fire at once.* [Italics added.]

And in a letter to Edmund Randolph (January 21, 1792), said:

If Congress can do whatever in their discretion can be done by money, and will promote the general welfare, the government is no longer one possessing enumerated powers, but an indefinite one subject to particular exceptions. [Italics added.] [Jefferson and Madison, by Adrienne Koch, page 128.]

Thomas Jefferson had the same views. He wrote to Albert Gallatin in 1817, about the General Welfare Clause, of which he said:

You will have to learn that an act for internal improvement, after passing both houses, was negatived by the President. The act was founded, avowedly, on the principle that the phrase in the Constitution which authorizes the Congress "to lay taxes, to pay the debts and provide for the general welfare," *was an extension of the powers specifically enumerated to whatever would promote the general welfare; and this, you know, was the Federal doctrine.* Whereas our tenet ever was, and, indeed, it is almost the only landmark which now divides the Federalists and the Republicans, that Congress had not unlimited powers to provide for the *general welfare, but was restrained to those specifically enumerated;* and that, as it was never meant that they should provide for that welfare but the exercise of the enumerated powers, so it could not have meant that they should raise money for purposes which the enumeration did not place under their action; consequently, that the specification of powers is a limitation on the purposes for which they may raise money. [Italics added.] [See *Undermining the Constitution*, by Thomas James Norton, page 191.]

Abraham Baldwin, a member of the Constitutional Convention, while a member of Congress, on June 17, 1798, said in the Congress:

. . . to provide for the common defence and general welfare had never been considered as a source of legislative power, as it is only a member introduced to limit the other parts of the sentence. [*Undermining the Constitution*, by Thomas James Norton, page 189.]

Conclusion

(a) In a book recently published, analyzing some of the decisions of the modern Supreme Court, the writer says: "Enthroned at last, were Hamilton's bold nationalistic views . . ."

To say these modern ideas of "general welfare power" are those of Alexander Hamilton is to malign him. Alexander Hamilton was a great patriot and statesman. His ideas of a new government were far different from those embodied in the Constitution, but after the Constitution was adopted, he faithfully and enthusiastically supported it. For instance, he wrote most of *The Federalist Papers*.

Even though Alexander Hamilton had espoused such ideas as are now ascribed to him, such ideas were not accepted as part of the Constitution as finally adopted and, therefore, must not be used to interpret the Constitution.

Since Alexander Hamilton's views were rejected by the Constitutional Convention of 1787 (not even being referred to a committee, Hannis Taylor, page 200); since Alexander Hamilton was absent from the Convention about one-half of the time, once from June 29 to the middle of August 1787, and since his views against the inclusion of a Bill of Rights were rejected, the foregoing statement that his views are now being accepted is a clear acknowledgment that the spirit and letter of the Constitution as written are now being perverted.

Against this view attention is called to *The Federalist*

Papers which are referred to and quoted in this article.

It is therefore clear from history, common sense, the records of the Constitutional Convention, *The Federalist Papers*, the debates in the state ratification conventions, and precedents followed for more than 140 years, that THERE IS NO GRANT OF GENERAL WELFARE POWER IN THE CONSTITUTION OF THE UNITED STATES.

(b) While it would seem that such general welfare power is not needed, if it should be determined that it is necessary, then the amending clause of the Constitution should be followed, as was pointed out by George Washington in his Farewell Address:

If, in the opinion of the people, the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the Constitution designates. But let there be no change by usurpation; for though this in one instance may be the instrument for good, *it is the customary weapon by which free governments are destroyed.* The precedent must always greatly overbalance, in permanent evil, any partial or transient benefit which the use can at any time yield. [Italics added.]

The dire results of undermining the Constitution were pointed out by Daniel Webster in his eulogy of George Washington in 1832, where he said in part:

Other misfortunes may be borne, or their effects overcome . . .

But who shall reconstruct the fabric of demolished government? Who shall rear again the well-proportioned columns of constitutional liberty? Who shall frame together the skillful architecture which unites national sovereignty with State rights, individual security and Public prosperity?

(c) Every lawyer when he is admitted to the Bar takes

an oath to "uphold, defend, and protect the Constitution of the United States."

Since the Constitution is being ignored, misconstrued, or by-passed by legislation, by court decisions, and by executive action, it is time that fundamental principles of the Constitution be re-examined, and that every citizen, as well as every lawyer, take his place on the battle line in a new crusade to re-establish the principles and the spirit of the Declaration of Independence, the Constitution, and the Bill of Rights.

SOCIALIZED SUGAR

by Leonard E. Read



THE STATE OF ALABAMA has authorized the city of Mobile to float a bond issue (tax exempt, of course) to build a \$12,000,000 sugar refining plant—another first for socialism. Government has not heretofore been in the sugar refining business in the U.S.A.—at least, not directly.

With government's foot in this narrow-margined business, the end of private production can be foreseen. Margins on sugar are not sufficient to enable private enterprise to compete with socialized, that is, with subsidized operations.

The case of socialized sugar is no more objectionable than socialized anything else. It has special significance only because the socialization, in this instance, is not accompanied by the usual socialistic excuses.

For example, the original excuse for the now sprawling TVA was "a yardstick" against which government might check private enterprise pricing and efficiency. No one has the nerve to offer, again, this lame plausibility for socializing such a consistently low-priced item as sugar.

Water and sewerage systems, education, subways, and a host of other activities have been socialized on the thoughtless excuse that "government should do for the people what the people are unable to do for themselves."¹ To apply such a cliché to sugar is to joke. For years our government has had laws backed by police force—quotas and tariffs—to keep sugar from flowing too freely into our country. Few if any foods are easier to produce and refine than sugar. So-called underdeveloped countries produce sugar with the greatest of ease.

Nor does the Marxian nonsense—"from each according to ability, to each according to need"—apply. For is it not the "needy" of the world who can produce sugar? And, we must ask, who in Mobile is suffering from lack of sugar?

National defense is often used as the excuse to socialize an industry. For decades we have subsidized our own beet and cane growers on the grounds that we should not risk a reliance on foreign suppliers during hostilities. And all for naught! As World War II got under way, the sugar beet growers who had been subsidized to assure us a wartime sugar supply deserted to more profitable crops. No, the people in Mobile are not using national defense as the excuse for their new excursion into socialized sugar refining.

Socialism is the government ownership and control of the means of production. Municipal government is no less government than is the federal apparatus, nor is

¹ See "Clichés of Socialism," Number 3. (Foundation for Economic Education, Inc., Irvington, N. Y.)

socialism any the less socialism because it is at the municipal level.

About 1,900 municipalities have socialized power and light. There may be as many as 700 communities where water and sewerage services are still privately supplied; in all the rest—thousands of towns and cities—these services are socialized. Cities are now operating hotels, growing wheat, producing fertilizer, marketing milk, producing asphalt and cement, operating parking lots, and even running cocktail bars!²

The Disturbing Trend

The drift toward collectivization—decried as slavery when engineered by the Kremlin—is at an accelerating pace in the United States. And, astonishingly enough, this goes on without the aid of the customary socialistic rationalizations! Is socialism advancing under some new force? Probably not. It is more than likely that the socialistic excuses used in the past were nothing but catchy phrases, never reasons, and that most of us have been naïvely distracted by straw men while socialism has mushroomed unmolested.

The end of this road, be it municipal or federal, is omnipotent government which becomes harder to live with, more difficult to squelch, with each passing day. Effective squelching must rest on our knowing *how* to combat this rapidly spreading evil force. Our lack of

²“Cities in Business,” *The Wall Street Journal*, September 14, 1961.

knowhow, I submit, stems from an unintelligent and impractical interpretation of self-interest and, also, a wanting sense of common justice.

Were we interpreting our self-interest intelligently, we would assist our neighbors in stamping out their socialistic fires as readily as we would our own. A conflagration destroys others than the one with whom it starts. But look at what happens: While the sugar folks are now crying "fire," all others shut out their annoying plea for help. Nor have the sugar refiners had ears for the M.D.'s warning, "Medicine is being socialized," or for the alarm sounded by the private utility people, "Power and light are being socialized." Those who lack concern except when their own ox is being gored are suspect; and, as a consequence, the populace merely yawns: they're getting what's coming to them.

If each of us could see clearly his self-interest, he would recognize that the socialization of the other fellow's business or industry is also an entering wedge or claim against his own life and liberty and property. The hunger after political power is insatiable, each gulp but an appetizer for the next. And the more government regulates and controls, the more it demands to cover costs and losses. The greater the federal deficits, the more urge to inflate the currency; and the sharper the inflation, the greater the temptation for individuals as well as governments at all levels to invest recklessly in all sorts of uneconomic ventures. Who knows the web of prior socialization that actually lies behind and leads up to this latest venture in socialized sugar at Mobile?

An Endless Web

Permit the abrogation of any individual's God-given rights to life, liberty, and the fruits of his own labor, and the abrogation of one's own rights becomes an inextricable part of that policy. The proper defense was suggested by Milton Mayer:

In the struggle for the rights of all men—which alone will save their skins and their souls—those who belong to minorities must fight first of all for the rights of other minorities than their own; next for the rights of all men; and last, if at all, for their own.³

Any physician worth his salt does more than treat the manifestations of a disease; he approaches the problem systematically, that is, he goes to the root of the matter. This procedure, applied to the socialistic virus, suggests that we be as alert to its attack upon others as upon ourselves and that we help combat every outbreak, lest it reach epidemic proportions. This is not altruism; it is self-interest practically and intelligently at work.

Because it is easier to see faults other than our own, let me use a foreign example of a waning sense of common justice. A friend from Oslo reported that their opera could no longer be privately financed; that it had been turned over to government. I suggested that perhaps Oslo should have no opera unless it could be privately supported. "But what about our culture?" he asked, as though culture could be advanced by using

³ Milton Mayer, *These Few* (Chicago: Human Events Associates, 1947), p. 11.

police force to take the fruits of the labor of those who have no taste for opera in order to subsidize the few who are opera lovers. He had given no thought to common justice, to the uncultural means he had approved to achieve his own idea of a cultural end. Socialized opera by reason of a waning sense of common justice! And, it is this that contributes mightily to socialized sugar, medicine, power and light, housing, mail, education, cocktail bars, and whatever.

Finally, in viewing the problem systemically, we have not the ghost of a chance of reversing the present socialistic trend unless there is a revival of the revolutionary concept set forth in the Declaration of Independence that men's rights are endowments of the Creator. We either accept this or we must submit to the only possible alternative, namely, the absurd fallacy that men derive their rights from some man-concocted arrangement—a collective, in practical fact, the state!

If the sugar people would save their own industry, let them begin to help fight socialized medicine and socialized power and light. And let the Docs and the utility folks help fight socialized sugar. Not only will this procedure *be* good; it also will *look* good, with every man standing for a just treatment of all men. My freedom depends on yours; those who fail to help one another in this respect will lose their freedom, and deservedly. After all, the price of freedom is fair enough: intelligent interpretation of self-interest, a sense of common justice, and an appreciation that men's rights do not derive from government.

HAVING OUR CAKE AND EATING IT, TOO

by *Clarence B. Carson*



NATIONAL PLANNERS have a penchant for relieving us of the difficult task of making hard choices. Indeed, they make it appear frequently that there is no need for such choices. We shall be able to have all that we want without giving up anything significant. We can have social security without losing individual liberty, government aid without government control, receive help from groups to provide the intimate necessities of life and retain our independence.

This penchant is clearly and amply demonstrated in The Report of the President's (Eisenhower) Commission on National Goals. It is available to us in both clothbound and paperback editions as *Goals for Americans*. (My references will be to the paperback edition published by Prentice-Hall as A Spectrum Book.) The Report has two parts: a statement by the whole Commission which purports to represent their collective judgments, and chapters by individual authors, some commission members and some not. The Commission, chaired by Dr. Henry M. Wriston, had eleven members ranging from former college presidents to a labor leader.

Dr. Carson is Associate Professor of History at Jacksonville State College in Alabama.

The undertaking was administered by The American Assembly, Columbia University.

One of the most interesting and confusing aspects of the Report is its many professions of devotion to the individual, his freedom, fulfillment, and protection. This is made remarkable, of course, by the fact that virtually every concrete proposal is for some kind of collectivistic action. This is a constant theme in the work, both in the Report of the Commission and in many of the individual chapters. I want, then, to examine this apparent contradiction and try to determine whether they have resolved it or not.

The Report contains numerous references to the primary importance of the individual. To wit:

The status of the individual must remain our primary concern. All our institutions—political, social, and economic—must further enhance the dignity of the citizen, promote the maximum development of his capabilities, stimulate their responsible exercise, and widen the range and effectiveness of opportunities for individual choice. (p. 3.)

Respect for the individual means respect for every individual. (p. 4.)

The degree of effective liberty available to its people should be the ultimate test for any nation. (p. 4.)

Individuals should have maximum freedom in their choice of jobs, goods, and services. (p. 9.)

The authors of the individual chapters are just as profuse in their concern for the individual. Here are a few excerpts:

Dr. Henry M. Wriston, in the chapter on "The Individual," says:

One man's freedom should involve no trespass upon other's

rights to life, liberty, and the pursuit of happiness. (p. 50.)

The acid test of successful democratic government is the degree of effective liberty it makes available to the individual. (p. 48.)

Mr. Clinton Rossiter, in the selection called "The Democratic Process," declares:

The price of liberty, today as through all history, is self-reliance and self-discipline. (p. 76.)

Dr. John W. Gardner, "National Goals in Education," maintains:

Our deepest convictions impel us to foster individual fulfillment. We wish each one to achieve the promise that is in him. (p. 81.)

Dr. Warren Weaver, "A Great Age for Science," asserts his belief in "the transcendent importance of the imaginative *individual worker*, free to think about any scientific problem that arouses his curiosity and attracts his mind." (p. 106.) There are kind words in the report for free enterprise, individual initiative, and individual responsibility.

If we knew no more than this about the book on *Goals for Americans*, we might conclude that it is a new declaration of independence cast in the mold of romantic individualism. There is little, if any, in what I have quoted to which Benjamin Franklin, Thomas Jefferson, George Mason, Richard Henry Lee, or Ralph Waldo Emerson might have objected. One might expect that the concrete proposals of the Commission would be along the lines of the reduction of governmental operations, limitations of the powers of regulatory commissions, curtailment of the taxing powers of government, restoration

of the responsibility of parents for their children, and an increase of privately initiated, financed, and managed activities. Such expectations would be badly disappointed.

Intervention Recommended

By what means does the Report seek to implement its professed concern for individual liberty, free enterprise, the fulfillment of the individual, and the like? The Commission recommends increased government spending, government manipulation of thought, maintenance of regulation, and, in general, extensions of the collective effort. Some excerpts from the Report of the Commission will indicate this:

One role of government is to stimulate changes of attitude. (p. 4.)

Greater resources—private, corporate, municipal, state, and federal—must be mobilized. A higher proportion of the gross national product must be devoted to educational purposes. (p. 6.)

The economy should grow at the maximum rate consistent with primary dependence upon free enterprise and the avoidance of marked inflation. Increased investment in the public sector is compatible with this goal. (p. 10.)

Government programs of help for farmers, including price supports and other means to prevent collapse of incomes, will continue to be necessary for some time; they must be so managed that they cushion the shock of the transition, without unduly slowing the pace of necessary fundamental adjustments. (p. 13.)

We must remedy slum conditions, reverse the process of decay in the large cities, and relieve the necessity for low-income and minority groups to concentrate there.

We should also seek solutions for haphazard suburban

growth, and provide an equitable sharing of the cost of public services between central cities and suburbs. (p. 13.)

Federal grants for the construction of hospitals should be continued and extended to other medical facilities. Increased private, state, and federal support is necessary for training doctors. (p. 14.)

In addition, there should be established a federal reinsurance program for states with temporary acute employment problems. Public and private arrangements for maintaining income during sickness should be improved. (p. 15.)

Lip Service to Liberty

The character of the report begins to manifest itself. It pays lip service to such traditional American ideals as freedom for the individual, individual fulfillment, free enterprise, and individual responsibility. It makes concrete proposals, however, for collective responsibility, government stimulation and planning for the economy, urban renewal with the aid of the national purse, and national more often than individual fulfillment.

The reconciliation of opposites is possible by the manipulation of words, so long as the words are vague and undefined. The Commission demonstrated this principle adeptly. For example:

The federal government supports more than half of the research and development in the United States. It is of urgent importance that the administration of its scientific and technical programs be strengthened, but without resort to bureaucratic overcentralization and planning. (p. 8.)

Is this to be an unplanned strengthening of the administration of the programs? When does bureaucratic centralization become "bureaucratic overcentralization"? It appears to me that the Commission is saying some-

thing like this: "Tighten the nut on the bolt, but leave it as loose as it now is." The Commission must have had in mind the example of the Defense Department, unified but separate, co-ordinated but each service acting in its own way!

Or consider this example of proposals to go in both directions at once. At one point, the Report of the Commission advocates the enlargement of "local discretion, as for example in the handling of matching federal grants. . . ." (p. 6.) Elsewhere they say, "The federal government should enforce the principle that federal funds shall not be disbursed to employers who discriminate on the basis of race. Similar policies should progressively be applied to federal grants for universities, hospitals, and airports, and to federal housing programs." (p. 4.) To state it abstractly, the Commission favors enlarging local discretion by increasing federal intervention. It is no wonder that men who reason thusly can believe that individual liberty can be promoted by governmental intervention, or that collective responsibility can be assumed for the well-being of each of us without any loss of individual initiative. The confusion of these men is more apparent than real, however. Without questioning motives, I would suggest that these men are not informed by the ideas of individualism, whatever the appearance to the contrary. Their tribute to the individual is only a pious pilgrimage to the grave of an ancestor. Their very willingness to draw up such comprehensive goals for the nation attests to the enfeeblement of their individualism. Their concrete

proposals involve the increased activity of some collective, corporate, community, city, state, and/or national organization. Judging by what they recommend, no single activity can be left solely to the individual; not unemployment insurance, nor the arts, nor the development of resources, nor housing. There are no concrete proposals for protecting the individual from governments, despite the vast increases in governmental activity which the Commission advocates. To the contrary, there are subtle suggestions for removing such limitations as now exist in the congressional power of appropriations, and in the virtually unlimited debate in the Senate.

"Social Necessities"

The very manner in which Dr. Henry M. Wriston, in his chapter on "The Individual," defines the conflict between individual and social realms shows that his individualism is only vestigial. He says, "In a society so completely, and complexly, organized as ours, in a world so interdependent and so disturbed, the choice between *individual desires* and *social necessities* becomes difficult." (p. 49, italics mine.) Who would care to defend individual desires when social necessities are in conflict with them? I had not supposed that an individual's desires mattered to anyone except himself. Those who established the Republic thought in terms of the natural *rights* of the individual, not his *desires*.

It is plain in another instance that Dr. Wriston does

not think in terms of individual rights. He declares, "Property and business exist for the benefit of individuals and have no inherent rights." (p. 52.) This is a truism and a circumlocution of the question it purports to raise. The question is not, nor should it ever have been, whether property has rights but whether individuals have *rights* to the use of the proceeds from the property which they own or rent. This is the central question about property with which individualism is concerned.

The Commission concludes its report by urging individuals to assume their responsibilities. One might suppose that the Commission would avow the primary responsibility of the individual for his own well-being. It should follow, then, that they would recommend such things as private savings against misfortune, the avoidance of indebtedness which limits independence, the securing of private property by which the individual might provide for his needs, and the restoration of primary responsibilities to the home.

*Personal Responsibility Called
"A Purely Selfish Attitude"*

I am dreaming, of course. No perceptive person who had read as far as "A Concluding Word" in the report would have expected any such denouement. There is an oblique reference to the American's responsibility "for his own life and livelihood," but the concrete proposals which follow deal with our responsibilities to others.

An individual who did devote himself primarily to his personal responsibilities is no doubt condemned by the Commission's edict against "the fallacy of a purely selfish attitude—the materialistic ethic. Indifference to poverty and disease is inexcusable in a society dedicated to the dignity of the individual; so also is indifference to values other than material comfort and national power." (p. 23.) We are, instead, to assume responsibility for everyone else. "A basic goal for each American is to achieve a sense of responsibility as broad as his worldwide concerns and as compelling as the dangers and opportunities he confronts." (p. 23.) Apparently it does not trouble the Commission that individuals who cannot provide for their own private medical needs should assume the responsibilities of the whole world.

Language, when not used in full consciousness of its portent, can betray the true orientation of the writer. So it is with Dr. Wriston when he says, "The basic natural resource of the United States is its people. It follows inescapably that the first national goal to be pursued—at all levels, federal, state, local, and private—should be the development of each individual to his fullest potential." (p. 53.) There are some "nice" words in the quotation which give the whole a soothing quality, but what is he saying? He is saying that the individual is a "natural resource," a resource of the nation, a subject for "national goals," something that is to be fully developed so that he can benefit us all. Fair words obscure the radical character of such thought. Does the individual exist for the nation, or does the nation exist

for individuals? If I am a "natural resource of the United States," I must conclude that I exist for the state.

Man a Natural Resource

How far are the United States from their foundations when national leaders refer to human beings as natural resources, when individual fulfillment has as its end the meeting of national needs, when individual responsibility is defined as responsibility for all mankind, when private property is subtly attacked in the name of the individual, when the extension of collective activity is urged in the name of individual liberty? Toward what kind of society would the "goals" of the Commission take us (whether wittingly or not)? What rights would remain for the individual in such a society? Would it not be a society in which everyone is "developed" to his fullest (whether he will or no?), in which each is responsible for all and all are responsible for each, in which it is one's "duty" to contribute significantly to the general welfare? How much longer can such a society permit the wasteful "*laissez-faire*" practice of individual choice of vocation? Lest I be accused of imagining such dangers, note this pronouncement by the Commission:

We must use available manpower more efficiently. The practice of wasting highly trained people in jobs below their capacity . . . must be eliminated. (p. 8.)

Suppose I were to insist upon wasting my talents, would I have to be eliminated also?

I deal here with the tendency of these ideas, of course, not entirely with the stated objectives of the Commis-

sion. Yet it is the tendency which is most important when we are thinking in terms of developing a society. Even a jet plane goes from one port to another inch by inch, as it were. The tendency of the Report of the Commission is toward a totalitarian society, however far we may be from that destination. We should attend more to those who have lived in such a society, and listen to what they protest against. Czeslaw Milosz, in *The Captive Mind* (New York, Vintage Books, p. 240), was not bemoaning the shortage of shoes under communism or the long hours of work. Read his concluding statement:

When . . . I stand before Zeus (whether I die naturally, or under sentence of History) I will repeat all this that I have written as my defense. Many people spend their entire lives collecting stamps or old coins, or growing tulips. I am sure that Zeus will be merciful toward people who have given themselves entirely to these hobbies, even though they are only amusing and pointless diversions. I shall say to him: "It is not my fault that you made me a poet. . . . I felt that if I did not use that gift my poetry would be tasteless to me and fame detestable. Forgive me." And perhaps Zeus, who does not call stamp-collectors and tulip-growers silly, will forgive.

Mr. Milosz has seen that there can be no room for the human spirit in a society animated by necessity (called History in the communist orbit), in a planned society, in a society where all activities must be socially significant, where the common good is the final arbiter of what can be done.

Ominous Implications

My purpose here is not to indict those who worked on *Goals for Americans* for whatever beliefs they may

hold about the good society. The tendency of the report, however, is ominous. Its implications are misleading. It implies that there are no hard choices confronting us. It implies that we can have both free enterprise and government guaranteed security, that we can increase collective action with little danger to individual liberty, that the federal government can be extended into virtually every area of life without deadening individual or local initiative.

The Commission invites discussion but does not pose alternative courses for us to discuss. The most insidious thing about the Report is its failure to present the broad range of alternatives which confront us today. It implies, instead, that we do not have to make any choices among the many values which we may seek, that we can have our cake and eat it, too. Yet just as choice is the *sine qua non* of freedom, so it is the heavy price of freedom. The individual cannot participate in a group without yielding up some of his autonomy to the group. He cannot accept aid from others without having his existence conditioned by that aid. The man who cannot bear to be alone will have to learn to put up with the inconveniences of company.

It may be, at best, that for every gain we make there is a corresponding loss. At any rate, there are no choices which are between everything we desire on the one hand and things we loathe on the other. The choice should be made in terms of what is ultimately most important. If liberty is most to be desired, we must sometimes choose between it and a government guarantee of security. If

the individual is most important, we may sometimes have to see organizations destroyed.

All our choices are not always so immediately pressing as the above might be understood to imply. Yet each direction that we take by each action is a choice which, when its tendency is traced out, points toward some goal. Failing to name the goal does not prevent movement in the direction of it. No more will neglecting to choose as a result of bringing the choices into focus keep us from going in some direction. The Commission, by the vagueness of its vocabulary and looseness of its thought, has obscured the choices available and created a verbal illusion of compatibility between individualism and collectivism. Its statement of goals implies that we can maintain our traditional values—individual liberty, personal independence, and private realms—by adoption of a social ethic which leaves no room for them. They may conjure up a make-believe universe in which such things are possible, but it is not the one I inhabit.

The Real World

The world known to man through the centuries is one in which Socrates drank the cup of hemlock, in which Jesus of Nazareth was crucified, in which Columbus died in disgrace. It is a world in which the right choices sometimes lead to apparent defeat. It is a world in which the nation unwilling to risk failure by maintaining its principles will fail because it will be corrupted by its

own actions. It is one in which the man who fears to stand on his own two feet may find help to stand, but he will be propelled in undesired or unchosen directions by those who uphold him.

Those who would outline national goals should do so with fear, trembling, and humility, conscious of the consequences of whatever direction they take. They should be aware of the numerous choices which confront us. They should have some acquaintance with the universe in which we actually live. They should know that it is one in which you can't have your cake and eat it, too.

PRICE CONTROL IS PEOPLE CONTROL

by Dean Russell



PERHAPS you recall the fable of the scorpion who asked the beaver to carry him across a lake. The beaver declined the request with this deduction: "If I let you get on my back, you'll sting me and paralyze me and cause me to drown."

But the scorpion out-deduced him with this rejoinder: "I can't swim. Thus if I sting you while we are in the lake, I'll drown too. Obviously I wouldn't do anything to cause that."

The beaver could find no fault in that logic. So, being a kind-hearted fellow, he invited the scorpion aboard and set out across the lake. Right in the middle of it, the scorpion stung the beaver and paralyzed him.

As they sank together to the bottom of the water, the beaver reproachfully pointed out to the scorpion that *both* of them would now drown. "Why did you sting me?" he asked.

"I couldn't help it," tearfully replied the scorpion. "It's my nature."

From the *Rockford* [Illinois] *Morning Star*, July 23, 1961.

Fables, of course, contain a moral that can be applied to human affairs. This one pertains to several of our current problems. For example, the *nature* of price controls is people control. A quart of milk or an aspirin obviously is not concerned about the price tag it carries. Prices are of concern only to human beings. And the only thing that can be controlled by government in this process of minimum and maximum prices is people.

The nature of the operation is this: Persons who exercise the police powers of government use those powers to control the people who produce milk, distribute milk, and buy milk. The price of drugs is never controlled by government; the controls apply only to the persons who produce, sell, and use the drugs. When the government enforces a minimum wage, it is persons, not things, that the officials watch and control.

The person who favors rent control wants the police powers used to control individuals who own houses for rent, and families who wish to live in such houses. Purely and simply, he favors controlling people and forcing them to do what *he* wants them to do.

But when such a person is flushed out from behind his euphemistic and comfortable word-shield, he is usually honestly astounded that anyone could possibly believe that he favors people control. Try it sometime. You will invariably get a response somewhat as follows: "I am *opposed* to controlling people. In fact, I support all sorts of organizations and causes to give people more freedom. True enough, I do believe that the government should control certain *prices* for the benefit of all; but

control *people*—never! Now stop spouting this nonsense about people control. There is a limit to my patience.”

And so it goes. Actually, when you stop and think about it, no government can ever really support a price. Prices don't give a hang about supports; it's not their nature. The nature of all governmental schemes to “support prices” is this: Some people who control the police powers of government use them to take money from other people who have earned it, and to give it to still other people who have not earned it. That's all it is. Calling it by another name cannot change its nature, for better or for worse.

Why Not Come Out with It?

Why do persons object to coming right out with it and saying, “Of course I'm in favor of people control. I don't need you to tell me that it's only people, not inanimate objects or ideas, that can be controlled. But don't forget that I am doing it for their own good. In various of these vital economic areas, I am convinced that I know what is best for them and for us all.”

While I would disagree with that candid person, I could still admire him after a fashion. At least he would have the courage of his convictions. For example, Robin Hood was a robber in every sense of the word, but at least he had more personal courage than do the despicable characters who sneak up on their victims and sand-bag them from behind.

Perhaps the reason for our preference for the euphem-

istic "price controls," rather than the realistic "people controls," lies deep in our own natures. All of us seem instinctively to want to help our fellow men. But we observe that there are so many of them who want help of various sorts, and that our own personal resources are so limited. But by voting to have the government do it, we can satisfy both our charitable instincts and our sense of fair play. Also, that easy procedure has several other fringe benefits. When we *vote* to help others, we are thereby fulfilling our patriotic duty as good citizens to participate in the affairs of government. In addition, this procedure doesn't require much personal effort. Also, we are usually promised that somebody else will have to pay the cost.

The next time you hear a politician or a neighbor advocating price supports or rent control or some similar subsidy, ask him why he favors people control, and forcing other peaceful persons to do what he wants them to do, and taking money from people who have earned it and giving it to others who haven't.

At that point, however, you had better duck. For the nature of the ambitious politician and the well-intentioned do-gooder is to consider only the "fine objectives" of their plans and to ignore completely the shoddy means used to enforce them. They won't appreciate your calling this to their attention.

HOW STATE HELP DESTROYS SELF-HELP

by William Henry Chamberlin



IT WOULD NOT MAKE either good sense or good morals to leave a long stretch of sidewalk dangerously slippery with glazed ice while spending the money that might have been used for snow removal on ambulances and hospital beds for passersby who might break their arms or legs on the slippery ice.

Yet, in essence, this is what the welfare state in America and elsewhere does. While making a parade of humanitarian purposes, the ever-expanding practice of offering state handouts for every emergency, from getting a house or apartment to paying for medical aid, is destroying an extremely valuable American tradition that it is up to the individual to provide for the well-being of himself and his family.

For it is a most pernicious although widespread illusion that the state can create any wealth of its own. When a government announces some new expensive social welfare program, the point is usually carefully obscured that this program must be paid for through some form of increased taxation (it is immaterial whether this takes the form of heightened "social security" payments

or of direct federal or state taxes) or through the most cruel and harmful tax of all, inflation.

It may seem humane and benevolent to provide free medical care for the aged by taxing the general population. But a much more practical and realistic form of benevolence would be to leave people in their productive years enough of their earnings so that they could save for medical care and other emergencies in their years of retirement. From the standpoint of personal satisfaction, self-help beats state help every time.

It is indeed shocking and distressing that in a country like the United States, where wage and salary levels are comparatively high, where no serious depression has been known for more than a generation, so many "senior citizens" have such low personal incomes. The reason is pretty obvious: the tremendous increase in the burden of taxation at all levels. Many of the indigent aged could take a pencil and paper and calculate accurately how many more opportunities for comfortable living, including ability to meet their medical bills, they would have enjoyed if so much of what they earned had not been siphoned off by federal, state, municipal, and other tax-gatherers, to say nothing of the steadily increasing bite of the payments required to maintain some semblance of solvency for the social security system.

There are many fields in which the ever-expanding process of state help is destroying individual capacity for self-help. Take housing, for instance. Whenever a federal housing project is launched, with rents below the cost of production, the taxpayer who must foot the deficit

is rendered less capable of purchasing or renting his own housing. Take the case of a young man, newly married, who is supposed to be taken care of, if he wants a middle-income house, by a 40-year, no-down-payment mortgage plan. But, if his income were less heavily taxed, he might well be able to save enough for a conventional down payment and have enough of his paycheck left to pay off his mortgage on a 20-year basis.

Some Fundamentals

The fundamental truths that the state, by its very nature, can create no real wealth, that whatever it gives to one group it must take away from another (or perhaps from the same group), should be hammered in with the remorseless iteration of which only commercial advertising seems capable. For history is full of examples of healthy national communities that gradually shriveled up, lost vitality, and perished as the people were bribed by the will-o'-the-wisp of state handouts and fell more and more into the meshes of an all-encompassing bureaucracy.

It is one of the best established laws of history that, as government activity expands, individual activity and enterprise contract, until what was once a vigorous, self-reliant society becomes a hollow, bureaucratized shell, easily cracked by external attack or internal decay. This whole drama of rise, growth, decay, and ultimate fall has been played on many stages in world history, the most dramatic being that of ancient Rome.

Gibbon has immortalized the fate of Rome in what is probably, if only for its literary style and philosophical quality, the greatest of all histories, *The Decline and Fall of the Roman Empire*. A Canadian professor of classics, W. G. Hardy, in a lecture entitled "Why Rome Fell," published in a paperback work on Greece and Rome, sums up in briefer form many of the causes of decline and fall which Gibbon analyzed at more length.

The Roman Republic, which had triumphed over Hannibal and many lesser enemies mainly because of the self-sacrificing patriotism and devotion of its proud citizens, had become an absolute empire in which the state, working through a huge imperial bureaucracy, tried to do everything for everybody, relieving everybody of his surplus cash in the process. The financial burden of keeping up an increasingly mercenary army and of providing the *panem et circenses*, the "bread and circuses" which the idle Roman populace demanded, steadily increased.

Roman financial policy became one of creeping and not-so-creeping inflation. The most common Roman coin, the sestertius, lost about 98 per cent of its value between the time of Augustus, at the beginning of the Christian Era, and the reign of Diocletian some three centuries later. Diocletian, who brought some temporary order and stability into the declining empire, might well be honored as the patron saint of all planning and regulating agencies. He issued an edict fixing a maximum price for all goods on the market and for wages in all trades. The penalty for violation was death. But eco-

conomic laws proved stronger than the imperial decree and this supreme experiment in economic regimentation ended in a fiasco.

The clammy dead hand of bureaucracy more and more strangled individual initiative. The empire became a bound society. The more well-to-do citizens in every community were made collectively responsible for bringing in the taxes. The natural result was that they ceased to be well-to-do. Farmers were tied to the soil; their sons had to be farmers. Similarly the sons of artisans had to follow their fathers' trade. As Professor Hardy sums it up: "There was no escape from this relentless regimentation. For regimentation was the end-result of the abdication of political freedom and of the pursuit of materialism. The welfare state had become a despotism."

Ever higher taxes, an ever-increasing bureaucracy, the growth of an omnipotent state, the paralysis of local initiative, a growing reliance on a faraway central authority that started with some features of the welfare state and ended with full-fledged totalitarianism—here are some very obvious forces making for the decline and fall of Rome. Does it require much exercise of the imagination to see in our own country and our own time some germs, at least, of these ultimately fatal diseases?

A Trend Away from Freedom

Surely, the saying that all one learns from history is that men learn nothing from history is borne out by the lack of awareness of the symptoms that have foretold the

decline and fall of great societies in the past. For more than a generation the trend has been steadily in the direction of increasing the power of the central government and diminishing the self-reliance and independence of the individual, and his ability to provide for his own future. This trend has been faster under some Administrations, slower under others; but it has never been decisively arrested, much less reversed.

By far the best kind of social security is provided by individual saving. But the healthy impulse of the normal individual to put aside for "a rainy day" has been given no positive encouragement and much discouragement. The principal discouraging factors have been inflation, the steady erosion in the purchasing power of the dollar, and taxes at federal, state, and local levels so heavy that little margin is left for saving.

There are several feasible ways in which the government could encourage individual saving and thereby rid itself of the almost unlimited obligation which it assumes when it is taken for granted that the state has some obligation to bail out the individual from any misfortune he may suffer. Both deposits in savings banks and interest on savings bonds, within a reasonable limit, say \$25,000, could be freed from taxation. In view of the steady decline in the purchasing power of the dollar, this would only be elementary fiscal justice.

But neither these nor any other measures calculated to stimulate individual saving have received effective support in Washington. One of the most familiar forms of saving in America, in contrast to Europe, where corpo-

ration stocks are usually held by a rather narrow circle, is investment in common stocks. There are now some thirteen million owners of common stocks in the United States, most of them people of quite modest means.

There has been much vague talk about "economic democracy"; but this increasingly diffused ownership of America's industrial enterprises is the most effective means of distributing profits widely that has ever been devised. Many companies have employee stock ownership plans on favored conditions—an excellent means of creating a sense of personal interest in the performance of the company.

One factor that has discouraged stock ownership is the double taxation of money paid out in dividends. A corporation is first taxed 52 per cent on its profits. Then a second tax is levied on whatever is paid out in dividends, depending on the tax status of the dividend recipient. In other words, the same money is taxed twice—a gross and obvious inequity. In logic there should be either a corporation tax or a tax on individual income from dividends, not a combination of the two.

A slight alleviation of this injustice went into effect some years ago when the practice of allowing a \$50 deduction and a 4 per cent credit for income from dividends was introduced. Now it has been proposed to do away with these small concessions and restore the full undiluted injustice of double taxation of the same income. An extremely cumbersome and difficult system of withholding taxation for dividends and interest seems designed as another discouragement to savers.

Soak the Poor

Even when it is recognized that the state can create no wealth of its own, it can only take from some if it is to give to others, it could still be argued that state spending programs are financed on the Robin Hood principle of taking from the rich to give to the poor. But this contention loses force at a time when the maximum rate of the steeply graduated federal income tax is 91 per cent. Taxes designed to "soak the rich" have reached the point of small and diminishing returns. Most of the money for additional government spending projects will be extracted from taxpayers in the medium and low brackets, whose ability to provide for their own social security will be correspondingly reduced.

It has been the general experience in Great Britain and other countries where the welfare state has been pushed even farther than it has been in the United States that the end of the process is for the government to take out of one pocket what it puts into another, with the inevitable high overhead costs of bureaucracy as an extra loading charge. Perhaps some day, when the futility of this process becomes more apparent, there will be more recognition of the simple truth that the best service government could render to the peace of mind and the true social security of its citizens would be to cut down both spending and taxation to a point where the individual could fairly be expected to look out for his own "social security."

The state in America has become an omniscient

provider, a purveyor of housing and of various social services, a regulator and, if the "liberals" have their way, a large-scale financier of a public school system that was formerly left to local administration and local resources. For this new role of the central government there is no warrant in the letter and spirit of the American Constitution, which is mainly concerned not with offering a grab bag of promised material benefits to all and sundry, but with telling the government what it may *not* do in abridging the liberties of the individual citizen.

It is time to cut through the underbrush of detail and face up to the basic question in this issue of state help versus self-help. What kind of society do we want? One of independent self-reliant citizens, prepared to take care of themselves and their families, asking from the state only to leave them alone and get off their backs? Or a society of government pensioners, willing to sign away their political and economic liberty in exchange for ever bigger handouts? Which is the more desirable type of citizen—the chronic recipient of relief or the sturdy hardworking Amish farmer who had his horses confiscated and sold by order of some local bureaucrat because he wanted to contract out of both the benefits and the payments involved in the social security system?

The good society is surely one in which people are allowed to keep enough of what they earn so that they can pay for their homes, medical aid, and other needs without government assistance. And it is foolish to say that such a society is visionary; fifty years ago it existed

in these United States. But it is receding farther and farther into the distance and it is part of the corrupting effect of the welfare state that resistance to it tends to weaken as the individual is able to keep less and less of what he earns because of its exactions.

Long before communism, socialism, and collectivism were more than abstract theories, a great political thinker conceived a vision, or a nightmare, of what might well be the logical final form of the welfare state. As Alexis de Tocqueville writes in one of the more striking passages of his *Democracy in America*:

Above this race of men stands an immense and tutelary power, which takes upon itself alone to secure their gratifications, and to watch over their fate. . . . For their happiness such a government willingly labors, but it chooses to be the sole agent and the only arbiter of that happiness; it provides for their security, foresees and supplies their necessities, facilitates their pleasures, manages their principal concerns, directs their industry, regulates the descent of property, and subdivides their inheritances—what remains, *but to spare them all the care of thinking and all the trouble of living?* . . . The will of man is not shattered, but softened, bent, and guided; men are seldom forced by it to act, but they are constantly restrained from acting; such a power does not destroy, but it prevents existence; it does not tyrannize, but it compresses, enervates, extinguishes, and stupefies a people, *till each nation is reduced to be nothing better than a flock of timid and industrious animals, of which the government is the shepherd.* [Italics supplied.]

If the American Republic takes the final irrevocable turn down the road of statism and collectivism, it will not be for lack of warnings in the pages of history and in the ever-living ideas of prophetic thinkers.

FREEDOM FROM TOIL

or—THE EMERGENCE OF A LEISURE CLASS

by *H. P. B. Jenkins*



The sun was standing overhead
When Kaspar woke at last;
And as he put the kettle on
To break his morning fast,
Came Peterkin and Wilhelmine
To watch the panoramic screen.

They saw a string of country towns
Where certain streets and squares
Were lined with folks who sprawled at ease
In cozy rocking chairs,
While men with badges on their caps
Were heaping dollars on their laps.

“Is that some kind of money game?”
The little children cried.
“It’s welfare payments,” Kaspar said
In tones of honest pride.
“It frees the folks on welfare rolls
From hunger, toil, or begging bowls.”

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

"Are all those paper dollars real?"

Gasped little Wilhelmine.

"They're really dollars," Kaspar said,

"Though getting very lean.

They're taken from the skimpy pay

Of folks still working every day."

"Why all the chairs," asked Peterkin;

"Can't people stand in line?"

"'Twould smack of work," Old Kaspar said,

"And therefore undermine

Their right to sit and just relax

While others work to pay the tax."

"Are all those kids," asked Wilhelmine,

"Allowed to work in school?"

"We'll hold that question," Kaspar smiled,

"Until the judges rule.

Perhaps they'll be allowed to lurk

While other kids do all the work."

FORGING AFRICA'S CHAINS

by Francis E. Mahaffy



AFRICA, the sun-tanned giant is beginning to awake, to stretch herself, and to test her strength. It was not too many years ago that slave-trading vessels plied her wild and forbidding coasts to bind men in chains to be sold on the slave markets of the world. Since that time Africa has made vast steps forward. Her nations are emerging to take their place in the world. Literacy and education are increasing at a rapid pace. Many of her citizens have been trained in the leading universities of the world. Some outstanding leaders of strong character and of real ability have arisen. There is a growing Christian church in Africa and many deeply spiritual men. The land itself in many places is rich in natural resources, plentiful in rainfall, waiting for the hand of man to use it for his progress at an accelerated rate.

The road ahead for emerging Africa appeared to be a smooth one. Gradual progress with an ever-increasing standard of living seemed almost certain. But one thing that Africa needed for progress was economic development. She lacked the capital to purchase and utilize the

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tools with which the progress and prosperity would seem almost inevitable. Africa has slowly been acquiring the technological knowledge and the tools for progress, but the pace has been far too slow to satisfy her restless spirit. If capital is to be obtained in anything like adequate amounts, there must be a large influx of foreign investments.

Before this capital investment can be forthcoming, a more basic need must be met. There must be confidence and the grounds for at least a good prospect on the part of the investors that they would receive an adequate return for their investments. In order to supply this a stable government is required. Private property must be respected and protected. The basic need is for simple honesty which alone instills faith and confidence for investors and workers. A basically honest government that rules, not by the caprice of men, but according to well-known and established rules that are in accord with the moral code, is essential to the free exchange of commerce and of ideas without which there can be little hope for peace or progress.

However, instead of the progress that was the fond dream and hope of many, the chains of a far deeper and more degrading slavery have been forged and are enveloping the darkening continent of Africa. Several major centers of communist activity have been established in different African states and still others are being established. The Mau Mau are stirring again in Kenya, waiting for the day of Kenya's independence to strike. Ethiopia has just survived a revolt. Uganda is under strong

pressures by the Chinese communists. Egypt has turned to the communists for aid and is seeking to establish a strong military force for the avowed purpose of aiding countries desirous of throwing off colonialism. The communists are infiltrating the labor unions of Nigeria and elsewhere. Communist literature from Russia and Red China is flooding the continent. Thousands of students are given ample scholarships to study in the universities of communist countries. The communists stir up one group against another and then at the opportune moment aid the victorious side and ride to power with them. The dream of progress and peace has vanished as the chains of bondage tighten. In the ensuing confusion most Africans are unaware of the source of the enveloping chains, but a careful scrutiny will reveal the "MADE IN MOSCOW" or "MADE IN PEKING" label.

Our own country has not been unaware of the developments. We have seen the crying need for economic development for the emerging continent. We have turned to the one answer that seemed ready at hand—foreign aid. Millions of dollars have been poured into various countries there. We have dug wells, built roads, dams, and many other projects, but the result has proven a bitter disappointment. The aid has not developed the ties of friendship we anticipated nor has it accomplished our further purpose in strengthening the front against communist aggression. In despair the cry has gone up for still more aid as the solution. We are constantly told that if only we would give more, perhaps the tide could be turned. We have given more until our own economy

has been badly strained and our gold reserves drained, but still our goal remains beyond our grasp.

In our enthusiasm for the often misunderstood concept of democracy we have undiscerningly supported almost any move toward complete freedom and autonomy for all of Africa. We have failed to realize that democracy cannot function without some semblance of general agreement at least on guiding principles, and this agreement has not always been present in all parts of Africa. We have uncritically opposed "colonialism" in any form, failing to see that even colonialism at its worst (and there have been serious abuses) is far better than the abject slavery of the totalitarian, imperialistic colonialism of collectivism of the Soviet or Red China brands. Not all countries have been ready for democracy nor is democracy necessarily always the final answer.

The communists likewise have not been standing idly by as Africa has been emerging. They have entered the scene with the ruthless but inconspicuous tools of power politics and have made great gains toward their goal. The collectivist ideology has found a ready prepared soil in much of Africa, for it is the ideology of power. The communists have been concerned to indoctrinate in compulsory collectivism only an educated corps of the elite. They have been content to bring the masses under their power.

So there have been two conflicting ideologies struggling for the mind and heart of Africa. The communists have entered the conflict fully aware of their goals and of how to achieve them. Their efforts have had dramatic

success. We have entered the conflict struggling for an ideal that we inadequately understand and only half believe. As a consequence, we are being defeated. The struggle is basically in the field of ideas. It is an ideological conflict. Two diametrically opposed ideals, two conflicting views of morals, two diverse philosophies of life are involved. Until we grasp this important truth, we are bound to continue in retreat.

The socialist-communist ideology is in its origin and by its very nature an ideology of power. It seeks the end of "social justice" or greater equality and security by means of the abolition of private property and enterprise, by state ownership in the means of production, and by a planned economy. The state, by making men more equal, must of necessity treat the individuals in society unequally, taking more from some and giving more to others. It must exert politico-economic power over the members of society, which is really a most effective power over the life and minds of men. The individuals are no longer free to choose their ends, since the means to these ends are controlled by the state. The state chooses the scale of values for each individual and, finally, what he is to believe and what he is to do. The individual becomes of necessity the slave of the state, a sacrifice to what is described as "the general welfare" or "the common good."

In this socialist¹ ideology the individual exists for the

¹Any so-called difference between socialism and communism is immaterial to this discussion, and the terms are here used interchangeably.

purpose of the whole which is determined and enforced by the power of the state. His importance is gauged by how well he serves the ends of the state. He can readily be sacrificed, as has become evident, for the good of the state. The individual is not free. The only "freedoms" he has are given to him by the authority of the state, which is the very opposite of true freedom. We see this socialistic concept of our rights being derived from the state rather than from God illustrated in the very charter of the United Nations.

Essential to the socialist ethic is the idea that the end justifies the means. Hence, means repugnant to our sense of morals fall within the socialist standard of morality. Truth is not absolute, but that which serves the ends of the state at the particular moment. Hence, the impossibility of dealing with communists in treaties, contracts, or agreements as we would deal with men and nations who hold to absolute norms of conduct. Truth has been destroyed by socialism.

Socialists sometimes attain their ends of redistribution by gradual and legal means, such as increasing the power of the state in the economic sphere by welfare state measures. The ends, however, remain the same, and the ethics of the means just as contrary to Christian ethics, although not as patently violent as those of the more doctrinaire socialists. It might be likened to the differences between stabbing a man and killing him gradually by small doses of poison.

That we have failed adequately to understand the nature of socialism is evidenced by our adopting many

of the principles of socialism as our own. Our foreign aid program has been but one example of this. On the fallacious notion that we can buy friends, or appreciably improve the lot of the masses in Africa by government-to-government aid, we pour out our largess. Some of this aid is consumed in graft. Part of it foots the bill for their socialistic welfare experiments. The result is to discourage capital investment in the tools of production, the only sound method of progress. Tax-collected foreign aid for the purpose of redistributing the wealth more equally throughout the world is a form of socialism.

Perhaps religious leaders and prominent theologians have been especially misled in this regard. Because of their sympathy for the poor and oppressed and their realization that we are not as charitable as we should be, they are more readily inclined to make the illogical jump from personal charity and concern to government coercion to enforce a greater leveling of wealth. There is, of course, a vast difference between charity given freely from the heart of love and concern, and the forceful equalizing of wealth by the police power of the state. Many have failed to see this vital distinction.

There is still hope for Africa. Some of us who have spent many years there among her people have come to love this great awakening continent and her people. However, not merely out of sentiment but also from the very vital concern for our own survival, we need to work toward the removal of the chains that are encompassing Africa today. This can never be effected unless

we realize that the struggle is basically an ideological one and unless we better understand our own ideology—the ideology that made our own nation great.

Individualist Ethics

The conflict in Africa (and in the world) is basically between the ethics of socialism and the individualist ethics of the West. Many of us believe that this individualist ethics has been most consistently expressed in the Christian religion finding its roots in the moral law given by Moses to Israel. It is the belief that moral principles are absolutes and that man is responsible to God for his adherence to these principles. Basic integrity is one of the foundation principles of all our conduct. Without integrity, there can be no progress in the intellectual, moral, or economic spheres. Honesty breeds trust and the free exchange of commerce and of ideas without which there can be no peace or progress. Honesty is the basis of all commerce; the indispensable element of prosperity.

Contrary to a popular view, justice relates not to the amount of our possessions in relation to those of others but only to the treatment of man by man. A just state of affairs can only be one in which all are treated equally by the same moral standards and judged alike by the same general laws. Individualist ethics demands restraint from fraud and deceit and all violence in man's dealings with other men. Violation of these norms of conduct is to be punished by the power of the state. The

state is to govern, not by the whim of men in power, but rather by fixed general laws that apply equally to everyone. This is one of the distinctive marks of an individualist society in contradistinction to a collectivist society.

Individualist ethics, since it prohibits theft and fraud, holds inviolable the right to private property. In fact this is the very heart and keystone to the individualist and Christian ethics. This right is a God-given right—a vital and integral aspect of the right to life. Without property rights all other rights are meaningless. If a man has lost the right to his honestly earned possessions, he has lost the fountainhead of all rights and is no longer free, but a slave.

The individualist ideology of the West looks upon the individual as a creature of God. He does not exist, as the collectivist claims, to serve the ends of the state but rather under God as an end in himself. He is a free soul. He needs free scope to utilize his talents and the resources available for his own betterment and satisfaction. He needs to be free to make mistakes also and to suffer the consequences. Only thus is the good of the whole best served. His freedom ought to be restrained when he violates the established code of laws embodied in the rule of the land, a code that ought to conform to the moral laws given by God. He needs restraint also when he would interfere with the same freedom of others. Society can make progress morally, intellectually, and economically only as individuals do so. The idea of reforming the individual through society, which really

means by the coercive power of the state, is a fatal error. There can be no morals, no intelligence, no freedom unless it is the freedom, the intelligence, and the morals of individuals within the group.

The hope for Africa lies in a deeper understanding of our individualist ideology and in promoting this widely in Africa to counter the collectivist ideology of Russia and Red China. Instead of the vast sums that have been poured out in foreign aid, if only a fraction of that amount had been used to promote individualist ideology and ethics and the free enterprise which can flourish only in such an atmosphere, we might not be witnessing the chains tightening around Africa today.

Missionaries and others working in Africa have an important part to play in this struggle. The message of Christianity, if correctly understood, is one that will promote commerce, peace, and prosperity because it involves inculcation of the Christian ethic as the norm of conduct in all our individual, family, church, and other relationships. There may yet be hope for Africa. The hope lies in a course different from the one on which we have embarked.

Shall we of the United States continue to aid the socialists in forging the chains for Africa, or shall we in true realism support the only program that can bring deliverance from bondage, peace, and friendship with this great emerging continent? Our own survival may well depend in large measure upon our answer.

WHY CAPITAL WANTS OUT

by Paul L. Poirot



IN APRIL 1961, President Kennedy presented to Congress a message relative to our federal tax system proposing, among other things, the taxing of income earned on American investments in certain foreign countries before such income is brought into the United States. It was further proposed to tax earnings on foreign investments to assure that the tax paid to foreign countries plus the U. S. tax would bring the total up to the 52 per cent corporate tax rate applicable to earnings of companies operating within the United States. "These proposals," it was argued, "along with more detailed and technical changes needed to improve the taxation of foreign income, are expected to reduce substantially our balance-of-payments deficit and to increase revenues by at least \$250 million per year."

The "problem" for which the President's message proposes a "solution," is that at least some foreign countries have less burdensome taxes on industrial earnings than has the government of the United States. To the extent that this might attract investment capital out of the United States, the taxgatherers in Washington are in-

clined to look upon it as "unfair competition," about which something ought to be done.

U. S. Interference Abroad

The United States government, of course, is not authorized to establish and enforce the tax rates of other countries in order to raise them up to the U. S. level. But the new proposals would tend to produce that result.

If another government had offered low tax rates to afford opportunity for profitable investment, that government would scarcely welcome a move by the United States to siphon off up to 52 per cent of any profits produced by such investment—an act of interference in the internal affairs of their country. Such action, to nullify foreign tax incentives, undoubtedly would dampen the enthusiasm of many American enterprisers who might otherwise look abroad for opportunities. And certainly, few foreign taxgatherers would be so foolish as to let the U. S. government skim off taxes they might just as well levy and retain themselves; so their tax rates on earnings by American investors would almost surely and automatically be raised to match the 52 per cent rate proposed by the United States.

Obviously, there is no foundation for any hope that these foreign tax proposals of the President would bring additional revenue to Washington. They would simply shut out certain opportunities for the development of the economies of foreign countries through free enterprise, without opening up to private investors any new possi-

bilities for profit either at home or abroad. This, in turn, would afford new excuses for taxing United States industries and citizens to support the government-to-government programs of foreign aid that have done so much to stimulate government ownership and socialism instead of private enterprise in other countries.

Investment for Profit

Consider next the effect the President's tax proposals might have on the U. S. balance-of-payments deficit. It is doubtless true that heavier taxation of earnings of American investors in foreign countries would tend to discourage an outflow of capital. But private investors rarely invest abroad, or anywhere else, without the expectation of ultimately getting back more than they put out. And the history of foreign investments affords abundant proof of the favorable effect of such action on the American balance-of-payments.

As Professor Sennholz explained in "Monetary Crossroads" (*Essays on Liberty*, Vol. VIII, p. 305), the build-up of foreign balances and the drain on U. S. gold stocks in recent years is the inevitable consequence of deficit spending and credit expansion by the American welfare state. Inflationary practices in the United States have finally outrun the inflationary practices of many other countries, until this country no longer affords the one best market in which to buy goods or services. This is why foreigners prefer our gold to our goods and why American savers turn increasingly to investment oppor-

tunities outside their own country. It is precisely the same reason why East Germans and others try to escape the welfare state beyond the Iron Curtain to comparative freedom in the West.

What must the world think, then, if the government of the United States has to erect a barrier to keep American capitalists and investors from free enterprise opportunities abroad? Is any further proof needed of the bankruptcy of the New Deal-New Frontier philosophy of taxing individuals in order that the government may spend more?

The road to the welfare state is paved with the best of intentions. If prices of farm products seem depressed and farm incomes decline so that other employment opportunities appear more attractive than farming, grant price supports and other subsidies to the farmers! If American manufacturers and processors are faced with stiff competition from more efficient foreign operators, grant higher tariff protection, erect more stringent import quotas, and place other barriers against foreign goods and services! If labor organizers have priced the services of their members higher than a free market can bear, grant unemployment benefits and other relief measures to the hapless victims! If changing circumstances threaten to make a ghost town of a formerly prosperous community, try to build it back and maintain the status quo through urban renewal subsidies! If individuals fail to make provision for rainy days and later years of reduced productivity, give them social security and old age assistance and "free" medical care! If unwed

mothers and roving fathers leave dependent children, subsidize them! If parents fail to provide the education their children ought to have, give state and federal aid to build schools and to hire administrators and teachers! If housing costs rise, impose rent controls and provide public housing!

The Price We Pay

The often neglected aspect of the good intentions of the welfare state is the cost of all this subsidy and so-called security. Someone has to pay, and it requires an ever-expanding police force just to collect the taxes. The creative and productive members of society are the ones from whom the revenues of government have to be drawn; there is no other source of goods and services. But to recklessly tax the fruits of a person's labor is a disservice to that person. To take away the earnings from a business is to leave it unprofitable and unattractive and to set it up for another of the failures that the government will be importuned to bail out. The higher the rate of taxation upon the most productive, the less their incentive to keep on producing at an extraordinary pace. This is why growth becomes such an aggravating problem in the welfare state, and why it appears that government spending is the only way to achieve future growth and productivity. And this is why a welfare government can't stand to see any potential source of revenue leave the country for more attractive opportunities abroad.

Domestic Intervention

A few domestic examples might help explain how tax burdens affect the movement of capital. Rent control, for instance, amounts to a form of taxation against owners of rental housing. The force of government is used to withhold from landlords rental income they might otherwise expect. It is fairly well understood (except perhaps in New York City) that the effect of such rent control is to chase capital away from housing and into better investment opportunities. But tenants want more of the price-controlled housing, so they appeal to government to stop that flight of capital and build dwellings with it.

Or, consider the crowded and high-tax areas "downtown" in some of the larger cities. Capital rebels—heads for the suburbs and open spaces—not for space so much as for tax relief. Then comes the anguished cry to stop that flight of capital and divert it to urban renewal—via further taxation.

Sometimes a state government, in its generosity with taxpayers' money, offers extra welfare benefits and other attractions and runs the tax rate up until businesses pull out and capital flees to other states for investment opportunity. This leaves a "depressed area" which then appeals for federal aid.

So it goes, whether domestically or internationally: tax business earnings severely, and capital will try to escape. Interfere with production and exchange, disrupt a market sufficiently, and the result will be balance-of-pay-

ments problems. Condone a closed shop, or a closed society in any other respect, and each successive step leads on to some further restraint of trade and regulation of people and their lives. The more "advanced" the welfare state, the less freedom can it tolerate among its own citizens, and finally among outsiders. This is why our federal government wants to foreclose on more attractive profit opportunities in foreign countries. It's also why Mr. Khrushchev would like to bury freedom wherever he finds it in the world.

If the people of the United States want to correct international exchange problems and balance-of-payments problems, why not try freedom? It attracts capital. And it begins at home.

SAVING, FOREIGN AID, AND GROWTH

by William R. Allen



"THE WORLD LOOKS [for] an early solution," said a Pakistan representative to the International Monetary Fund and the World Bank, to the problem of "the slums of the world, which are otherwise called backward areas." Unfortunately, there are no buttons to push which will overnight—or over a decade—transform a poor nation into a wealthy one. If there were, no nation would long remain poor.

However, it now and then appears that some Americans (clearly too anxious to do good) and some foreigners (possibly too anxious to consume wealth which they have not produced) look upon United States aid as a close substitute for such a magic button. Eugene R. Black, President of the World Bank, bluntly told his Board of Governors, "I have noticed a tendency at times for development to be regarded as something which is due, as of right, from the more advanced nations to those less well developed. Whatever the rights and obligations of different nations may be, development is not something which can be imported from abroad. It is

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something which can only be won internally by acceptance of responsibility, hard work, and sacrifice."

There are difficulties in both defining and measuring "economic development." But presumably the crux of economic development is a "substantial and persistent" rate of increase in *per capita* income, perhaps with the proviso that the increased output of the community be "reasonably" widely dispersed. The ever enlarging flow of goods and services which provides economic betterment is not manna from heaven, nor is it produced from an unlimited supply of resources. The overriding economic fact of scarcity thus calls for productive efficiency. And efficiency, in turn, calls for the devoting of some resources to capital goods—factories, equipment, dams, harbors, roads, schools.

Assistance from abroad may be intended to help in the accumulation of capital. Capital accumulation doubtlessly is a *necessary* condition of economic development, but it is not a *sufficient* condition. And foreign aid is neither necessary nor sufficient for an appreciable degree of capital accumulation—a degree which, however, many will deem inadequate on various grounds.

The value of American aid to underdeveloped countries, while scarcely negligible, is basically limited, because (a) growth requires more than capital, and (b) "saving" must be done by the growing country itself.

We shall not pursue far the matter of growth prerequisites other than capital. Suffice it to note that such prerequisites are "social" and "political" as well as narrowly "economic."

Are there enough literate and energetic workers? Are there enough experienced and imaginative entrepreneurs? Is there a favorable ratio of working force to other means of production? Are there adequate incentives for efficient work—and appropriate penalties for inefficiency? Is the government sufficiently “stable” to maintain economic, political, and civil order, to generate confidence in a future for which plans may be made, and perhaps to undertake certain key production projects not attractive enough commercially to engage private enterprises? Are the mores and philosophy of the community cordial to “growth” activities? Are the people sufficiently flexible and mobile, geographically and occupationally? Can population increase be kept under control?

Having thus suggested that the world is a complicated place, the emphasis here is on the second reason why American aid cannot by itself ensure foreign economic growth: the would-be growers must, in a real sense, do their own saving.

Sources of Savings

If, for the moment, we ignore receipts of foreign gifts and investments, an economy can accumulate capital only if it saves. There are two basic internal sources of capital. (1) Some resources which are now producing for current consumption may shift into production of capital goods. (2) The total output of the economy may be increased, with the additional output (or some of it) being channeled into capital production. In either

case, *total output is greater than consumption*; the excess requires an act of saving and constitutes investment.

Capital accumulation, then, involves currently producing more than is currently consumed. Current production in excess of current consumption makes feasible the devoting of output to capital goods.

If there is an excess of production over consumption, the gap involves saving. For *saving* is usually defined as *income currently received* (earned in current production) and *not currently consumed*. But suppose that country Alpha consumes all of her own output. Could she not then build up her capital with gifts from abroad or with borrowing? Under the definition of saving given above, the answer is yes. But a modified definition will clarify matters.

Let us now define saving as the gap between consumption and the *whole* of the community's available resources, including those supplied by foreigners through gifts and loans as well as those stemming from domestic production. Then American aid will not contribute to Alphan capital accumulation if Alpha fails to save and instead uses the foreign resources simply for more current consumption.

Robinson Crusoe

Consider the case of Robinson Crusoe. He catches fish by hand, fishing eight hours per day, catching one fish per hour. He may decide that fishing with a net would be more efficient. Building the net is a process of invest-

ment and results in capital accumulation. How shall the process be carried out? What is the source of the capital?

There are alternatives. First, Crusoe may continue to catch eight fish per day, but he might eat only six and store two. After gathering enough fish to feed himself for the necessary time, he could then stop fishing long enough to construct the net.

There is a more likely variation of this first possibility. Instead of doing nothing but catch fish for a while and then nothing but build the net, Crusoe might cut his fishing to six hours and devote the remaining two hours to working on the net. In either variation, the important point is that current consumption (of fish) is reduced so that resources can be directed to accumulating capital (in the form of a net).

The second basic alternative involves a greater total output. For Crusoe, this means reducing leisure, working perhaps ten hours per day. He could then continue to catch and consume eight fish per day while devoting two hours to making the net. Total current consumption (of fish, but not of leisure) remains unchanged.

Both of these basic alternatives have one crucial point in common: consumption must be less than total output. Whether we accumulate capital through holding total output constant and cutting consumption, or whether we hold consumption constant and increase output, there must be a gap between the two. The creation of this gap involves saving; and saving frees resources for capital accumulation. Saving makes "productive" investment possible. Whether the resources are wisely used is an-

other matter. Crusoe might devote his investment not to producing a net but to constructing a totem pole. In either case, the first step is saving.

Enter, Friday

Thus far we have assumed that Crusoe is isolated. If he is to acquire a net, he must construct it with his own resources. The resources may have been diverted from catching fish for a time or may have come from working longer hours. Now perhaps Mr. Friday appears. With two economic units in the picture, there is the possibility of starting "international" flows of trade, loans, and gifts between them. Under these circumstances, what is the relation between saving and capital accumulation? Does international trade, investment, or aid enable a country to develop economically without being subject to the discipline of saving?

Crusoe and Friday might engage in balanced trade, *i.e.*, the money value of Crusoe's exports equals the money value of his imports. In money terms, Crusoe gives up as much as he gets. He is presumably better off in terms of "welfare" or "satisfaction"—why else would he have bothered to trade? But is balanced trade a source of capital accumulation?

With trade (and the presumed production specialization on which it is based), Crusoe—and Friday, too—will have available more commodities than if there had been no trade. Trade makes possible a more efficient use of resources, so a greater output can be obtained from given

inputs. But whether there will be capital accumulation depends on whether Crusoe devotes some of this additional income to investment or whether it all goes into consumption. Actual capital goods need not be imported; consumer goods may be bought abroad, substituted for domestic goods, and thereby allow domestic resources to be shifted to investment projects.

Again we arrive at the conclusion: saving means foregoing consumption out of current production and income, and saving releases resources for capital accumulation.

Consider another situation. Instead of exporting valuable goods in order to obtain desired items from Friday, suppose that Crusoe gets a loan or a gift from Friday. Here, one might suppose, is an easy, burdenless way to achieve economic growth. Instead of Crusoe having to suffer the pains of saving, he will accumulate capital through gifts and loans from abroad.

If Crusoe wants to be pedantic, he can claim that it is possible in this case of foreign assistance to accumulate without saving. For saving is generally defined, as we have seen, as foregoing some consumption of current production; and Crusoe is not, of course, producing the goods which he receives from Friday as a gift or a loan. Assuming that his own production remains constant, Crusoe can maintain his old level of consumption—thus no additional saving, according to the conventional definition—and still accumulate. But in a fundamental sense, Crusoe would be kidding himself. If he gets a loan or a gift from Friday, he now has at his disposal additional

commodities. This, in itself, neither constitutes nor guarantees capital accumulation. The problem obviously is what Crusoe does with his acquired command over foreign resources. Does he import tractors or solid gold Cadillacs?

It may be objected that if Friday has granted the gift or loan in order to aid economic development by Crusoe, he could specify, as a condition of the aid, that Crusoe buy tractors. But can Friday really thereby direct Crusoe to save instead of consume? Not if Crusoe is already doing some saving. Unless Crusoe has been consuming all of his output, he could now import tractors, according to the order of Friday, and simply increase consumption of his own output. Thus "foreign saving" (*i.e.*, using the foreign loan or aid for investment in tractors instead of in consumption of Cadillacs) is offset by reduced domestic saving (*i.e.*, increased consumption of domestic output).

Can the Poor Catch Up?

Loans and gifts from abroad make *possible* capital accumulation without curtailing consumption. Also, they make possible additional consumption. It is essential that consumption not rise by the amount of the foreign aid. The moral is clear: although assistance from abroad can help a country grow economically, such assistance does not excuse that country from the onerous chore of saving. Outside aid can supplement domestic saving but cannot supplant it.

In general, the underdeveloped countries save rela-

tively small percentages of relatively small incomes—and, it should be added, they usually have, or threaten to have, relatively high rates of population growth, thus preventing the rate of *per capita* accumulation from rising much, if any, above zero. (With *per capita* income some ten times that of two-thirds of the world's people and a net saving rate of around 10 per cent of national income, the average American saves each year an amount equal to the annual income of most of the inhabitants of the world!)

It should be appreciated by Americans, who are fabulously wealthy compared to most of the world's residents, that saving generally is more irksome for the rest of the globe. This is the case for two reasons: (a) when income is desperately low, consumption cannot easily be cut, and if income is raised a bit, the temptation is tremendous to consume, rather than save, the increase; (b) the fact of income and consumption disparities in the world, while possibly inspiring the poor to save in order to "catch up," seems more likely to lead the poor to emulate the wealthy as much as possible in their consumption.

The people who need most to save, if they are to develop economically, are those for whom saving is most difficult.

A few concluding words are in order. Over the past twenty-odd years, America has given economic assistance to the rest of the world in a manner and on a scale unique in history. The aid was vital in repulsing the legions of the Axis in the early 1940's; it may have been

instrumental in keeping the Russian flag from the British Channel and the Mediterranean in the late 1940's. The aid has continued, not to help win a war or to clear the rubble after a war, but in large measure to alleviate the misery, the hopelessness—yes, the cancer—of appalling poverty which afflicts most of the world's people. We need not be reluctant to say forthrightly (even if some are) that the basic objective and the ultimate test of American aid, or of any public use of our resources, is American survival and general well-being. But in a world in which progressing and prospering friends can be an asset, this objective and test has seemed to many to be consistent with our motivations of compassion and generosity.

The main resources and the main effort for growth must come from the growing nations themselves. American aid can usefully complement, but can never replace, their own means and endeavors. Indeed, gifts and loans are not the major contribution we can make to economic growth abroad. More important is that we maintain a fully and efficiently employed and expanding economy of our own and that we maintain free access to this economy by the rest of the world. In neither good sense nor in good conscience can we expend our resources on foreign aid while at the same time leaving clogged the channels of foreign trade and investment.

Finally, we must appreciate that the world is a complicated place. In important respects, it is far more complicated and discouraging for today's economically underdeveloped countries than it was for the underdevel-

oped nations, including the U. S., of 150 or 200 years ago.

In America, the cultural background; the supply of acquired skills of workers and of experienced investors and managers; the legal, religious, and economic institutions; the climate; the endowment of natural resources; the ratio of population to other resources—all were favorable to growth and, by and large, remain favorable to continued growth. Not all areas of the world are so blessed. And even if they were, the living standard of this part of the world is now far higher than that of most regions—and it is very likely that the size of the gap will grow much larger during the next several decades.

Without hope, nothing will be accomplished. And there is a basis for hope, for something can be accomplished. It may be a condition of our survival that *much* be done. But wishing will not make it so—nor will fervent expressions of exaggerated expectations or spurious statements of grandiose goals.

STATISM AND THE FREE MARKET

by Sudha R. Shenoy



ECONOMIC PROBLEMS loom large in the minds of many people today. Scholar and man in the street alike feel themselves deeply involved in questions having to do with the production and distribution of worldly goods. But despite the intense interest in the subject, much of today's economic discussion is vitiated by a lack of regard for the fundamental criteria of the free market economy. Statism is the antithesis of the free market, but the blind spot afflicting many people is such that the effects of statism, historical and contemporary, are often debited to capitalism. This would be like blaming the evil consequences of slavery on freedom!

Thus, when American and other "liberals" (statists) criticize something labeled "free enterprise," they imagine they are criticizing the free market. But what these people consider to be the natural corollaries of the free market are not integral parts of it at all. They are dis-

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tortions produced in its working by misguided interventionism—the attempts of the state to do the duty of other parts of society, while neglecting its own duties. This causes imbalances and distortions in the market, and these are usually taken by the statist to be its normal and essential features.

For optimum functioning, the market needs a suitable, politico-legal framework. It presupposes the performance of a number of essential functions by the state aimed at establishing and maintaining the Rule of Law. Unfortunately, it is impossible to take for granted that the state (i.e., the politicians and bureaucrats) will adequately perform its essential functions. More than likely, the state will neglect the duties which it alone can perform—or else give them stepmotherly treatment—while attempting to do things beyond its scope.

The resulting distortions in the market will be pounced upon by the statist and held up to view as the normal phenomena of the market. The politicians will then proceed further with the identical policies that caused the imbalance in the first place—or with worse policies—all to the accompaniment of humanitarian slogans, and with the encouragement of these so-called “liberals.” This is a vicious circle, and the essential duties of the state will probably be forgotten or neglected.

Most people regard the U. S. A. as the exemplar of the free market. This is a mistake; the U.S.A. is a prime example of the “muddled” variety of the statist economy. The communist countries represent one end of the spec-

trum—the totalitarian economy. Some West European countries—although still riddled with welfarism—appear to be moving toward the other end—the free market economy. Countries like the U. S. A. and India lie somewhere between the two—they are the muddled economies, combining perhaps the worst features of both systems. The statism of East Europe is called communism, the statism of India is called “the socialistic pattern of society,” and the statism of the U. S. A. is called “American free enterprise.”

The Failure of Planning

Statism, wherever tried, defeats its announced ends—as we may see from the example of India. While the aims of India’s Five-Year Plans are laudable—to raise the standard of living of the people, develop the economy, reduce the unemployment, and obtain social justice—the plans have, in fact, achieved the opposite.

Since “planning” was intensified, per capita daily food grains consumption has stagnated around 15.4 ounces (the nutritional norm is 18 ounces). Annual cloth consumption has declined from 14.63 to 14.36 meters per person. Ninety per cent of the houses in the country are one-roomed hovels, with no facilities whatsoever.

This is because under “planning,” the bulk of the country’s resources are forcibly drawn into the sector with the lowest returns, the public sector. This would be true of any country where “planning” is tried. About 4 per cent of India’s national income is provided by em-

ployment in the public (government) sector. But government absorbed 60 per cent of total resources in the Second Plan; and the Third Plan proposes to raise this figure to about 70 per cent. Practically the entire public sector expenditure is on uneconomic, low-return, heavy industries and on giant river-valley projects—imitation TVA's. The high return agricultural and light industries sector provides more than 80 per cent of the national income, but under "planning," it is starved of essential capital.

The natural and inevitable result of this statist misallocation of resources is retarded economic development. An additional investment of \$100 in iron and steel increases output by an estimated \$14; and in textiles, by \$26. The same investment in agriculture, on the other hand, would increase output by \$50 to \$70! In other words, statism holds down India's economic growth, to the present meager (per capita) rate of 1.6 per cent annually—in place of a much higher potential growth.

Statist planning is also responsible for India's growing unemployment. Two million dollars of investment provides jobs for only 500 persons in heavy industries; whereas the same amount would provide 1,150 jobs in consumer industries, and 4,000 jobs in agriculture.

The gap between the poor and the rich has widened in the last decade. Incomes have been transferred from the lower classes and fixed income groups, to businessmen, industrialists, and corrupt functionaries of the state. This has ensued partly through inflationary plan finance, but mainly as a result of statist "controls" (per-

mits, licenses, quotas, concessions, and so on) which centralize economic power in the hands of officials, and create numerous monopolies or semimonopolies in the private sector. Public contracts also play a very significant role. This antisocial income-shift is estimated to be of the order of \$1.6 billion a year. In short, the real beneficiaries of statism in India are unscrupulous bureaucrats, and the state-established, state-protected monopolists in the private sector.

India is thus a classic case of statist muddle, but statism is guaranteed to produce the same results wherever tried.

UNITED WE FALL

by *Dean Russell*



ONE HUNDRED YEARS AGO, the most perfect "United Nations" the world has ever known erupted into war. That organization had everything (and then some) that anyone could possibly desire to insure the success of a central government for a group of independent states.

The members of that particular United Nations all spoke the same language. And they still used every weapon known to man to exterminate each other.

They had the advantage of a common religious, racial, and cultural background. And for four years, they slaughtered each other at every opportunity.

There were no restrictions against travel or trade among the member states. And still they did a superior job of killing each other.

They had a "Charter" that was generally recognized as ideal for the purpose of uniting independent nations. And still they fought each other in one of the most destructive wars in history.

For years, the member states openly debated the issues that divided them. But as always happens when

This article is from Dr. Russell's columns of October 22 and 29, 1961, in the *Rockford* [Illinois] *Morning Star*.

truly vital issues are discussed by large groups of politicians in public, the resulting inflammatory speeches for "history and home consumption" made the situation worse instead of better.

Those United Nations had the most favorable opportunity yet known to man to prove the thesis that a formal organization can unite nations and preserve the peace when there is a major difference in the philosophies and aims of the member states. And as any objective student of history and government could have predicted, events proved once again that it never works.

You know, of course, that I am referring to the United States and our Civil War. But the same story (in essence) has happened hundreds and thousands of times throughout history—in Greece, in China, in France, in Russia, everywhere and in all ages.

But in spite of that sad history, millions of my fellow citizens continue to put their entire faith in the United Nations as an instrument for world peace. "The United Nations is our last hope to avoid war," they sincerely plead. "Thus we just must support it, whatever the cost."

As an all-too-human effort to escape from the reality of the frightful situation in which we find ourselves, and from the fearful decisions that must be made, that attitude is easily understandable. Naturally, I hope and pray that it will work out; instinctively, I also always hope that the desperate gambler will win at the races or at poker in his last frantic and unrealistic effort to avoid bankruptcy and the suffering that it would bring to his inno-

cent children. That humane feeling, however, doesn't induce me to turn to the horses as a sound method to provide for my family, nor to a fabricated and unnatural organization to preserve peace.

The reality of our situation is this. The peace of the world and the future of mankind rests today on one issue, and on one issue only: Can Russia and the United States co-exist on the same earth? I do not know the answer; I know only that our childish faith in a sterile organization has prevented us from facing the issue realistically. Worse yet, it may already have deprived us of any chance for victory if the final answer proves to be no.

Differences in Philosophies and Goals

The time for wishful thinking is long past. The Russian and American camps are separated by fundamental philosophies and goals, not by the absence of a place to meet and to record any agreement the leaders may accept.

The Russians are aware of this. That's why they have always realistically tolerated and used the United Nations when it advanced their cause, and denounced it totally when any decision went contrary to their wishes. Let us also begin to view that organization objectively.

United Nations Day is Oct. 24. During the week, the event will be commemorated by the prayers and sermons of millions of sincere Christians throughout our country. Ironically, each will be asking the blessings of Jesus Christ on an institution that has specifically outlawed

his authority and philosophy from all its formal proceedings.

The primary reason for this is that the leaders of Russia cannot associate themselves with any group or statement that acknowledges the existence of moral law or any concept of man beyond the material and animal level. That's why there is no mention of God in the United Nations Charter, the U. N. Covenant of Human Rights, or any other similar United Nations document. Our leaders who committed us to this "new idea" in world government readily agreed that God should be replaced by a meditation room "in the interests of world peace."

And true enough, the "myths of religion" have now been abolished and man reigns supreme in our new government of the world. It so happens, however, that since 1945 and the founding of the United Nations for freedom and peace, there has been a steady decline in freedom for individuals throughout the world. And all mankind is momentarily and constantly threatened with the most destructive war that the world has ever faced. Any educated man—that is, any person who honestly searches for fundamental relationships between causes and effects—will automatically ask himself if there is a connection. Let us start at the beginning.

The Source of Rights

In our world, there are two fundamental concepts of government and human rights: (1) the source of rights

is government itself; (2) rights come from a source other than government.

These two concepts are best illustrated by the constitutions and practices of the Soviet Union and the United States. Here is a typical example from the Soviet Constitution:

“Article 125. In conformity with the interests of the working people, and in order to strengthen the socialist system, the citizens of the U.S.S.R. are guaranteed by law: (a) freedom of speech; (b) freedom of the press; (c) freedom of assembly, including the holding of mass meetings; (d) freedom of street processions and demonstrations.

“These civil rights are ensured by placing at the disposal of the working people and their organizations printing presses, stocks of paper, public buildings, the streets, communications facilities, and other material requisites for the exercise of these rights.”

Under the Soviet concept, all rights come from government. And thus it is the responsibility of government to specify what they are and to provide the people with the means to exercise them.

The other concept is found in our own Constitution: “Congress shall make no law . . . abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.” And “the right of the people to be secure in their persons, houses, papers, and effects . . . shall not be violated.” And no person shall “be deprived of life, liberty, or property, without due

process of law; nor shall private property be taken for public use, without just compensation."

Under the traditional American concept, all rights come from a source outside of government; the government is specifically forbidden to violate these pre-existing rights that belong to each individual. And since the rights do not come from government, obviously the state is not responsible for providing the people with the material means for exercising them.

The United Nations is unmistakably modeled on the Soviet concept of rights. To a startling degree, its official documents use the same phrasing found in the Russian Constitution. That fact is discernible in the U. N. Charter itself, but the true philosophy of the United Nations is, of course, most clearly observed in the documents and proceedings of the operating units of the organization—UNESCO, the Commission on Human Rights, and so on. Here is a random sample from the Covenant of Human Rights, sometimes referred to as "the bill of rights" of the U. N.:

"Article 21. The states parties to the covenant recognize the right of everyone to just and favorable conditions of work, including: (a) safe and healthy working conditions; (b) minimum remuneration which provides all workers: (1) with fair wages and equal pay for equal work, and (2) a decent living for themselves and their families; and (c) reasonable limitation of working hours and periodic holidays with pay."

Other sections of that covenant specify the right of everyone to "social security," "adequate housing," "medi-

cal service," and so on. And all of them are paraphrased from the Soviet Constitution. Under the United Nations concept, all rights clearly come from government, and the government must thus provide all the people with the material means to enjoy them.

As the chairman of the Human Rights Commission, Dr. Charles Malik, said, "I think a study of our proceedings will reveal that the amendments we adopted to the old texts under examination responded for the most part more to Soviet than to Western promptings."

A Mistake Compounded

We American people sponsored and endorsed a completely alien concept of government when we joined the United Nations. But such a dramatic change seldom, if ever, happens overnight. John Adams was referring to that idea when he pointed out that the American Revolution was not the war itself—"that was only the effect and consequence of it." The revolution occurred in the minds and hearts of the people, "and this was effected from 1760 to 1775, before a drop of blood was shed at Lexington."

Likewise, I am convinced that we American people really "joined the U. N." from 1930 to 1945, as we increasingly rejected the traditional American concept of government as a protector of pre-existing rights and decided instead that the government should become the source of rights.

If that is what we really want, we can have it. I am

convinced, however, that only a frantic search for world peace keeps us from seeing the United Nations for what it really is—a golden calf that induces blind worship instead of objective reasoning.

The issue that today threatens to plunge the world back into barbarism is whether the dictatorial and closed society led by Russia shall prevail over the democratic and open society led by the United States. And surely no one will claim that the United Nations is going our way; over the years, the margin of our so-called “victories” has decreased to the vanishing point in that organization. And the soon-to-be-expected admission of Communist China will complete the process beyond recall.

Worse still, our hasty and questionable United Nations policy of supporting any and all revolutions in a futile attempt “to win the friendship of the new and uncommitted nations” has cost us the traditional friendship of Britain, France, The Netherlands, Portugal, and perhaps others. (The fact that they may still support us in case of war with Russia will be because they don't really have any other choice.) In return, we have gotten mostly abuse and demands for more money from the new nations. It is high time we gave some consideration to the interests of the United States instead of the United Nations. Let us get out before we are dragged under.

THE CASE FOR SAYING NO

by Joe Hochderffer



THE SPEAKER was saying: "And in conclusion, ladies and gentlemen, let's be progressive. Let us shake off our lethargy to meet the challenges of our time. Let us embark upon bold new ventures in the face of the dark fears of our age. Let us free the world from want, from misery, from need. Let us shun those who would put their own selfish interests before the welfare of mankind. Let us ignore those knaves of negativism who have become apathetic to the problems of their fellow men and who wallow in their own wealth and greed. Let us push forward into new frontiers. Let us be positive."

The speaker was saying this last night at a meeting of the League of Women Voters. He was saying it this noon at a Rotary luncheon. He was saying it before the PTA, the Chamber of Commerce, the AFL-CIO local, the Urban League, the United Chest Council, and before all the Federations of Progressive Dogooders who have been federated for progressive causes across the length and breadth of this nation of ours. "Let us be positive," he was saying, and saying, and saying.

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A thousand times I have sat through this speech urging me to get positive. I have mapped political campaigns where we have spent days trying to write a "positive" platform and have ended up saying, not what we wanted to say, but something else entirely, simply because we had to be "positive." I have labored for days drawing up a position for our Chamber of Commerce to take on pending legislation, only to have some member of the board of directors—who arrived late for the meeting—stand up and say: "That's okay, but it's too negative."

As a member of a college faculty, I have been urged to take a "positive" approach toward the discipline problem—whatever the positive approach toward discipline might be. As a parent I have been cautioned not to punish but to set a "positive" example for my children. I have been "positived" sick. Of that you can be positively positive.

I don't know when the positive bug bit us, but we have become a nation of "yes" men. To be modern is to be positive. If you're against even the wildest government spending scheme, you're opposed to progress. If you take a stand against welfare benefits, you hate your fellow man. You're unchristian, in fact. If you question whether the social security system is a proper function of government, you're a purple people-hater. You've got to be *for* something. Or else you're an "anti." You're old-fashioned. You're not with it, brother, with it.

I am sure I will be shunned by the progressives, ignored by the positives, treated as a leper by the pro-

gressive positives, ridiculed by the positive progressives, pitied by the progressive progressives, and positively despised by the positive positives. Nevertheless, I take my stand. Let's get negative.

On the Offensive

Please note that as I develop my argument, I shall be on the defensive. That suits me. It states my position clearly and classifies my opponents exactly as I think they are.

Maybe our generation of "yes" men would change the rules. In debates, for example, we would have the affirmative side and the more affirmative side, or the almost affirmative side. "Give me a straight answer," we'd say; "is it yes or hell, yes?" Yes, we have yes bananas. Banoney!

I'm "agin" the "yes" men. With the current definition of progress being all the high-minded schemes of god-mother government, state welfarism, federal aid, gimmicks, handouts, subsidies, and supports, I am opposed to progress. I am anti-big government. I am against Social Security and the progressive income tax. I say "no" to price supports or wage controls of any kind. I am not unchristian or anti-American. I am not a "yes" man. And I am not alone.

Pardon me while I call off the names of the players on my team.

"Washington, Hamilton, Franklin, Madison, Rutledge, Pinckney . . ." They signed the Constitution. Remem-

ber it? The greatest document for freedom ever devised by man. It's negative from the word "no."

Congress shall make *no* law respecting an establishment of religion or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

In those days the freedom founders knew you didn't have to be *for* something by spelling out a positive progressive program. You had to be suspicious of big government and you limited it by spelling out what it could *not* do. Man then was free to go about his own business in his own way, so long as he did *not* infringe on the rights of his fellow man. Let's see what else our team's first string said:

The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall *not* be violated . . . *nor* shall private property be taken for public use without just compensation . . . Excessive bail shall *not* be required, *nor* excessive fines imposed, *nor* cruel and unusual punishments inflicted . . . The enumeration in the Constitution, of certain rights, shall *not* be construed to deny or disparage others retained by the people . . . The Privilege of the Writ of Habeas Corpus shall *not* be suspended, unless when in Cases of Rebellion or Invasion the public Safety may require it . . . *No* Bill of Attainder or ex post facto Law shall be passed . . . *No* Capitation, or other direct, Tax shall be laid, unless in Proportion to the Census or Enumeration herein before directed to be taken.

The Constitution is just one big loud "no" to all efforts of the state to interfere with the God-given rights of free men.

The Ten Commandments

Any more support? Some. From a fellow named Moses. He carried a message from God to the children of Israel. Remember it? It's negative, nine to one.

You shall have *no* other gods before me.

You shall *not* make yourself a graven image, or any likeness of anything that is in heaven above, or that is in the earth beneath, or that is in the water under the earth; you shall *not* bow down to them or serve them; for I the Lord your God am a jealous God, visiting the iniquity of the fathers upon the children to the third and the fourth generation of those who hate me, but showing steadfast love to thousands of those who love me and keep my commandments.

You shall *not* take the name of the Lord your God in vain; for the Lord will *not* hold him guiltless who takes his name in vain.

Remember the sabbath day, to keep it holy. Six days you shall labor, and do all your work; but the seventh day is a sabbath to the Lord your God; in it you shall *not* do any work, you, or your son, or your daughter, your manservant, or your maidservant, or your cattle, or the sojourner who is within your gates; for in six days the Lord made heaven and earth, the sea, and all that is in them, and rested the seventh day; therefore the Lord blessed the sabbath day and hallowed it.

Honor your father and your mother, that your days may be long in the land which the Lord your God gives you.

You shall *not* kill.

You shall *not* commit adultery.

You shall *not* steal.

You shall *not* bear false witness against your neighbor.

You shall *not* covet your neighbor's house; you shall *not* covet your neighbor's wife, or his manservant, or his maidservant, or his ox, or his ass, or anything that is your neighbor's.

Of the Ten Commandments, only "Honor your father and your mother" contains no negatives. God's directives spelled out what his people should *not* do, thus leaving them a wide latitude of choice for their "positive" programs of life. Incidentally, the Ten Commandments didn't run into trouble until the amendments and court decisions started cluttering them up with positive, progressive hogwash.

Some Other Samplings of Christian Negatives

Was it our speaker back at the beginning who called our negative attitude "unchristian"? Let us see what kind of a "yes" man Christ was.

One of his earliest recorded statements was to Satan in the wilderness. "Thou shall *not*," he told Satan, "tempt the Lord thy God."

And through the gospels:

Man shall *not* live by bread alone.

I am *not* come to destroy, but to fulfill.

Take heed that you do *not* your alms before men to be seen of them.

Let *not* thy left hand knoweth what thy right hand doeth.

Be *not* like the hypocrites.

When you pray, use *not* vain repetitions.

No man cometh unto the Father but by me.

Lay *not* up for yourselves treasures upon earth.

No man can serve two masters . . . you *cannot* serve God and mammon too.

Judge *not* that you be *not* judged.

I am *not* come to call the righteous.

He that taketh *not* his cross and followeth after me, is *not* worthy of me.

He that is *not* with me is against me.

There shall be *no* sign given unto this generation.

Christ doesn't lay out any planned way of life for his disciples. How humdrum! He cautions them on what *not* to do, thus making them the freest men possible.

The recorded words of Christ contain more negative statements. "Fear *not*" is one of the most oft-repeated quotes of our Saviour. "Lead us *not* into temptation," he teaches us in his prayer. We begin married life with his words ringing in our ears: "What God has joined together, let *not* man put asunder." What better golden rule in our family life than "Suffer little children and forbid them *not* to come unto me"?

"*Not* as I will," said Christ in Gethsemane. And, finally, on the cross: "Father, forgive them for they know *not* what they do."

Instead of "No taxation without representation" as the freedom clarion of the American colonists that was louder than the shot heard around the world, suppose they had said: "Let us have taxation as long as you let us have representation."

Case rests.

PLANNED CHAOS AND THE NEW IDOLATRY

by *Edmund A. Opitz*



IF WE COULD take a sampling of American public opinion, asking people, "Are you for communism or against it?" an overwhelming majority of our fellow citizens would be in opposition. They would accept the anticommunist label as readily as most of us. How could they do otherwise, with communism's ugly record of the past forty years spread before all eyes? What are the ingredients of this record? Revolution, treason, and betrayal were present from the beginning. As the record unfolds, it becomes ever more grim; concentration camps, torture, and mass murder; broken treaties, conquest, and the suppression of whole peoples. And the end is not in sight.

Communism did not invent the crimes it practices; history, as Edward Gibbon remarked in his *Decline and Fall of the Roman Empire*, "is indeed little more than the register of the crimes, follies, and misfortunes of mankind." But if we examine the present world crisis centering around communism, we discover two things which are new.

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There is, first of all, the magnitude of this tyranny, not only in terms of the area over which it holds sway and the countless millions of people it controls, but also in terms of the penetration of this control into each man's life. Ancient tyrannies—no matter how boundless their ambitions—were limited in extent by the difficulties of communication and supply. Genghis Khan and Tamerlane overran vast territories, killing and terrorizing, but they were hampered by the practical problems of logistics and policing. Present-day conquerors avail themselves of the latest technological advances in every field; in transport, as well as in the use of the written and spoken word. And they have discovered new techniques for securing "cooperation" by intimidation and scientific terror, so that people police each other.

The second new thing about modern tyranny emerges from the first. Communism is not simply a mere revival of ancient slavery or serfdom; it seeks to dominate the minds of its subjects as well as their bodies. Communism uses its population as drudges, and by Stakhanovite methods seeks to get more production out of them. But it does not stop there. Communism claims the hearts and souls of men, as well as their bodies. It seeks to create a new man, independent of the old ties which bound man to family, country, and God. To the extent that communism succeeds in severing men from their old attachments, it fails; its "new men" become monsters.

In spite of these things, there have been communists and fellow travelers among us. They are with us yet. Some are influential and articulate. But despite a genera-

tion and a half of communist propaganda, comparatively few Americans adopt the party line—so long as it bears a “Made in Moscow” label.

The 1930’s, it is true, were spoken of as “The Red Decade,” but this red tinge, after all, afflicted only a relatively few persons. There was, of course, the honeymoon period during World War II when Russia was our “noble ally.” This was a period when people who should have known better joined all kinds of “Front” organizations and coughed every time Joe Stalin had a tickle in his throat.

But when the crusading fervor of World War II wore off, we took another look at the Soviets, and there was the same old dictatorial rule, the concentration camps as before, the continuing political murders, the underhanded penetration of all governments including our own by communist agents and dupes, the conquests, the brutal suppression of natural human aspirations for more freedom (as in Hungary)—and we began again to see communism for what it really is: ancient tyranny plus all the modern refinements.

Communism: a Twofold Danger

As a result, Americans are now aroused against communism as never before. They see it as a twofold danger; as a subversive ideology, and as an armed revolution. Communism, in the first place, is a kind of ersatz religion, a challenge and a threat to our whole way of life. In the second place, communism is an armed revolu-

tionary movement which threatens our very lives. Naturally, therefore, Americans want to defend themselves at both levels; the spiritual as well as the military.

Defense at both levels is important, but the spiritual is more important than the military. Coming from a clergyman, this may sound like a mere sentimental gesture, so let me try to explain.

Power is not the same thing as brute strength. If it were, we would not be here talking about the threat of communism, for modern communism began a little more than a century ago as a defenseless idea, or ideology, in the brain of Karl Marx. When this ideology was first unleashed, it had no military hardware at its disposal, and it had little else! A number of researchers have shown that Marx did not have original opinions in economics, politics, or intrigue; instead, he picked the brains of other men. But he dressed up these old ideas so attractively and imparted such a spin to them that they have ever since exerted an almost irresistible attraction on millions of men. The times were ripe for such a movement as Marx launched; and nothing, as Victor Hugo has told us, is so powerful as an idea whose time has come. Long before Marxism took root the once healthy soil of Western culture had been prepared for just such perverted growth.

In the early years of the twentieth century a self-unemployed lawyer and political exile was living in a foreign country in a rundown boarding house. He lived on handouts. He wrote angry tracts, made rabble rousing speeches, and plotted the Revolution. As World War

I drew to a close, he seized control of a great country and set brush fires on every continent. The man's name was Lenin. He had no physical power at the outset, but he lived for an idea. It was an evil idea to which he devoted his life, but the Marxist ideology which consumed him forged ahead until it invested itself with today's Soviet military machine. But the real power was in the idea; once this idea began to take hold of men's minds, military weapons gravitated toward it. *Once this idea begins to lose its hold on men's minds, the weapons will start to fall away.*

Attack the Idea

Ludwig von Mises, the eminent economist and social philosopher, puts the point as follows: "One can become a leader only if one is supported by an ideology which makes other people tractable and accommodating. Might is thus not a physical and tangible thing, but a moral and spiritual phenomenon. A king's might rests upon the recognition of the monarchial ideology on the part of his subjects." This insight accords with the advice of the French revolutionist who told his followers: "Don't attack the king; attack the idea of monarchy."

The Marxist ideology has seeped into several countries and these countries have armies. We must, therefore, keep our guard up against a possible military threat, and this we are doing. We spend a great deal of money each year on ships, planes, tanks, bombs, and missiles. Furthermore, we have some able military minds and

technicians among us. Even though our military defense system is not all it should be, and may be sadly lacking in certain sectors, it is in far better shape than our intellectual, moral, and spiritual defenses. Our real enemy, basically, is not a foreign army; it is an alien philosophy. The real danger is that we will disown our native heritage of religious, political, and economic beliefs and replace them with beliefs patterned after the ideology of our opponents. Should this actually take place, they will have gained the victory without firing a shot.

To a greater extent than we like to admit, this *is* happening. It may happen even among a people who regard themselves as anticommunist, if they are betrayed into the comforting belief that communism is an external and foreign threat only.

Admiral Ben Moreell has put his finger on this danger. "Communism is a species of blasphemous religion," he writes, "operating under several guises, or aliases, the Moscow variety being the most obtrusive."

He concludes his catalog of communism's aliases by saying: "And, finally, there is 'domesticated communism,' a species which is far more destructive of our social and political institutions than any of the others. Its followers denounce 'communism,' in the abstract, with all the vigor at their command. But, at the same time, they advocate measures which ideologically differ little from the program promoted by Marx and Lenin. We Americans have repeatedly been alerted against an unanalyzed thing labeled 'communism.' But many of our people have not been alerted against the specific political and economic

measures which, taken together *are* communism. They readily accept the heart of the communist doctrine, which is the *enhancement of political power at the expense of the natural rights of the individual.*"

For the Mind and Soul of Man

What we are witnessing today is a world-wide battle for the mind and soul of man—in education, in religion, and in politics. It is a contest to determine the system of values to which men will give their final allegiance. Call this a battle of propaganda, if you will; and in this area we must admit that it's Russia by a mile.

Our predicament, in a nutshell, is illustrated by the famous statement of the then General Eisenhower about his conversations with Marshall Zhukov. "We tried to explain to each other," said Eisenhower, "just what our systems meant, to the individual, and I was very hard put to it when he insisted that their system appealed to the idealistic, and we completely to the materialistic, and I had a very tough time trying to defend our position. . . . You run against arguments that almost leave you breathless; you don't know how to meet them."

Genuine loyalty to a code of values must be freely given. This is not a matter for the intellect alone, but a man who cannot give reasons for the faith that is in him and meet the arguments against it is in danger of losing that faith. It is not enough merely to proclaim our devotion to the American System; we must seek to understand what it is and how it came to us. Unless we

are aware of the spiritual and moral antecedents of our way of life, as well as the political and economic implications of it, we will lose what Abraham Lincoln called "the last best hope of earth."

Military Preparedness

A growing number of people are now aware that military preparedness is but a phase of the war which is total. The enemy we confront seeks to disarm us intellectually; he seeks to confuse our systems of loyalties, to distort our values, to capture our very souls. Hence, the crucial need for a rebirth of our own philosophy. In addition to this, we must understand the ideology of communism and its various techniques for advancing its aims short of military conquest. Some of these techniques make use of "double-think" and "double-talk."

To illustrate: The Soviet Union denounces imperialism and colonialism, and becomes the greatest imperial and colonial power in history. It uses the concept of democracy to buttress autocracy. It perverts the judicial processes to wring confessions from innocent men. This is warfare in another dimension than the military. It even goes beyond what is usually called "psychological warfare."

The aim of war always has been to impose your will on the enemy or to prevent him from imposing his will on you. Propaganda has always accompanied arms, but main reliance in the past has been on physical force. You inflict damage on the enemy's soldiers and destroy

his property until his will to resist has been broken. But modern refinements of propaganda techniques are so effective that in many instances the will can be gotten at directly to soften or break it. Something of this sort happened to many of our soldiers in the Korean War, in the process called "brainwashing."

Confused about Communism

It is understandable, though it may be regrettable, that many of our young soldiers in Korea had no clear comprehension of communist ideology. This disability they share with a majority of our fellow Americans today. "Communism," for all too many Americans, is simply a label which they have been conditioned to distrust, hate, or fear. But if you ask them for an exposition of the ideology behind the label, they are at a loss. We have paid for this ignorance, and we continue to pay for it; but it is not the worst of our afflictions. It is bad enough that we as a people are untaught as to communist ideology and methods, but it is inexcusable negligence that millions of Americans go through college, and millions more through high school, and do not know what Americanism is!

Try an experiment. Ask a dozen or so of your friends how many have read *The Federalist*. Ask them to give a coherent account of the philosophy and structure of the federal republic projected by the Founding Fathers. When you have done this, wonder no more that there were defectors in Korea! We Americans have lost touch

with the wellsprings of our national life. Is it any wonder, then, that this confused generation, ignorant of Marxism and Americanism alike, offers so little resistance to communism, except on the level of labels?

Not Clear about Liberty

If one were asked to sum up in a phrase the essential meaning of American life as projected by the Founding Fathers, what words would he choose? Permit me to answer this question by offering the phrase, "liberty and justice for all," as epitomizing the American ideal. These words have relevance to our workaday world, to the realm of economic life, its meaning, and its freedom, but they carry religious overtones as well. Our religious heritage spells out into personal liberty in the political and social spheres. The God who gave us freedom to accept or reject Him certainly intends us to be free in our relationships with other men.

This leads logically to the general philosophy of freedom which includes liberty in the economic sphere as one of its particulars. Once, perhaps, this could be taken for granted, but not in today's troubled world. Our situation has changed with reference to the roles of citizen and government; the balance of power has shifted to government, and the political power which was once dispersed in this country in municipal, county, and state units has been largely concentrated in Washington. Centralization of political power is the pattern in all countries, whether they are behind the Iron Curtain or on

this side of it. The liberties we once enjoyed as our birthright and exercised according to our own discretion have been annexed by society or by the state. Formerly, we enjoyed independence; now we are grateful for parole during good behavior.

Both in theory and in practice we have gone from inherent and inalienable freedom to what might be called a kind of discretionary serfdom. Once we were free to initiate our own pattern of action and follow our own wisdom and conscience—provided our actions did not infringe the equal rights of all other persons. Now, we are allowed to do whatever the state or the law permits.

Presently we have a great deal of latitude within the state's area of permissiveness, so that we hardly feel its yoke upon our necks. But if we accept the principle that the state is our master and the endower of such rights as it tolerates, then we must look forward to this mastery being exercised over us with ever-increasing rigor. We still dwell under the protection of the old idea that an individual has God and the right on his side when he challenges the immoral actions of an unjust state. But this idea dwindles as its religious underpinning is eroded.

Governments Established To Secure Men in Their God-given Rights

The basic premises of the American system are to be found in the Declaration of Independence, where it is asserted that each man derives certain rights from God.

"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, that among these are life, liberty, and the pursuit of happiness."

Governments are established—according to this philosophy—to secure men in their God-given rights. Constitutions and political structures merely formalize the outer and social freedom which men's inner and spiritual liberty demands. If government fails in its primary task of defending men's birthright of freedom, men are justified in altering or abolishing it, so the Declaration reads, and may then "provide new Guards for their future security."

The inherent rights idea which was so prominent in the thinking of the Founding Fathers is but the immediate application to political philosophy of the Christian idea of man as a creature of God and accountable to God for the proper ordering of the soul for which he alone is responsible. The late Dean Inge spoke of Christianity's "deep-rooted individualism." He asserted that "assuredly its tendency is to claim 'natural rights' for every human being as such."

The Marxist Idea

In contrast to this statement there is the declaration of the late Sidney Webb, the godfather of Fabian socialism: "The first step must be to rid our minds of the idea that there are any such things in social matters as abstract rights." And Marxism, denying God, logically

denies the idea of individual rights. In so doing it reduces individuals from persons in their own right to mere units of the state. Communism, with all its ugly features, follows logically from this initial premise.

Party line communism with a "Made in Moscow" label on it is not popular in America. It doesn't need to be. Its unpopularity does not matter, if only we can be induced to accept the Marxist ideology under some other label. This we are doing. Americans have been running away from their own revolution—which for the first time gave political form to the "individual rights-Creator sovereignty idea"—in order to embrace an alien program saturated with Marxism. They do this under the delusion that there is some safe middle ground between the idea of freedom, on the one side, and communism on the other.

But there is no such neutral ground! There is only one place to take a stand, if we are really opposed to Marxism, and that is to stand uncompromisingly with the philosophy of freedom, including its spiritual and moral antecedents together with its political and economic implications.

Rights as Demands

The key idea of freedom, as I have emphasized, is the conviction that men derive their rights from the Creator. This is a religious idea, so I turned to a "Report on the Changing Dimensions of Human Rights" recently issued by a national church group. I was gratified to see that

the Report quoted the Declaration of Independence and then went on to say: "Human rights belong to persons because of what in God's grace they are, not because of the political power of the state."

But my gratification vanished when I saw how the authors of this report spelled out their premise, and in so doing changed the concept of "rights" into "demands" or "goals." "Where formerly human rights were limited mainly to those political rights which governments have protected," reads the Report, "they now extend their orbit to include a whole galaxy of social and economic goals in the attainment of which people look to their democratic, representative governments as instruments."

Human "rights" were once thought of as endowed by God. "Rights" have now been debased into demands which people may make of the state for "social and economic goals." The state has no means of its own for meeting such demands, so, in practice, this concept of "rights as demands" means the creation of pressure groups to secure favors from the state for their members at the expense of people not so organized. This is, of course, a flat denial of the latter's rights. That a church group should sponsor such a philosophy is a measure of our intellectual and spiritual decline.

The framers of our institutions, Madison said, rested all their experiments upon "the capacity of mankind for self-government." In order that men might have an area for the exercise of their natural freedom, government was to be limited to certain delegated and specified functions. Our government was not designed to administer

the affairs of men; it was designed to administer justice among men who run their own affairs."

"Free government," as Jefferson wrote, "is founded in jealousy, and not in confidence; it is jealousy and not confidence which prescribes limited constitutions, to bind down those whom we are obliged to trust with power. . . . Our Constitution has accordingly fixed the limits to which, and no further, our confidence may go. . . . In questions of power, then, let no more be heard of confidence in man, but bind him down from mischief by the chains of the Constitution."

When government is limited to well-defined and well-understood functions and duties in society, men have plenty of elbowroom to go about their creative and productive tasks. This is the meaning of freedom in human affairs, and such freedom as we have enjoyed in America is the result of keeping government within its proper bounds. "The history of liberty," as Woodrow Wilson told us in 1912, "is the history of the limitations placed upon governmental power."

The Founding Fathers were heirs of the spiritual faith which, in the fullness of time, gave rise to political liberty. We stand in the same line of succession, and thus we have at hand all the ingredients for a possible rebirth of freedom. Only the will is lacking, and only our individual initiative can make it up. What we do or don't do with our lives can mean victory or defeat for the things that matter most for us and our posterity.

THE WEB OF MATERIALISM

by Charles H. Malik



THE WORLD has become physically one, as a result of fast transportation and instantaneous communication. On the other hand, here are these one hundred nations of which the United Nations is composed: they display so many sovereignties, a dozen religions, a score of cultures, hundreds of languages, a score of racial orders, many different forms of government, and a dozen or more stages of economic development. Despite the fact that the world has been physically brought closer together, it is obvious that in these several realms there is no unity about the world at all. In fact, the more the diverse peoples and cultures of the world get physically closer together, namely, the more they see and rub shoulders with and know one another, the more they tenaciously hold to

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The above article is an excerpt from his address, "The Individual in Modern Society," delivered at the second Corning Conference, May 18, 1961.

and consciously become jealous and proud of their distinctive cultural heritages.

The mind then is bewildered: it wants unity—that is indeed its innate tendency—but it finds only physical unity, the most superficial and the most external of all unities. This silly unity (that we are all now physically neighbors of one another, that we inhabit the same planet, etc.) does not satisfy it—and no wonder. Goaded by its unabating quest for unity, the mind then hits on the next best thing: all these human beings are, after all, animals; they all need food, clothing, and shelter, and a minimum standard of material existence; here then is an obvious principle of unity—*man is an economic animal*.

In this way the whole of humanity is neatly leveled down onto this one single plane—the plane of the levels of economic development. Everything else is viewed as derivative from and dependent on this. Culture is a function of the economy, religion is a function of the economy, morality is a function of the economy, the system of government is a function of the economy, etc. And when the thinker or statesman who is thus engaged in this unifying or simplifying or leveling-down process happens also to be one who does not have fundamental convictions of his own, or who had them once but has “outgrown” them since, or who has them but is ashamed of confessing them, or who has them but is afraid that they prove too “divisive,” or who dreads being “persecuted” on account of them, or who belongs to a racial or religious or some other kind of minority, then he

clings all the more firmly to this wholesale materialization of man as his ark of salvation.

At last a principle has been found which will equalize all men and he will not have to stand out; here is a materialist brotherhood; in this all-embracing sea of matter all men—and therefore he, the timid or lonely or frightened or rebellious one—can safely swim without discrimination and without scandal or offense. Any other principle of unity will either leave him out or leave large segments of humanity out (and, as a “humanitarian,” he wants to include *everybody*, the whole of the “human race”) or bring upon his head the persecution of the world. Nothing then is safer, more equalizing, more comfortable, and more “needed,” than the seamless sea of matter. As fish in this sea we are all “brothers.”

What Is Materialism?

Philosophically, precisely what is materialism? Materialism is not just a belief in the existence of matter, namely, of something accessible to our senses; in this sense, everybody, including the most outspoken idealist, is a materialist. Nor is it just the doctrine that there is a substratum, whether or not we sense it, and whether or not in every case it is the same kind of substratum, out of which everything is composed—say, the hard, round balls, the atoms, of the classical atomic theory, or the “probability waves” of the recent versions of that theory; again, in the sense that everything is composed of some kind of substratum, everybody, including the

saints and the theologians, is a materialist, for God, under any theory, has some substratum. Nor is it just the belief that man cannot exist without food and drink and air, and this body which is composed of flesh and blood and bones, and a general material solid support, say the earth, on which he can lean; again, in this sense, everybody, including the most radical ascetics, such as the hermits of the desert, is a materialist.

Materialism rather is the denial that there is a higher and a lower in existence and that the higher is completely independent of the lower and can never be reduced to it. The precise metaphysical formulation and refutation of this doctrine, including a survey of its historical development, is outside the scope of this lecture. But when the whole—any whole—is looked upon as only the sum total of its parts—that is materialism. When the highest and most distinctive in man—his mind, his spirit, the fact that he can be touched and transformed by something that is holy and divine—when all this wonderful side of man is reduced, as an epiphenomenon and without any remainder, to his bodily functionings—that is materialism. When mind, spirit, truth, ideas, principles are denied an absolutely original potency—that is materialism. When nothing that is fixed and firm and given and complete and perfect and full of being is allowed, when everything is dissolved into the fluency and influx of elements and things—that is materialism. When man is interpreted as made up only of insatiable and uncontrollable desire—that is materialism. When quality is overwhelmed by sheer quantity—that is materialism.

When, surveying the majestic orderly evolution of the past, the mind derives, as by magic, the higher integrally from the lower, the more perfect integrally from the less perfect, the more advanced integrally from the more primitive, the different integrally from the same—that is materialism. When the whole of human life is viewed as inherently without rest, without repose, without peace, without grace, without fullness of satisfaction—that is materialism.

Seed Bed for Communism

Now as these things constitute the very warp and woof of modern civilization, is it any wonder that materialistic communism, with its exaltation of human desire, with its derivation of all ideas and all norms and all valuations from the sheer economic struggle, with its interpretation of history as the product only of conflicting class interests, interests that can never be reconciled except through violence and the destruction of one class by another, with its inciting of all that is primitive and elemental and unformed to rise up against all that is more perfect, more developed, more sure of itself, with its doctrine that in the end there is nothing, nothing, nothing, save atoms in motion—is it any wonder, I say, that materialistic communism has found in this spiritual climate of modern civilization a perfect soil for its development?

PRODUCTION UNLIMITED

by John C. Sparks



Freedom is the mainspring of mankind's progress. Maximum creativeness and self-reliance can be achieved by man to the degree that he unshackles himself from other men who would make him dependent upon them—as by government or, to a lesser degree, by restrictive authority in private organizations. Thus does man evolve toward his destiny. Following is a true story illustrating the kind of miracle that can happen when man is freed from inhibitory influences.

IMAGINE YOURSELF president of a company employing more than a hundred persons. You manufacture and sell products in a very competitive market. A business slump and increasing costs have all but eliminated your profit.

Then a miracle happens to your company—and *only* your company—wherein the general overhead is cut 40 per cent, factory supervision entirely eliminated, factory payroll taxes removed, product costs substantially reduced, quality raised, and capacity for customer service

Mr. Sparks is an officer of a manufacturing company in Canton, Ohio. He appears here as a "friendly witness," not an affiliate of the City Tool Corporation.

and prompt delivery vastly improved. Furthermore, you no longer spend half your time on production problems, and thus can double the time you give to sales and promotion work.

This, you say, would be an amazing, unattainable dream—a miracle!

After this moment of fantasy, you tell yourself these things cannot happen to any company in our day of government regulation and taxation, union interference, and company paternalism toward employees. It simply could not happen, you say, and the dream evaporates.

But it did happen to Claude Wilson, Jr., President of City Tool Corporation of Dayton, Ohio. "Happen" is not the right word, however, for that implies chance or luck. Claude Wilson made it happen by pursuing a wisp of an idea—expanding it, turning it over, reshaping it, and finally seeking unique professional help to bring it into being. The idea was more than three years in embryo before its birth in August 1959. After more than two years of "learning to walk," the miracle now approaches the dream described above.

When the story began in 1955, the 7-year-old tool and die firm employed approximately 95 production workers in the factory. Mr. Wilson was convinced that the conventional company-organization line of authority released but little of the potential energy and creativeness of his employees. He saw that creative thought was unlikely to reach a significant level because it could not flow freely through the autocratic organization path.

New ideas could flow but one way—top down—with very little seepage upward to the president. Late in 1956, he arranged for Ted Otteson, an independent consultant on organization development, to take over the communication job in City Tool Corporation. The aim was to open up the flow of ideas among all employees.

The theory was that in most any company there could be found the answer to the vexing problem of the moment if the right mind could be reached. It was further assumed that only when persons were free¹ would they truly communicate with one another—send and receive ideas without obstruction. A horizontal organization plan was deemed most conducive to such communication. The objective would be to replace the difficult employer-employee communication, which generally flows in but one direction, with a two-directional cross flow.

To Release Each Man's Potential

That the most complete release of the energies of the persons working for City Tool could not be accomplished under an employer-employee relationship must have been quite an earth-shaking revelation and a tremendous new idea, even for the advanced-thinking Wilson-Otteson team.

Eliminate the employer-employee relationship in factory production? The idea seemed ridiculous. And yet,

¹ The word "free" is used in this sense to mean free from restrictive authority within a nongovernment organization.

release of the maximum energy of the workers seemed to lie in this unexplored area—foreign to almost all business organizations. The arrow of logic clearly pointed in this unexpected direction, and this was where a solution had to be hunted out.

After much serious creative thought and study² in which all management and production personnel took an active part, and with the assistance of the legal profession, a novel “plan” was evolved whereby each person producing tools and dies would become a businessman in business for himself. Much legal work was involved, particularly to create new organizations which would not be under the jurisdiction of agencies regulating employers, but which would comply with all the state and federal regulations for independent businessmen. Every effort was made to establish a true arms-length relationship between and among the new independent companies.

Tool and die producers have large, expensive pieces of equipment, such as milling machines, duplicators, boring mills, grinders, lathes, shapers, and presses, the cost of each machine ranging up to \$50,000 and higher. How could these former employees acquire the use of such equipment in their new role as independent businessmen? City Tool solved this problem by selling to a

² Study included examination of transportation companies that in recent years had adopted variations of an idea whereby the former driver-employee acquired his own motorized unit and became an independent owner contracting to haul the trucking firm's trailers to their destination. Experience indicated substantial reduction of general overhead and maintenance expense.

leasing company which then leased the equipment to Partners Tool Company, a general partnership of former City Tool employees now in business for themselves. Walter Harvey is the general partner heading this company, and has been highly instrumental in the success of the plan. This partnership, in turn, offered each piece of equipment on a sublease basis to the other new businessmen (former employees of City Tool) who also had formed partnerships of two or three persons each.

The problem of subleasing large pieces of equipment to the small partnership firms was solved by leasing each machine *by minutes*—that is, in small increments of time which the partnerships could afford to buy. Each piece of equipment in the factory building formerly operated by City Tool is now *coin-operated* with the exception of some very large machines which are leased on a time-meter basis. One machine may be available for five minutes at 5¢, another for fifteen minutes at 10¢, a more expensive piece may require 25¢ for fifteen minutes, and so on, thus enabling the numerous small producing partnerships to acquire the use of large equipment for short periods of time.

How It Functions

It is difficult to picture adequately the “unorganized system” that has developed. There are few terms to describe the functions of the new firms developed under this concept. The various small companies have names, such as Partners Tool Company, Viceroy, CAM, Galaxy,

J. B. Smith and Company, which serve their purposes at least, for they know the nature of the operating functions performed by each company.

When City Tool finds a potential job or customer, it seeks price quotations from the Partners Tool Company—the general partnership that leases and maintains the equipment and also serves as raw materials purchasing agent. The various producing partnerships are then invited to prepare sealed bids so that a quotation can be made to City Tool. Specific information, delivery dates, and other customer requirements are made known to each producing partnership wanting to bid. Producing partnerships are not required to bid; and the company on the other hand is free to deal with another toolmaker if it wishes. The bids submitted are opened at the scheduled time and are listed on a bulletin board with the low bid indicated. The bid is then passed on to City Tool Corporation. City Tool, after adding an amount for selling, promotional expense, and profit margin, quotes the job to the customer. In this way the customer obtains from one source the result of two to eight competitive bids. If the job is awarded to City Tool, the producing partnership that submitted the lowest bid is assigned the order. That partnership is completely responsible for producing the product according to the specifications and time-table required.

The extraordinary results can be best visualized by comparing the “before” and “after” picture of this operation. Before, there was a president who devoted half of his time to production problems. There was also a

vice-president with approximately the same division of time. Others involved in the factory administration were the factory manager, factory superintendent, general foreman, supervisory foremen, estimators, purchasing agent, clerks, maintenance men, tool crib foreman, plus a complement of payroll and accounting employees.

Now there are none of these!

Reduced Overhead

No one has to remind another of his responsibility to give an "honest day's work," because the degree of fulfillment of his obligation and the financial reward are automatically in accord. No one is required to tell a producing partner that he must work from 7:00 o'clock to 4:00 o'clock. His time is his own. He understands what this means better than ever before. The equipment is available in the factory building twenty-four hours a day, seven days a week. Each partner has a key to the building and, being in business for himself, he works the hours required to complete the jobs contracted for in his successful bid proposals.

Supervisory overhead is nonexistent!

Furthermore, the second-floor offices of the City Tool Corporation have been virtually abandoned and most of the personnel, formerly essential to keep voluminous records, are no longer needed. Only the offices on the first floor, about half the former space, remain.

The biggest problem at the outset of this unique experiment was a subconscious reluctance in the minds

of these untried, independent businessmen to make decisions, rather than rely on others. The brand-new need for self-reliance involved a process of pruning, much as trees in a forest shed their dead wood. Machinists and toolmakers who did not wish to think and act for themselves simply left and sought conventional employment elsewhere. More than half of the original production employees departed in the early months. On the other hand, the new concept began to attract the more competent men of the area, at the same time retaining those willing to compete on the basis of their own ability, initiative, and hard work.

Many tool and die companies have employees specialized to the point where a machine operator, for example, will operate only the equipment upon which he is skilled. Unless management schedules work for him at capacity, he is apt to become idle for part of the time, even though his wages continue. In this Dayton "unorganization," there is a tendency toward less specialization and more all-around competence. This, of course, does not deny the advantages of the division of labor, but merely points out that each producing partnership deemed it important to become well-rounded in its ability to turn out complete jobs regardless of the varieties of skills required. The need to attain greater "know-how" first, has at least temporarily reduced specialization; but within the partnerships is usually found one partner who is more able at benchwork while the other is better qualified to handle machine work, thus achieving a sound, economic balance.

Market Guides

The miracle of the market place has come into play in many interesting ways. One of the lesser-skilled jobs is that of a band-saw operator. In the beginning, the small partnership companies came to the saw operator for their brief rough-sawing jobs. He soon noted that he appeared to have a monopoly of this kind of work, and he doubled the former price. Since it is unprofitable for a toolmaker to send a job outside for sawing because of the relatively short time and dollar amount involved, it appeared that the saw operator had, indeed, hit upon a bonanza. He had not reckoned with the open market, however, and in a short time fewer and fewer sawing jobs were being referred to him. He found that the toolmakers and machinists had learned to use milling equipment to eliminate the need for a portion of the sawing operation. In many cases, the saw operator could not regain his former business even by adjusting his prices to the original rates. He then discovered that he could become more expert at sawing and eliminate a subsequent operation otherwise often required. Once again, he has attracted the business of the producing partnerships which pay a higher price for the more proficient sawing operation. It saves them money.

Another small firm seemed to have a monopoly on jig-boring and jig-grinding. This work is usually of sufficient volume to warrant competitive bids from outside firms. So, when the jig-boring and grinding firm set its prices too high, the small partnerships took their work

elsewhere! The open market again had its effect, and the jig-boring and grinding partnership reduced its prices. Now it receives almost all of the business available from the producing partnerships. In addition, it sells its services to other shops in the Dayton area.

There are a number of ways to drill a hole. Anything from a simple hand drill to an expensive radial drill will accomplish this end. Before these men became independent businessmen, the easiest and *most expensive* way to drill a hole was most often used. Now the method selected is that which is most economical. A few holes on a drill press may cost only 5¢, while the same holes on a radial drill may cost 25¢. Another cost comparison is interesting. When these men were employees, they did not appear conscious of time wasted as they walked back and forth between machines to do this job and that. As independent businessmen, however, they carefully lay out work to obtain the fullest output of the equipment during the period they have it leased.

At one time a toolcrib foreman was required, and the expense of supplying replacement tools was considerable. The toolcrib itself was fenced in and kept under lock and key. There is no longer any requirement to have a toolcrib foreman, and the fence has been removed. Tools are owned by the small producing partnerships. Occasionally, a partner may buy a special tool of a kind not owned by any other partnership. Rental arrangements for the special tool are easily worked out between the small partnerships on a business-like basis.

The Cost of Experience

One producing partnership almost bit off more than it could chew when the partners ambitiously accepted an order requiring complex technical knowledge beyond their previous experience. Eager to learn and willing to spend long hours to gain valuable new knowledge and "know-how," this small business firm now is probably the most able tool producer in the United States in this particular technique, even though that first job lost money.

If a completed job fails to meet the specifications of City Tool and its customer, the responsibility for restitution is placed exactly where the fault lies! One member of a partnership related that he lost several thousand dollars on a job soon after the "plan" went into effect. Regardless of that unfortunate experience, he emphasized that he would not care to return to the former arrangement, for he enjoys being his own boss. Besides, his income has risen far above his former wages. He comes and goes as he wishes, for his success or failure lies with no one other than himself. If he takes the day off for golf or fishing, or several weeks off for vacation, there is no boss to reverse his decision. But he is completely aware that only when he is producing is he rewarded for his efforts; and when he does not produce, he earns nothing.

In the factory building, the timeclock no longer functions, and the timecard racks are empty; but there is no lack of production activity. The men at work provide an

air of quiet efficiency, for a partner wishing to loaf generally does so at home. Since he works for himself, the shop represents the place to be busy, not a place to "get his hours in" in the least unpalatable manner, as formerly.

The customers of the City Tool Corporation highly approve this new "system" because they can get in close touch with the men who are working on their dies rather than filter their inquiries and instructions down through the salesman, sales manager, plant manager, superintendent, and foreman before reaching the man on the job.

Sales Stimulant

Another unexpected result of this "system" has been the increased stimulation of the City Tool sales effort. City Tool maintains a good relationship with Partners Tool Company by being its best customer—which means that results must be shown in terms of profitable sales. The self-reliant toolmaker-businessmen provide sales motivation with their experienced and competitive cost information, enabling City Tool salesmen to seek out profitable sales rather than waste time on unprofitable accounts. In addition, the increasing versatility of the producing partnerships has led to a vastly expanded and more diversified sales program.

Some of the former officers of City Tool Corporation can be found as partners in one or another of the producing partnerships. One former officer said that he and

his partner would probably work right through that particular weekend because of three jobs due on the following Monday. Deadlines are meticulously met. This same man said, in discussing personal insurance, that he carries three accident policies on himself. No rule requires such forethought; this is his responsibility! His wife does the record-keeping for him and his partner, and files their tax returns.

In the past two years, City Tool's percentage of orders received to quotations made has climbed to more than twice the national average for this kind of business. In the same time, the percentage of rejection of jobs completed has fallen off to almost nothing. City Tool is able to quote better delivery dates, and they are met more often than ever before. City Tool estimates that its total business this year will be more than twice the volume of the first year's operation under the new concept.

Improved Earnings Under New Arrangement

The earnings of the tool and die makers have also climbed. Although the City Tool management no longer has access to any records revealing the earnings of the men who were their former employees, volunteered estimates by various partners indicate that the average earnings of these men have risen from a former level of between \$6,000 and \$10,000 annually, to a new level averaging over \$15,000. It is reported that some individu-

als in these partnerships are earning between \$20,000 and \$25,000 a year.

Thanks to the courageous pioneering of the company president and his ex-employees, everyone has benefited—customers of City Tool, the investors in large equipment, the partnership operating the equipment and purchasing raw materials, and last but not least, the producing partners who are in business for themselves. One or two of the producers report that they do not earn any more than they earned as employees. Even these men ardently support the new arrangement because they like the independence, and furthermore, hope to acquire greater skill and knowledge so they, too, can rise to new heights.

Maximum Release of Energy

While the story of City Tool and its experience is fascinating, one should not overlook the key point that led to its unusual success. Privately-owned companies, whether or not incorporated, invariably adopt the customary employer-employee organization plan, thereby closing off much of the potential flow of communication—and thus precluding maximum success. This is not an argument to the effect that employees should have equal voice in the management of the employer's assets and business decisions. This cannot and should not be. The startling new concept derived from this experience is that whenever employees can cease to be employees and become individual entrepreneurs instead, the maximum

human energy is released. True freedom of action and self-reliance are prerequisite to achievement of this great potential.

Whether or not this principle, as applied in City Tool's job shop, can be successfully repeated in other business organizations, only time, experience, and further exploration will tell. If it can, we may have quite a wonderful revolution on our hands. Regardless, the amazing account of what happened there, when employees changed into self-responsible businessmen, should be an inspiration to others seeking the rich rewards of maximum freedom.

ONE MAN'S GAIN

by Paul L. Poirot



THE LAW OF THE JUNGLE decrees that might makes right, that one man's gain is another's loss, that to the victor belong the spoils. This is the law that governs when disputes or differences flare to the point of all-out war, or in any contest where the outcome depends upon physical force: for every winner there is a loser.

There is a certain merit to this law which governs the processes of evolution, natural selectivity, survival of the fittest, and the emergence of human beings among competing forms of life. But the very idea of being human gives rise to revulsion at the seeming cruelty of "Nature, red in tooth and claw." Man, because he is human, seeks to improve his own well-being and to resolve disputes by means other than brute force, sheer strength of numbers, or struggle to the death of at least one of the combatants. Justice tempered with mercy is the essence of humanity.

There is no doubt about the severity of the competitive struggle in Nature. And awareness of this fact leads some persons to conclude that competition always works the same way—that for every winner there must be a loser. Yet, even in Nature are to be found various forms

of "mutual aid" and many rules of behavior which modify the competitive struggle, as when members of a herd cooperate with one another in defense against a common enemy.

Man, especially, has adopted humane rules of competition. Competitive sports, as we know them, are tests of skill and stamina to pick a winner but not the bloody and deadly games of yore; even the losers in modern sports are expected to survive.

Nevertheless, in a world of some three billion human beings—with limited supplies of land, tools, and other resources needed or wanted for survival and human betterment—the competitive struggle persists. And men are far from agreeing on what rules should govern it.

In some parts of the world, the rule may still be "every man for himself"—the old law of the jungle. But in most of the so-called civilized world, there are various man-made attempts to modify that law.

In many countries, the rule is "from each according to ability, to each according to need," the compulsory socialist formula based on the view that the individual human being is and ought to be subordinate to the will of the ruling majority.

Respect for Person and Property

Elsewhere, and to the extent that some societies are not wholly committed to socialism, a private enterprise type of competition is practiced. One of the important rules of competitive private enterprise is that each peace-

ful individual is entitled to choose how he will use his time and talents; his right to life is respected. A corollary rule concerns the private ownership and control of property, as distinguished from the socialistic idea of "ownership in common"—which works out in practice, control by the governing class. Private ownership respects the right of the finder, creator, buyer, or otherwise lawful possessor of scarce resources to use such property according to his own choice. Consistent with the foregoing rules respecting life, liberty, and property are the practices of specialization (division of labor, according to each person's peculiar talents) and voluntary exchange (a willing buyer and a willing seller trading to mutual advantage).

It is important to note and remember that a free-market exchange economy—where each person chooses how to utilize his time and talents and property, and trades if he pleases with anyone else who is willing—rests squarely and essentially on the private ownership and control of one's own person (no slavery) and one's own property (no robbery or confiscation). Except as a person owns and controls a service or commodity (private property) he could not possibly offer it in exchange and make good the delivery.

Despite the fact that voluntary exchange is the only manner in which production and distribution of scarce goods and resources can be accomplished without coercion of any participant, there are nonetheless those who miss that vital point and who insist that competitive private enterprise is inhumane, that it is without sym-

pathy for the weak, that some are poor only because others are rich, that one man's gain necessarily measures another's loss. They fail to see that when an exchange is voluntary, then both parties must gain from the transaction—or at least think they have—else they would not willingly make the trade. The gain of one is possible only because the others with whom he trades also see gains for themselves.

The Worthy Are Rewarded

With minor exceptions, no doubt, those who reap the greatest gains or profits from competitive private enterprise and free-market exchange are those with the best showing of satisfied customers. The more efficiently one produces and offers goods or services—the better able he is to hold quality up and costs down—the more likely are his customers to shower him with profits. Since the great majority of the potential customers in any society are the comparatively poor, it follows that many of the largest fortunes from business enterprise fall to those who have cut costs sufficiently to make their wares attractive to the masses of the comparatively poor. And the ones who lose out or fail in the competitive drive for satisfied customers are most likely to be the ones who could not or would not serve the poor. It takes no socialistic government to reprimand and punish such ineptitude; open competition attends to that.

The socialist critics of competitive private enterprise,

on grounds that it allows some to gain at the expense of others, obviously do not understand. For if they could understand, they would realize that socialism—despite its humanitarian, share-the-wealth appeal—does precisely what they deplore: it insists that some must lose what others are to gain. That is why socialism has to be compulsory. Every variation of the “welfare state” in the world today is but a crude reversion to the ruthless law of the jungle: might makes right, one man’s gain is another’s loss, to the victor belong the spoils.

The better alternative is competitive private enterprise and voluntary exchange—the only economic “game” that allows every player to win, the only social system that affords the maximum of true voluntary charity, and the only political concept consistent with the belief that individuals are “endowed by their Creator with certain unalienable rights.”

THE PROGRESSIVE INCOME TAX

by John Chamberlain



EXPENDITURES, says Parkinson in his famous Law, always rise to meet income.

It is too bad that Parkinson, that canny man, wasn't around way back in 1913 when the progressive income tax was first adopted in America. If he had been on the scene, he might have shocked at least a few people into sobriety by observing that his Law, as it applies to government, must be phrased this way: "The expenditures of the State always rise to meet *potential* income." In other words, the politico, with the people's total earnings at his potential legal disposal, will inevitably move toward taking it all. In return for votes the politico will, of course, hand most of it back as welfare—or as legalized patronage. But even in handing it back there will be strings attached to it: following Galbraith, the politico will tell the people how the money is to be spent.

Looking back on 1913, one can only be amazed at the incredible innocence of that generation of Americans.

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When the Sixteenth (the progressive income tax) Amendment to the Constitution was formally ratified, the Congress responded by adding a seemingly quite inoffensive federal income tax rider to the Underwood Tariff Act. The rider called for rates running up to a maximum of 7 per cent on the last bracket of a \$200,000-a-year income.

Although the principle of the income tax had been subject to a long controversy (it had been declared unconstitutional by the Supreme Court in 1894), the legislators took it lightly. When famed attorney Joseph Choate remarked ominously that, in time, the tax could go to 50 per cent or even higher, Senator William E. Borah arose and shook his massive head. The very idea that anyone could ever be taxed at a 50 per cent rate seemed silly to the Progressive Republican from Idaho. Hurling his rhetoric directly at Choate, Borah asked: "Whose equity, sense of fairness, of justice . . . does he question?"

As things have turned out, Joseph Choate was altogether too moderate a prophet: today the top income tax rate is 91 per cent, and the 50 per cent rate begins at the \$16,000-a-year level. In 1913 dollars, \$16,000 a year is worth a mere \$5,350. During World War I the tax took its first swift leap upward, only to fall back after the Peace of Versailles. Ever since the revenue act of 1934 first turned the full fury of a depression-ridden generation on anyone and everyone with an income of \$25,000 a year or more, the rates at the top have been deadly.

The change in the tax temperature over the span of

the past thirty years can be most graphically perceived if we consider what a Babe Ruth would have to be paid today to give him a take-home purchasing power comparable to his 1931 earnings. Out of a salary of \$80,000 in 1931, Babe Ruth had \$68,535 after federal income taxes. If "The Babe" were alive in 1961, he would need a salary of about \$960,000 to give him as much purchasing power, after inflation and other federal income taxes, as he had in 1931.

Long before Joseph Choate voiced his prophecy, English economists were taking a dim view of what might happen under progressive taxation. Said Ramsay McCulloch in 1845: "The moment you abandon . . . the cardinal principle of exacting from all individuals the same proportion of their income or their property, you are at sea without rudder or compass and there is no amount of injustice or folly you may not commit." And he continued: "The reasons that made the step be taken in the first instance, backed as they are sure to be by agitation and clamor, will impel you forwards. . . . Why not take 50 per cent from the man of two thousand pounds a year, and confiscate all the higher class of incomes before you tax the lower?. . . Graduation is not an evil to be paltered with. . . . The savages described by Montesquieu, who to get at the fruit cut down the tree, are about as good financiers as the advocates of this sort of taxes."

It was only three years after McCulloch's warning that Karl Marx and Frederick Engels, in the *Communist Manifesto*, advocated a heavy progressive tax as a means

of despoiling the "bourgeoisie" and softening middle-class society up for the dictatorship of the proletariat. Walter Bagehot, editor of the London *Economist*, feared that the Marxians would prevail: he predicted that the progressive tax, in combination with the principle of universal suffrage, would result not only in the destruction of the rich but in the very dissipation of the productive capital which gives society (the poor included) its margins of comfort.

The predictions of McCulloch and Bagehot have not yet come to pass in their ultimate direness; maybe they failed to reckon with the adaptability of man. Psychologically speaking, there is obviously some point where the progressive tax must recoil upon itself, destroying the base from which it might hope to achieve a maximum of "take." Just where the point is we cannot tell: there is no way of measuring businesses that are unborn, or energies and creative enthusiasms that simply fail to well up. But when a progressive tax dampens the impulse to generate income, then the tax base itself must narrow and diminishing returns set in.

A Theory of Justice

To make a tax acceptable, it must be levied in accordance with a theory of justice that is an article of faith with the majority. When justice, or the appearance of justice, fails, revolt is inevitable: the Puritan Revolution in England, the American Revolution of 1776, and the French Revolution of 1789 are all cases in point.

The theory of justice behind the progressive income tax is that it imposes "equality of sacrifice"—and as long as this is believed, the tax will be palatable to a majority. "Equality of sacrifice" is the democratic way.

Time was when the progressive tax would not have been accepted as equitable even by a majority of the poor. Traditional equity required that taxes should be levied proportionately, not progressively. This was in accordance with the belief that a man's property, or his income, was an index of deserving achievement, or of value contributed in the market place to society. True, some men inherited their property or incomes—but that was something to be handled or regulated under laws of inheritance. In any case the erosion of time could be counted on to take care of the inefficient use of inherited fortune—"shirtsleeves to shirtsleeves in three generations" expressed the common wisdom in this matter of luck in the choice of one's parents.

Under the proportional theory of tax equity, a rich man would pay more taxes than a poor man, naturally. But every dollar of assessed property value, or of income, or of spending, would be taxed in equal amount, at flat percentage rates. Dollars would be treated equally, no matter who owned them, or spent them. Thus the citizens would be accorded the "equal protection of the laws"—and their "privileges and immunities" would be equal, as provided for in the United States Constitution. Any other way of treating taxation was regarded as discriminatory, or as putting penalties on ability, ambition, and success.

It was Marxian socialism—"From each according to his abilities, to each according to his needs"—which fathered the great attack on proportional tax equity: a "heavy graduated income tax" is a salient feature of the *Communist Manifesto* of 1848. But the Marxians would have made little headway if non-Marxian economists had not come unwittingly to their support with the theory that "it is not equal to treat unequals equally." In cases of charity, this is undoubtedly true, but no comprehensive legal system can be reared on a rule which begins by regarding everybody as an exception.

The Value of the Last Dollar

To rationalize their inapposite view, these economists sought the support of "marginal utility" analysis; they argued that the "utility" of the rich man's "last dollar of income" must be considerably less to him than the utility of the poor man's last dollar to the poor man. To take *more* of what the rich man valued *less* was, to these economists, a way of achieving tax justice. They based their theory of tax gradation from bracket to bracket on the old pleasure-pain calculus of the English utilitarian philosophers: obviously, so they said, there must be more pleasure and pain involved in satisfying (or in failing to satisfy) basic hungers than in buying a Rolls-Royce or subscribing for a seasonal box at the opera. By taking more of the supposedly less-valued "Rolls-Royce dollar" than of the highly-valued bread-and-beer dollar, "equality of sacrifice" could the-

oretically be translated into a law which would satisfy the ethical sense of the majority.

Superficially considered, there is a certain amount of rough practical justice in this way of regarding the "last dollars"—or the upper brackets—of a man's income. If it is merely a question of satisfying the basic hungers for food, shelter, clothing, and the minimal cultural decencies, "last dollars" undoubtedly mean much; they may even mean life and death. But this is an argument for a basic exemption from taxation, not for levying progressively steeper surtaxes in the middle and upper brackets.

Beyond a certain subsistence and cultural minimum, the idea that "last dollars" can be rated in accordance with a scale of "marginal utility" to the individual becomes a fiction. Since men differ by inherited temperament, by circumstance, by ambition, and by training, every living human being values his "last dollars" differently. If intensity of avarice could be measured, the French peasant clutching his franc of profit and Hetty Green clutching her millions might come out at the same place. A Huckleberry Finn—or an ascetic St. Simeon Stylites seated on his column—will care little enough even for a "first dollar," whereas a Major Armstrong, intent on raising the money needed to protect his patent rights to a radio amplifier, may desperately value—and need—his "last million."

Who is to say whether the "last dollar" of a poor man taking a flyer on the "daily double" at the race track is worth more to the individual than the "last dollar" of

a biochemist who wishes to buy a year's leisure to experiment with rare bacterial cultures? Who is to say whether the last dollar spent by a housewife on a new Easter hat is worth more to its owner than the last dollar thrown into the kitty by a Rockefeller to plant Easter lilies or tulips at Rockefeller Center?

"Equality of Sacrifice"

Money has such protean uses that its personal valuation can take a thousand-and-one turns. It can command leisure, freedom, security, adventure, education, veneration, esthetic gratification, and appendicitis operations—plus the whole economic gamut of ordinary goods and services. It can command both power and the protection of the individual against power. As a cynical wit has put it, though you may be able in some instances to buy happiness with money, you can't buy money with happiness—which could conceivably give the "last dollar" of income a "one-up" position even to a man in love.

To make the attempt to force "equality of sacrifice" by taking *more* of what the well-to-do man presumptively values *less* is, then, to pursue a chimera into a quagmire. The utility of a dollar—*any* dollar—to an individual is a purely subjective phenomenon, and cannot be measured in any known unit. One cannot multiply quantities by qualities and get a mathematically respectable answer, as Sir Isaac Newton observed long ago. To suppose that anybody values his "last dollars" less than anybody else is to substitute mind reading (and emotion

reading) for objective measurement. It puts a self-righteous and wholly tyrannical power into the hands of a majority, or into the hands of the politicians who represent what they think is the majority.

As for the value of an individual's last dollar to society, this depends wholly on the uses to which it is put. It is the responsibility, the ingenuity, and the creativity of the individual which establishes the social "marginal utility" of the last dollar of income. But here, also, utility cannot be expressed in a priori terms, by taxing a man because he *might* waste his tax dollars.

The pleasure-pain calculus is wholly impotent when it comes to comparing a poor man's ticket to the dog races (theoretically of little use to society) and a rich man's investment in a job-creating business. Or, for that matter, the poor man's contribution to the Red Cross and the rich man's evening dissipation at the Copacabana. Even where the comparisons are freighted with seemingly unarguable moral distinctions, there are quicksands within quicksands. A night club might support a struggling musician while he is composing a great rhapsody, and a dog track could conceivably lead to far-reaching discoveries in canine genetics. On the other hand, charity—or a newly-created industry—may result in prodigious waste.

Used in price analysis, marginal utility has something objective to work on: the amount of goods which clear the market when the price is either raised or lowered. By utilizing theoretical supply-and-demand curves, one can even make reasonable guesses about the future. But

marginal utility, which is of no use whatsoever in judging the intensity of personal feelings, cannot legitimately be used to give society a right to political dictation of the social uses of "last dollars." To tax possible investment capital on the theory that "society," as represented by government, might invest it better is to indulge in a wild guess. Measurement (via a tax) cannot be undertaken *before* the dollars are spent. This is why men have traditionally been left the use of their dollars to spend them or to invest them as they please. When the market decides, there is no uncertainty about the comparative rating of men's desires.

An Equality of Misery

Equality is an idea that leads inevitably to contradictions, depending on the values of the individual who advocates it. One can begin with the theory that everyone should start with the same advantages in life: such advantages as equality before God and the law, equal opportunity for education, and a basic subsistence that will keep one from being warped or stunted during the growing period. This is an idea of equality that is firmly imbedded in the American dream; it has also been roughly attainable in American practice. Granted this equality, however, people who are clever, able, persistent, or merely persuasive must soon outdistance the rest. As a people we have accepted this, traditionally, as being eminently fair.

It does not, however, result in an equalitarian society.

Does true equality consist, then, of pulling everyone who has exceptional abilities back into the pack at stated intervals? Does it entail the consistent discouragement of excellence by means of periodic cancellation or retraction of rewards? If it does, then mankind must automatically be deprived of the benefits normally accruing to it from the natural variation of human beings. With the fostering of a widespread "what's the use" attitude, new inventions, new qualitative changes, new theories, ideas, and fashions, must falter; the standard of living must recede; the birth rate must drop; and the equality thus achieved will be an equality of misery.

Insofar as it results in "equality," the progressive income tax is a spawn of the second idea. It attempts to pull the exceptional at least part way back into the pack by canceling a good part of the previous year's gain every April 15. Since it is not a tax on capital, the progressive income tax cannot do the whole job of diffusing a more or less complete equalitarianism throughout society. But it keeps newcomers from amassing capital on their own out of savings—and, taken in conjunction with stiff inheritance taxes, it could carry out a revolutionary job of leveling within the space of a few generations.

How "moral" is this approach to equality via the tax collector? If the end to be achieved were a benevolent brotherhood, then there might be something to be said for it. But the means are neither relevant to nor consistent with such an end. Equality via the tax collector operates through the social motive of envy, not love or

charity. It begins with the politics of "soak the rich." Soon the definition of "rich" is expanded to include the middle classes. And it all ends with the exaltation of the bureaucrat, who is in charge of spending the spoils. Minorities are inevitably put at the mercy of majorities—and everybody is at the mercy of the politicians, who get first whack at the resources of the state.

A Psychology of Depredation

Instead of fostering brotherhood, then, the progressive income tax introduces a psychology of depredation into society. Pressure groups everywhere go for their share of the spoils. The arid states want big dams—at the expense, not of willing investors, but of the common people who have chosen to stay in greener, though more densely populated, New Jersey and Connecticut. Everyone has his pet scheme for spending other people's money, and empires grow in Washington as the politicians cater to the schemers. As money income is taxed away, there is a tremendous competition to get income in terms of social services (untaxed). The state is called upon to provide more money for schools, medical services, pensions, what-not. Producers, who have their own corporate income taxes to worry about, struggle for special tax write-offs; every different productive group, from agriculture to labor, wants exemptions. The result is an intense materialism which is rendered all the more ugly because it puts guns into the hands of any group which thinks it has a chance of transforming a minority

into a majority by the mere offer of a trade in votes.

The depredation psychology has its reflex within voluntary associations which are compelled to sly expedients in order to retain assets, earning capacity, or mere utility. Businesses are diverted from thinking about productivity; decisions are often made with a primary eye to "tax advantage."

Take the case of a small sponge rubber company in Connecticut's Naugatuck Valley, for example. It has been built up by hard-working partners. But the partners find their only way of cashing in on their creation in their old age is via capital gains. So they sell their business to a big Akron, Ohio, rubber company, with their sons receiving stock as their inheritance instead of a going share in a family business. A somewhat similar instance of a small business firm disappearing into the maw of a larger, forms the substance of Cameron Hawley's novel, *Cash McCall*.

Many a small businessman is tempted to sell out for capital gains rather than continue to work for an annual income. The result is that big companies grow as small family businesses disappear. In the big companies salaries are paid partly in cash, partly in "future income" via such things as pension rights, commitments to retainers for "advisory aid" in the years after retirement, and stock options leading to capital gains. Expense allowances go up as entertainment, housing, car use, medical examinations, and vacations-cum-business trips are all allocated to "business costs." For its own part, labor devotes a great deal of its organizational energy

into fighting for "fringe benefits" that will not appear on the ordinary tax forms as income. "Fringe benefits" result in an uneven diffusion of gains among the workers, for, while everybody foregoes a possible raise in order that the company may finance a fringe benefit, not everybody collects on the benefit to the extent of his due.

Undistributed Profits

As a defensive reflex against the depredation psychology, high individual tax rates result in the retention of earnings by corporations. The proof of this is objective: undistributed profits made up some 30 per cent of corporate profits after tax in 1929 and some 50 per cent in 1959. By leaving potential dividend money in a business, the investor gets a capital appreciation that is taxed at 25 per cent of income limit if he chooses to sell his stock. In addition to helping the shareholder stay out of a higher tax bracket, this also provides a method whereby ownership can duck the effects of double taxation of dividend money. While it may be immaterial to a given company that it chooses to finance its future growth out of retained earnings (or undistributed profits) instead of going into the market for share capital, this method of financing robs the investor of his flexibility of decision. The investor sticks, perforce, to his "old company" instead of surveying the field for new options. And the "old company" may do the diversifying which the investor used to do for him-

self; it may branch out into unrelated lines, which can have good or bad effects depending on the ability of management to handle diversification within a single corporate set-up. In any event, business must pay some cost for being tax-oriented, not production-oriented. Some efficiency is lost if only because tax lawyers come high.

If the need to defend against a depredation psychology has its subtle effects on voluntary associations, it also puts a premium on slyness as practiced by the individual taxpayer. A well-known book company advertises a "Federal Tax Course" and offers a special report guaranteed to show what deductions can legally be claimed for business expenses on transportation, entertainment, lodging, gifts, theatre tickets, club dues, and bills, and "your wife's expenses if she travels with you." Another special report is advertised as showing how "men in the \$20,000 to \$100,000 class can virtually cut their tax in two" by dividing income among the family. Income can be transferred to minor children; property used in a business can be turned over to a member of the family and leased back (at a rent deduction); income-producing property can be sold from one member of a family to another to gain a depreciation advantage; and so on. All of this comes under the heading of "tax avoidance," which is perfectly legal. Nevertheless, a great deal of energy is necessarily diverted into the business of defending oneself against the government—a loss of energy which might be put to far more productive purposes, with society the richer for it all around.

Tax-Exempt Securities

Finally, to protect against depredation psychology, the rich seek refuge in tax-exempt bonds. Thus potential risk capital disappears into the sink of dead-horse debt. This is the ultimate commentary on progressively taxing "last dollars." Ironically, it would take a "degressive tax," i.e., one that taxed "last dollars" least, in order to bring money from tax exempts back into the pool of risk money that should be available to the man with a new idea.

The late Professor Henry Simons of the University of Chicago economics faculty argued that the case for drastic progressions in income taxation "must be rested on the case against inequality." If the human race has a natural interest in human variation, then the case for progressive taxation is indeed "uneasy" (to use the phrase of Walter Blum and Harry Kalven, Jr.). But if equality (in the leveling sense) can by any stretch of the imagination be considered the touchstone of the good society, then the progressive tax falls into place as a relevant means to the achievement of social justice. But it is only *one* relevant means, and if it is left to operate alone it will not achieve its leveling end.

For better or worse, the progressive income tax in America has obviously not achieved an equalitarian result. This does not mean, however, that it should be written off as socially innocuous. Instead of introducing a leveling principle into society, it has resulted in some strange distortions of the social pyramid. While it has

not produced equality, it has resulted in a very practical denial of the old American ideal of "equality of opportunity."

The reason for this is that it tends to stratify classes as they are. Since it is a tax on income, not a capital levy, it leaves old ownership intact without encouraging new—or additional ownership. The rich (within inheritance tax limits) tend to keep their fortunes. But Joe Doakes can hardly aspire to amassing a fortune—or even a sizable nest egg—on his own if he attempts to do it out of saving for investment purposes. (The fact that millions have risen into "middle income status" since the time of the income tax amendment has been due to the fecundity of American production, with its fantastically efficient machine development, not to any "redistribution" effected by the tax.)

What the progressive income tax cannot do is to cut down the money-mobility of the rich. A man with a fortune can protect his equity by moving money about on the board of opportunity. He can invest his money in supermarkets in Venezuela, or buy oil rights in Western Canada, or become a partner in swiftly growing industries such as plastics, electronics, or aviation. Thus he can circumvent the ravages of inflation and expand his fortune via capital gains.

But while the well-to-do have a continuing access to opportunity (which they can also open to their sons by making them partners in expansive situations), the middle classes are denied the chance of building fortunes in the first instance to protect. Under progressive taxa-

tion an Averell Harriman, a Joseph P. Kennedy, a John Hay Whitney can keep their financial status (and even become ambassadors to the Court of St. James). But the deck is stacked against the emergence in our times of new ambassadorial material. During the past generation the "middle condition of man" has been ground between the upper and nether millstones of inflation and steeply rising progressive tax rates. Reckoned in terms of "disposable income" in "1939 dollars," the purchasing power of the \$18,000-a-year man in 1961 is no more than that of the \$6,000-a-year man of 1935. If the middle income man has been committed to insurance payments, his equity in saving has been cut in half. But the rich, who have invested in the insurance companies, have preserved their equities intact.

Soak the Middle Class

The fairness of the tax even within its own "ability to pay" rationalization is entirely questionable. The tax exempts the poor—or taxes them at such a low rate of progression that it is negligible. And, as we have seen, it tends to exempt the rich, who have ways of compensating for loss of dividends by the capital appreciation route. It is the people in the middle income brackets who do most of the paying. Thus what started as "soak the rich" has become "soak the middle class."

Moreover, the tax bears down with peculiar cruelty on the erratic earner, who may be compensated in a single high-tax spurt for years of patient effort. An au-

thor or a playwright may struggle for a decade to master a technique (or a subject) and then produce a single best-seller. But the gains for which the years have been preparing will not be commensurate with the effort and dedication involved. A doctor spends his young manhood in medical school, internship, and building a practice: then, relatively late in life, his income may hit the stratosphere without leaving him much after taxes for his old age. To gain crude equity for himself, the doctor will, in turn, grade his fees on an "ability to pay" basis, taking more from the rich and less from the poor.

Then there is the case of the public performer whose income is clearly related to the state of his muscular reflexes, or the youthfulness of his (or her) face and figure. Ballplayers are lucky to last in the big leagues (and the big money) after the age of 33 or 34. A Joe Louis may earn millions in a brief heyday as heavy-weight champion—and then spend his middle age in irretrievable hock to the government for back taxes for the mere sin of having depended on altogether-too-sanguine income tax accountants. A Sugar Ray Robinson may be forced back into the prize ring after retirement to recoup a fortune which will prove to be just another mirage when the tax collector is satisfied. In the case of the professional tennis player, a single year in the big money is the most to which the average-good-amateur-turned-pro can aspire. Once the crowds have seen him on one round of the circuit, he is through.

As for movie stars and Broadway performers, they may be able to make the jump from ingenue charm or youth-

ful agility to middle-age character parts. But not every starlet becomes a continuing star—and in such an event the high earnings of youth will never afford the basis for a middle-age income.

Since the onerousness of the present progressive tax rates are becoming obvious to too many voters, a trade has been proposed: let the many present legal “loop-holes” (big expense accounts, the oil depletion allowance, and so on) be closed in return for an across-the-board cut in the progressive rates. Vain delusion! The closing of the “loopholes” will mean more income for government. But (to invoke Parkinson once more), expenditures rise to meet income. So why should the state give any of that “loophole” money back in the form of a tax cut? The “loophole” money will support lots of bureaucratic job holders—and as Parkinson’s *Other Law* says, work expands to fill up the time of those available to do it.

No, we as a people are on the rack for having accepted an unjust Constitutional Amendment in the first place. We will remain right where we are until a limitation is placed on the principle of the progressive income tax itself.

REDISTRIBUTING THE WEALTH

by Edward A. Rossit



“LET’S TAKE the money away from the rich and give it to the poor!” With monotonous regularity this statement, in one form or another, has popped up to plague the imaginative, the talented, the brilliant, the educated, and the just plain, hard-working people who have earned and saved some money. From the fictional, glamorized thief, Robin Hood, to the modern, real-life thief, Fidel Castro, the share-the-wealth appeal has fired mobs with enthusiastic and greedy approval. On the “theoretical” scene, the same old impractical and unworkable idea has been kneaded and rekneaded from Marx, through Keynes, to Galbraith, who refers to it today in the ultramodern language of taking from the private sector of the economy to give to the public sector.

What’s wrong with redistributing the wealth? Actually, there’s nothing wrong with sharing wealth as long as it is done voluntarily. In a free economy, wealth is redistributed myriads of times daily. It is the *forced* and *compulsive* redistribution which is wrong—the element

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of coercion. When tax laws are imposed not to raise revenue but to redistribute wealth, such laws are wrong.

Why redistribute wealth anyway? What would be the purpose of such an act? If the purpose were to destroy initiative and incentive to work, that purpose would surely be fulfilled. Under continuous equalization of wealth, there would be no will to work. If anybody created more wealth, it would automatically be taken and redistributed to maintain the state of equality. With no incentive to create—and indeed a penalty in the form of confiscation—the total to be divided among all the people would steadily go down, as would everybody's equal share. As food supplies were eaten and as clothing and tools and machinery wore out, we would soon reduce ourselves to a state of equal poverty.

If "justice" were the purpose of sharing wealth, how would this justice be done? Equality of opportunity is not the same as equality of wealth. Surely, those who have worked longer, harder, more brilliantly, or with greater talent deserve more than those who have loafed, idled, labored stupidly and inefficiently, or just doodled.

How long could a state of equal wealth last? One week? One day? One minute? Probably not even that long. Some drunk, enjoying his equal share of liquor, would surely stumble in his kitchen and break his drinking glass, thus making himself poorer by one glass and a portion of liquor. Another individual, more creative than the others, would sew up a hole in his pants pocket, thus making himself richer than the others by the possession of a better pair of trousers. Almost immediately

there would be inequalities, which would have to be redistributed by continuous force. A large number of people would be kept occupied with the ridiculously petty bookkeeping and paperwork needed to keep track of inventories of shared wealth; and an equally large number of people would be needed to spy on people's holdings, to confiscate goods by force, and to deliver to those with less. Since there would be no incentive to create, make, invent, or build, the sum total of wealth would decline as existing wealth, now totally shared, wore out, was eaten, grew stale, or became obsolete. The distributive process could theoretically continue as more and more people shared less and less until finally there would be nothing left to share, everybody sharing equally.

Actually, a total, complete, and absolutely equal sharing of the wealth is impossible, and few people seriously advocate such a thing. It would be too laughable. However, the general idea persists in modified forms. Don't share all the wealth—just some of it—is the feeling. And so, arbitrarily, levels are set above which people should be forced to share. It is interesting that in each case, whoever sets an upper limit on wealth sets it higher than his own level. Naturally, everybody who advocates sharing the wealth expects to gain, rather than be made poorer.

How much could we expect to gain initially from a forced redistribution of wealth? Let us say that we were very "fair" and very "just" and only took from the billionaires. There aren't many of them around, and we

could all get rich by taking their money. How much would each American get if we took a billion dollars away from someone and gave everybody an equal share? A billion dollars is an almost astronomical amount of money. Would we each get fifty thousand dollars? Not quite that much! How about at least a thousand dollars apiece? No! It is less yet. Surely each of us would get at least a hundred dollars if we destroyed this billionaire and shared his wealth. No, it would still be less. The arithmetic is simple! Divide one billion dollars by 180 million, which is the approximate population of the United States. When we do this, we come up with the answer of a little over five and a half dollars apiece. It is very disappointing. And since there are very few American billionaires, there would be very little of this kind of wealth to share.

If we lower our sights to millionaires, we increase the number of people from whom we can steal, but we decrease the size of the share to be gained from each of them. The exact number of millionaires in this country is not certain, but there aren't many of them. Now, how much does each of us get if we divide a million dollars? The answer, approximately, is \$.0055 per person, or 55¢ for every hundred Americans. This is not making us as rich as we thought! If we confiscated one million dollars from each of a thousand millionaires, and divided and shared all this money, our equal shares would come to the staggering sum of \$5.50. We could hardly take five and a half dollars and buy cars, yachts, furs, and jewelry. With gasoline taxes as they are, it would take the big-

gest part of five and a half dollars to fill our own car's gas tank.

Well, if we can't get enough money this way, let's lower our sights to people with \$100,000. After all, nobody "needs" more than a hundred thousand dollars! Since it would be difficult to know just how many people have that much or more, we would have to hire and pay a large staff of snoopers to find out. Even then, the results would be consistently disappointing.

The gross national product in 1960 was valued at approximately five hundred billion dollars. *This is it!!* Supposing we just shared everything that everybody produced in the whole year? Share and share alike! Surely that would make us rich! If we divide five hundred billion dollars by 180 million people, we *do* get more. We get about \$2,800 each. More than this is impossible without raising the gross national product itself. You can't have both an equal share and a larger share of the pie unless you get a bigger pie. We would simply have to produce more wealth. But we know that forceful sharing of the wealth would cause the gross national product to decline—not rise. So we know now the most that we could possibly get through a redistribution of wealth.

We know the most—but do we know the least? If those who have more are to be forced to share with those who have less, we may be in trouble. We are all Americans—citizens of the richest country in the world. If compulsive sharing is right for some people, it must be right for all.

Very roughly, we have almost half of the wealth of

the entire world in the United States. If wealth is to be shared, then we must all share and share alike. The Indian who earns \$100 per year, the Chinaman who earns \$50 per year, and the African who manages on less than \$25 per year will then also be entitled to share in this forced redistribution. And such lack of wealth among such large numbers of people will pull the average way, way down.

Somewhere along the way, we may discover that this share-the-wealth business, which was supposed to make us all so rich, will really make us quite poor. And nobody wants to share wealth, who will end up with less than when he started.

Why, then, be fooled by this bromide of taking from the rich to give to the poor? It is morally wrong to do this, and it is economically destructive. It is wrong whether we call it outright theft (Robin Hood), government expropriation (Fidel Castro), or taking from the private sector of the economy to give to the public sector (Professor Galbraith).

Let's stop thinking about forcefully redistributing wealth and start thinking about letting people do it freely. Many lazy sons have inherited large sums of money from industrious fathers, and wasted the money, dying penniless. Many other men have started penniless, and have built huge fortunes. We can't stop wealth from being redistributed. But the best opportunity for multiplying wealth, so that each may have more, is to let the redistribution be voluntarily managed under freedom.

VIOLENCE AS A WAY OF LIFE

by *Leonard E. Read*



BROADLY SPEAKING, there are two opposing philosophies of human relationships. One commends that these relationships be in accord with the principles of love. The other commends that they be in accord with the principles of violence.¹

The principles of love in society lead to willing exchange in the market place—the economics of reciprocity and the Golden Rule. No special privilege is countenanced. All men are equal before the law, as before God. The life and the livelihood of a minority of one enjoys the same respect as the lives and the livelihoods of majorities, for such rights are conceived to be endowed by the Creator. Everyone is completely free to act creatively as his abilities and ambitions permit; no restraint in this respect—none, whatsoever.

Abandon the ideal of love and the only alternative is to embrace violence in principle, with robbery and murder as its ultimate expressions. Plunder, spoliation, spe-

¹ The use of "love" as the antithesis of "violence" is suggested by Leo Tolstoy's little book, *The Law of Love and The Law of Violence*. Published posthumously (1948) by R. Field, New York.

cial privilege, feathering one's own nest at the expense of others, doing one's own brand of good with the fruits of the labors of others—coercive and destructive schemes of all sorts—all fall within the order of violence.

Are we abandoning the ideal of love and drifting into the practice of violence as a way of life? That's the question this paper intends to raise and answer—to answer in the affirmative. But why? William James may have suggested the reason: "Now, there is a striking law over which few people seem to have pondered. It is this: That among all the differences which exist, the only ones that interest us strongly are those *we do not take for granted.*"²

Taken for Granted

Socialistic practices are now so ingrained in our thinking, so customary, so much a part of our mores, *that we take them for granted.* No longer do we ponder them; no longer do we even suspect that they are founded on violence. Once a socialistic practice has been Americanized it becomes a member of the family, so to speak, and, as a consequence, is rarely thought of as having any violent or evil taint attached to it. We are, in this state of taken-for-grantedness, inclined to think that only other countries condone and practice violence—not us!

Who, for instance, ever thinks of TVA as founded on violence? Or social security, federal urban renewal, pub-

² See *The Will To Believe and Other Essays on Popular Philosophy* (New York: Dover Publications, Inc., 1956), p. 257.

lic housing, foreign aid, farm and all other subsidies, the Post Office, rent control, other wage and price controls, all space projects other than for strictly defensive purposes, compulsory unionism, production controls, tariffs and all other governmental protections against competition? Who ponders the fact that every one of these aspects of state socialism is an exemplification of violence and that such practices are multiplying rapidly?

The word "violence," as here used, is a particular kind of force. Customarily, the word is applied indiscriminately to two distinct kinds of force, each as different from the other as day is from night. One is defensive or repellent force. The other is initiated or aggressive force. If someone were to initiate such an action as flying at you with a dagger, that would be an example of aggressive force. It is this kind of force I call violence. The force you would employ to repel the violence I would call defensive force.

Try to think of a single instance where aggressive force—violence—is *morally* warranted. There is none. Violence is morally insupportable!

Defensive force is never an initial action. It comes in to play only secondarily, that is, as the antidote to aggressive force or violence. Any individual has a moral right to defend his life, the fruits of his labor (that which sustains his life), and his liberty—by demeanor, by persuasion, or with a club if necessary. Defensive force is morally warranted.

Moral rights are exclusively the attributes of individuals. They inhere in no collective, governmental or

otherwise. Thus, political officialdom, in sound theory, can have no rights of action which do not pre-exist as rights in the individuals who organize government. To argue contrarily is to construct a theory no more tenable than the Divine Right of Kings. For, if the rights to governmental action do not originate with the organizers of said government, from where do they come?

As the individual has the moral right to defend his life and property—a right common to all individuals—he is within his rights to delegate this right of defense to an organization. We have here the logical prescription for government's limitation. It performs morally when it carries out the individual moral right of defense.

As the individual has no moral right to use aggressive force—against another or others—a moral limitation common to all individuals—it follows that he cannot delegate that which he does not possess. Thus, his organization—government—has no moral right to aggress against another or others. To do so would be to employ violence.

To complete this picture, it is necessary to recognize that man's energies manifest themselves either destructively or creatively; we might say violently or productively. It is the function of government to inhibit and to penalize the destructive or violent manifestations of human energy. It is a malfunction to inhibit, to penalize, to interfere in any way whatsoever with the creative or productive manifestations of human energy. To do so is clearly to aggress, that is, to take violent action.

Now, carefully consider TVA or any of the other socialistic projects earlier mentioned. You are living peace-

ably and off the fruits of your own labor, including anything which you have acquired from others in willing exchange. You are aggressing against no one; therefore, there is no occasion for anyone's use of defensive force against you, defense being a secondary action against an initiated aggressive action. And, certainly, there is no moral sanction for anyone or any organization to take aggressive action against you.

Subsidized Power

One more step for clarity's sake: Suppose that some people decide they want their power and light at a price lower than the market rate. To accomplish their purpose, they forcibly (with guns if necessary) collect the fruits of your peaceable labor in the form of capital to construct the power plant. Then, they annually use force to take your income to defray the deficits of their operation—deficits incurred by reason of the sub-market rates they charge themselves for the power and light they use. The questions I wish to pose are these: Is any set of persons, regardless of how economically strapped they may be, morally warranted in any such action? Would not this be aggressive action? Would not their project be founded on violence? The answers to these questions are inescapably clear. There is hardly a person but would declare this thievery and criminal.

Very well. Move on to TVA. What distinguishes this from that? Not a thing, except that in the case of TVA the immoral, aggressive, violent action has been legal-

ized. This merely means that the law has been fixed so as to exonerate the "beneficiaries" from penalties common to criminal action. There is no altering of the fact that TVA, as well as all instances of state socialism, are founded on violence!

Most people are inclined to scoff at this idea simply because they have never witnessed any instance of actual violence. They are blinded by the common acquiescence to socialistic pressures, once they are legalized. Everybody goes along, so what!

Before going further, isn't it enough to give any conscientious citizen pause for reflection when he awakens to the fact that the people of his country are abandoning the ideal of love and drifting into the practice of violence as a way of life? The fact that this catastrophic change is taking place without many persons being aware of it is all the more reason to sound the alarm.

Absolute Refusal To Pay

It is easy to demonstrate that all state socialism, of which TVA is an instance, is founded on violence. Take the farm subsidy program, for example. Let us say that your share of the burden of this socialistic hocus-pocus is \$50. Should you *absolutely* refuse to pay it, assuming you had \$50 in assets, you would be killed—legally, of course—here in the United States of America in the year of Our Lord, 1962! If that isn't resting the subsidy program on violence, then, pray tell, what is violence?

Here's how to get yourself killed: When you get your

bill from the Internal Revenue Service, remit the amount minus \$50 with these words of explanation:

“I do not believe that citizens should be compelled to pay farmers for not producing. I do not believe in the farm subsidy program. My share of the cost is \$50, which I have deducted. Do not try to collect for I absolutely refuse to pay for same.”

The IRS will quickly inform you that this is a matter in which freedom of choice does not exist and will demand that you remit the \$50.

You respond by merely referring the IRS to your original letter, calling attention to your use of the word “*absolutely*.”

When the IRS becomes convinced that you mean business, your case will be referred to another branch of the government, the judicial apparatus. It being the function of the judiciary only to interpret the law, the law making it plain that a government claim has first lien on one's assets, a decision will be rendered against you and in favor of the IRS. If you have no assets but your home, the Court will order it put on the auction block and will instruct you to vacate.

At this point you will apprise the Court of your letter to the IRS and your use of the word “*absolutely*.”

When the Court becomes convinced that you mean business, your case will be referred to another branch of the government, the constabulary. In due course, a couple of officers carrying arms will attempt to carry out the Court's instructions. They will confront you in person.

But to accede to their invitation to vacate would be to pay. With your "*absolutely*" in mind, you refuse. At this point the officers will try to carry you off your property, as peaceably as possible, of course. But to let them carry you off would be to acquiesce and to pay. You might as well have acquiesced in the first place. At this stage of the proceedings, in order not to pay, you have no recourse but to resist physical force with physical force. It is reasonable to assume that from this point on you will be mentioned only in the past tense or as "the late Mr. You." The records will show that your demise was "for resisting an officer," but the real reason was that you *absolutely* refused to pay farmers for not growing wheat or whatever.

Rarely will any citizen go this far. Most of us, regardless of our beliefs, acquiesce immediately on receipt of the bill from the IRS. But the reason we do so is our recognition of the fact that this is an area in which freedom of choice no longer exists. I, for instance, would never give a cent of my income to farmers not to grow wheat were I allowed freedom of choice in the matter. But, realizing that the farm subsidy program rests on violence, it takes no more than the threat of violence to make me turn part of my income over to farmers for not growing wheat.

The Penalty Is Death

The idea that the whole wearisome list of socialistic practices rests on violence and that the ultimate penalty

for noncompliance is death, was written and published in 1950.³ Many have read the booklet and an explanation of the same idea has been given before many discussion groups throughout the country, but the reasoning has never been challenged. Yet, I am unaware of any instance where an individual has gone all the way, that is, has *absolutely* refused to pay and gone to his death for his beliefs. One farmer went so far as to leave the country, and quite a number of citizens have delayed their acquiescence considerably, that is, they have carried their revolt beyond immediate payment mixed with grousing. One of the most interesting examples is reported by IRS in a news release dated May 15, 1961:

Considerable public and press misunderstanding exists over the seizure of three horses from a Pittsburgh area Amish farmer who refused to pay Social Security taxes because of religious convictions.

This memo is designed merely to acquaint you with all the facts in the case.

Public Law 761, 83rd Congress, effective January 1, 1955, extended Social Security coverage so as to include farm operators. A tax on the self-employment income of these people is imposed and they are required to report this tax on their annual federal income tax return.

The Old Order Amish are the most conservative of the Amish groups and have taken the position that although they will comply with taxes, as such, Social Security payments, in their opinion, are insurance premiums and not taxes. They, therefore, will not pay the "premium" nor accept any of the benefits.

In the fall of 1956, the IRS district director at Cleveland

³ See my *Students of Liberty* (Foundation for Economic Education, Inc., Irvington, N. Y.), pp. 7-8.

held meetings with Amish farmers and their church officials in an effort to solicit cooperation and voluntary compliance with the laws we have to administer. At these meetings, it was explained that the self-employment levy is a tax and that it would be the responsibility of IRS to enforce this tax.

As a result of these meetings and of letters sent to the individuals involved, the majority of Amish farmers in that general area voluntarily remitted the tax. With respect to those who refused, it became apparent that some did not wish to contravene the dictates of their church, but they also did not want "trouble" with IRS.

Thus, a portion of these farmers did not pay the tax, but did make the execution of liens possible by maintaining bank accounts which covered the tax.

The current problem stems from the "hard core" group of Old Order Amish farmers who closed out their bank accounts and made such levy action impossible. As a result, the IRS was forced to collect 130 delinquent taxpayer accounts from Amish farmers in the past two years.

Valentine Y. Byler of New Wilmington, Pennsylvania, became the latest collection problem among the Old Order Amish. He owed the following self-employment tax:

1956	\$82.60
1957	76.57
1958	32.98
1959	65.63

The foregoing taxes amounted to \$257.78. The total interest for the same period was \$51.18, making a grand total of \$308.96 owed by the taxpayer.

Attempts had been made since 1956 to induce Mr. Byler to pay his tax willingly, but with no success. Since Mr. Byler had no bank account against which to levy for the tax due, it was decided as a last desperate measure to resort to seizure and sale of personal property.

It then was determined that Mr. Byler had a total of six horses, so it was decided to seize three in order to satisfy the tax indebtedness. The three horses were sold May 1, 1961 at public auction for \$460.00. Of this amount \$308.96 represented

the tax due and \$113.15 represented expenses of the auction sale including feed for the horses leaving a surplus of \$37.89 which was returned to the taxpayer.

The Byler case like all others in the same category present an unpleasant and difficult task for the Internal Revenue Service. However, there is no authority under which Amish farmers may be relieved of liability for this tax.

With respect to those who remain adamant in their refusal to pay, as in the case of any person who refuses to pay any federal tax that is lawfully due, it is incumbent on the Internal Revenue Service to proceed with collection enforcement action as provided by law.

We have no other choice under the law.

Had our Amish friend, Valentine Y. Byler, not acquiesced at the point he did but had gone all the way in his determination, he would have employed physical force against the officers who seized his three horses. In this event he would now be known as "the late Valentine Y. Byler." He would have established beyond a shadow of doubt that the social security program, as well as all other socialistic practices, is founded on violence.

They Did Their Duty

It is important to acknowledge at this point that the IRS did precisely what it should have done. This agency of government is not in the business of deciding the rightness or the wrongness of a tax. Its job is to collect regardless of what the tax is for.

The judiciary, having previously ruled on the powers of the IRS to make such collections, accurately interpreted the law and, thus, did what it should have done.

The constabulary, in seizing the three horses, was properly performing its function. This agency, unless derelict in its duty, has to look as indifferently on seizing the horses and harnesses of a gentle, God-fearing farmer as bringing a John Dillinger to bay. They are properly called *law enforcement* officers. And, had Mr. Byler resisted with physical force, the constabulary would have been performing its duty had it been found necessary to put Mr. Byler out of the way, as it did Dillinger. *Theirs is to carry out the law, not to reason why!*

The fault here is with the law, the three above-mentioned parts of the political apparatus being but effectuating arms of the law. And the fault with the law rests with those who make the law and with those of us who elect lawmakers and who, presumably, have some powers to reason *what* the law should be.

The IRS, the judiciary, the constabulary, behave exactly the same when seizing the Amish farmer's three horses as when collecting a fine for embezzlement. Yet, the former is an exercise of aggressive force—violence—while the latter is an exercise of defensive force. The former has no moral sanction; the latter is morally warranted. How can two police actions which ultimately manifest themselves in an identical manner actually be opposites? This is like asking how two shots from a pistol can be identical when one is used to protect life and property and the other is used to take life and property. The shots are wholly indifferent as to how they are used. The pistol shots, like the IRS, the judiciary, the

constabulary, only do the bidding of someone's mind and will. It is the bidding which determines whether they are part of a defensive or an aggressive action. The law, and the people who are responsible for it, determine whether a police action is defensive or violent.

A Simple Test

There is, however, a simple way to decide whether a governmental action is an exercise of defensive force or an exercise of aggressive or violent force: "See if the law takes from some persons what belongs to them, and gives it to other persons to whom it does not belong. See if the law benefits one citizen at the expense of another by doing what the citizen himself cannot do without committing a crime."⁴

Using the above as a basis for determination, it is obvious that every act of socialism is founded on violence.

The fact that the IRS found it expedient to make a public explanation in the face of severe criticism throughout the country, merely lends credence to the fact that most people—even those who support socialistic legislation—do not know what they are doing nor did they mean to do what they did. Simply because most of us meekly acquiesce, that is, uncomplainingly go along with the machinery of socialism, we tend to lose sight of the fact that it is founded on violence. The seizing of the Amish farmer's three horses generated widespread

⁴See *The Law* by Frederic Bastiat (Foundation for Economic Education, Irvington, N. Y., 1950), 76 pp.

feelings of remorse and resentment. Had he absolutely refused to pay and been killed in the process, the American people would have protested, "*But we didn't mean this!*"

Of course they didn't mean it. Nonetheless, these projections of horse-seizure and even death are nothing more nor less than the inevitable consequences of admitting the socialistic premise into American polity. State socialism—every single item of it—is founded on violence!

Alexander Barmine and Victor Kravchenko, both of whom rose to top posts in the Kremlin heirarchy, escaped from Russia and came to this country because they could not stomach the purgings and shootings that logically followed the policies which they themselves had a hand in promoting.⁵ Let the principle of violence continue in this country—even fail to rid ourselves of what we have—and gangsters only will come to occupy high political office. Few of the present crop of bureaucrats are heartless enough to administer socialism in its advanced stages.⁶ Violence is not their dish. The IRS folks demonstrate this.

That policies founded on violence are growing is self-evident. Take the examples of practices founded on violence cited on page 305. All but the Post Office are

⁵ See *One Who Survived* by Alexander Barmine (New York: G. A. Putnam's Sons), and *I Chose Freedom* by Victor Kravchenko (New York: Scribners).

⁶ To understand why gangsters rather than humane human beings must occupy political office in a socialistic state, read "Why the Worst Get on Top" in F. A. Hayek's *The Road to Serfdom* (The University of Chicago Press).

of relatively recent vintage, and clamor for more of the same seems to increase daily.

I can still remember when the income of farmers came from willing exchange; when people lived in houses built with the fruits of their own labor; when wage earners, for the most part, were no more compelled to join unions than businessmen were forced into chamber of commerce membership or parents into the P.T.A. Violence as a way of life was in those days perhaps at an all-time minimum.

Man either accepts the idea that the Creator is the endower of rights, or he submits to the idea that the state is the endower of rights. There is no third alternative.

Those who accept the Creator concept can never subscribe to the practice of violence in any form. They have been drawn to this concept, not coerced into it. If we would emulate, as nearly as we can, that which we have learned from this relationship, we would confine ourselves to this same drawing power. As Gerald Heard so clearly puts it: "Man is free to torture and torment himself until he sees that his methods are not those of his Maker."⁷

⁷ Gerald Heard, editor, *Prayers and Meditations* (New York: Harper & Brothers, 1949), p. 39.

COMPETITION AND CHOICE

by Dean Russell



FOR SEVERAL YEARS NOW, a competitor of General Motors has gained national attention by claiming we would all be better off if that giant company were broken up by our government. His plan has been endorsed by several important people, including an influential senator who spends much of his time devising ways and means to accomplish the objective.

Apparently, many millions of sincere Americans are quite willing to accept the “unselfish” efforts of those gentlemen to save us from the clutches of the world’s largest industrial corporation. But before you and I join them, perhaps we should think a bit more deeply into this issue of bigness and the resulting power that General Motors has over us.

As far as I know, there is not even one person in the entire United States who has to buy anything from General Motors. If GM were closed down tomorrow, there would be only a temporary shortage of cars; for

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even that unselfish competitor who wants the government to break up General Motors would be happy indeed to double his own production. And so would the 12 other domestic producers of automotive vehicles. And, of course, all foreign producers would like nothing better than to triple their shipments of cars to the U. S. Similar sources of both domestic and foreign supply also exist for diesel locomotives and the various other products now sold by General Motors.

There is only one reason you now buy any product. You think you are getting the most for your money. Otherwise, obviously, you wouldn't buy it. Thus the only thing the senator and the GM competitor wish to save you from is your freedom to patronize whomever you choose.

When we consumers voluntarily choose to buy most of our cars from one company, that company necessarily becomes the largest in the industry. We consumers make that decision when we buy the cars. And the more we buy, the bigger that company will grow. The only way the government can stop that is to tell you and me we can't buy from whom we choose. That's what breaking up General Motors means—depriving you and me of freedom to buy what we please from whom we choose and in whatever amounts we can afford.

I do not know nor care why you think a Chevrolet (or whatever) is a good bargain; that's your business, not mine. Personally, I prefer my little non-GM car. My sole concern here is that both of us shall continue to have absolute freedom of choice in the matter.

Choice in the Market

There can be no freedom of choice, however, except in a free market. For if producers can't produce what they please—and if you and I can't patronize whom we choose—obviously we have all been deprived of freedom of choice. I am astounded at the number of intelligent people who can't understand that simple truism. When you get right down to it, there are only two ways we can ever be deprived of freedom. And both of them involve government in one way or another—either positively by laws against freedom of choice, or negatively by the government's refusal to stop gangsters who interfere with our freedom to choose.

If we consumers think General Motors is too big, too inefficient, or too anything else, we can easily change the situation. All we need do is stop buying GM products. Then the world's largest industrial company will go out of business within 90 days—and we will still have all the cars, trucks, finance companies, and locomotives we want.

That giant corporation has no control over you and me in any way. It can't force us to buy anything. The secret of General Motors' "power" is its remarkable ability to produce what we fickle consumers most want to buy. A decision to stop that would be the perfect example of cutting off one's nose to spite one's face.

In 1911, and again in 1920, powerful General Motors ceased to be the people's choice. In both instances, it almost went bankrupt. Only by reorganizing, bringing

in new management, and borrowing large amounts of capital did it manage to stay in business.

Meanwhile, Ford Motor Company had more than 60 per cent of the entire automobile market. And "Old Henry" was doing everything he could to get it all. Since the American people happily bought his "rough and ready" Model-T's by the millions, naturally his company became the largest in the industry. Then something happened—we ungrateful consumers began buying Chevrolets and Overlands. And we willingly paid double the price of a Model-T to get those enclosed cars with a new type of gear shift and a self-starter. In due course, Ford Motor Company closed down—and stayed closed until its engineers could produce a car we consumers wanted.

That's the free market and progress. That's also freedom. And if you and I permit that senator and that GM competitor to "save" us from it, we will no longer be free to choose. We will lose the most effective and beneficial control ever devised—our right to determine with our purchases which company shall grow large and which shall fail. The government will then decide for us. And that, of course, is the opposite of freedom.

THE TRUE FACE OF FREE GERMANY

by William Henry Chamberlin



IS THE GERMAN FEDERAL REPUBLIC a worthy partner in the community of free nations and, incidentally, a remarkable illustration of what economic freedom can do in restoring a nation to prosperity from wartime devastation? Or is it mere camouflage for lurking Nazis, who pull all the strings from behind the scenes and are only awaiting an auspicious moment to achieve a new take-over of political power?

Sparked by the grisly recital of concentration camp horrors during the trial of Adolf Eichmann in Israel, there has been a more or less concerted drive to convince American public opinion that the second interpretation of German conditions is the correct one. A best-selling book represents Nazism not as a frightful aberration, a twin symptom with communism of revolt against Western individualistic civilization with its Judaeo-Christian and Greek and Latin roots, but as a natural outgrowth of German history and German character. Other works, which have not reached so wide an audience, go still farther in trying to represent Germany under Kon-

rad Adenauer as only one short step removed from the Germany of Adolf Hitler, as a state where democracy is despised and liberalism is persecuted, where most of the people make little effort to conceal their Nazi sympathies.

Behind this drive to create a picture of a Germany unchanged and unchangeable are several strong emotional preoccupations. First, some individuals, in their justified horror at the crimes of the Nazis, are unwilling or unable to recognize that great numbers of Germans were also victims of Nazi tyranny and that there was an honorable German resistance movement. In these individuals there is a tendency, conscious or unconscious, to make mountains out of molehills, to regard isolated cases of hoodlumism, such as daubing swastikas, as more significant than the fact that there is not a single neo-Nazi deputy in the German parliament.

Second, there is a trend, especially in England but not unknown in other countries, to regard Germany as the only possible future enemy, to refuse to look at the map and see what a tiny speck is the German Federal Republic compared with the vast expanse of the Soviet Eurasian Empire, to overlook the enormous change in the European balance of power caused by the Soviet conquest of eastern and southeastern Europe and the contraction of Germany within extremely narrow frontiers. Along with this there is a marked resentment, in British socialist circles, against the new Germany for proving so emphatically that a combination of hard work, a normal incentive system, and a free market economy is a

far more hopeful road to national prosperity than an elaborate system of state controls and inhibitions.

Finally, it is very definitely in the interest of Moscow, and of international communism, to create the image of a "revenge-hungry Bonn militarism." Nowhere has the anti-Adenauer drum been beaten so assiduously as in Moscow, and for an obvious reason: the German Chancellor's principled and unswerving anticommunism. To inspire doubt as to the character and motives of the German Federal Republic would be a propaganda feat worth many divisions to Nikita Khrushchev.

While it is easy to identify specific motivations for the anti-German propaganda which has been very much in evidence during the last year, the allegations that are voiced against the Federal Republic should be examined on their merits. The most familiar of these allegations are as follows:

1. The Germans always have been and remain an incurably militaristic and aggressive people.
2. There is no real democracy in the Bonn Republic and Adenauer is a virtual dictator.
3. Many former Nazis or Nazi sympathizers are in influential positions; a case frequently cited is that of Dr. Hans Globke, State Secretary in the Chancellor's Office, a post roughly equivalent to that of Presidential Assistant in the United States.
4. German courts turn a blind eye to Nazi misdeeds, and the truth about the Nazi system is not taught in the German schools.
5. Neo-Nazi propaganda is rampant and influential,

so that the emergence of a new Führer is probably only a question of time.

This writer has spent a good deal of time in Germany, before the Nazis came into power, during the first year of Hitler's rule, and since the end of the war. With this background of contacts with hundreds of Germans of varying social backgrounds and viewpoints, supplemented by extensive reading of German newspapers, magazines, and books, I have no hesitation in pronouncing this over-all indictment as false and misleading. The small substratum of truth is submerged in a thick overlay of misrepresentation and gross exaggeration. Take up the counts one by one.

1. German Militarism

Historically, this allegation is quite untrue. For centuries the division of Germany into many states, some of them microscopically small, encouraged and invited the aggression of stronger neighbors. During the Thirty Years War (1618-1648) French and Swedes and foreign mercenaries fought over Germany and ravaged it. Louis XIV repeatedly invaded Germany. If one considers the names of the streets which radiate from the Paris Arc de Triomphe—Wagram, Friedland, Jena—or of the Austerlitz Station or the Rue de Rivoli, these commemorate Napoleonic battles fought far from France's home grounds. It was France that declared war on Prussia in the Franco-Prussian War of 1870-71. And, if Bismarck set a trap for Napoleon III, the French Emperor made himself co-

responsible for this conflict by walking into the trap. There was a tendency to rewrite the historical evidence about the origins of World War I in the light of Adolf Hitler's unquestionable personal responsibility for World War II. But the judgment of Sidney B. Fay, the objective American scholar, at the conclusion of his massive work, *The Origins of the World War*, is worth remembering:

"Germany did not plot a European war, did not want one and made genuine, though too belated efforts to avert one. She was the victim of her alliance with Austria and of her own folly. . . . It was the hasty Russian general mobilization, assented to on July 29 and ordered on July 30, while Germany was still trying to bring Austria to accept mediation proposals, which finally rendered the European War inevitable."

I was in Germany in 1922-23, shortly after the end of World War I, and I have been in Germany repeatedly since World War II, the last time in August 1961. There was a tremendous contrast in the mood of the German people, especially the youth, in these two aftermaths of defeat. Following World War I, there was a strong nationalist ferment and a keen desire for revenge. I still recall attending a movie which showed the German War of Liberation against Napoleon and the cheers which broke out when the Prussian Field Marshal Blücher was shown crossing the Rhine.

Of this spirit, which also found expression in the growth of many illegal military organizations designed to circumvent the restrictions on Germany's armed

forces, there was not a trace after the terrific collapse of 1945. There was not a single case after 1945 when the occupation powers had to deal with any kind of serious nationalist conspiracy.

As a matter of fact, it was infinitely easier to keep the Germans disarmed than to persuade them to rearm when it was realized that without German cooperation the European balance of power would be hopelessly tilted in favor of the Soviet Union. Although they have now modified their position, the Social Democrats fought German rearmament to the last ditch. There was an immense psychological resistance of the Germans themselves to the idea of taking up arms. Now, equilibrium has been restored. Young Germans accept military service as a necessity. But nowhere in Germany today does one find "militarism" in the sense of glorification of war as something intrinsically desirable. The Germans are realistic enough to know that they would stand no chance if they had to face the might of the Soviet empire alone. They have no national army; all their divisions are committed to NATO.

2. Undemocratic and Dictatorial

Every people has its own way of practicing democracy. Respect for leadership and authority—for party discipline—is stronger in Germany than in some other countries. But for the last twelve years, the Federal Republic has maintained a stable existence under free institutions. Freedom of press and speech has been fully maintained.

If Chancellor Adenauer came out with the highest vote in four national elections, this was not because the voting was rigged. It was because German prestige abroad and prosperity at home had revived much faster than any observer would have imagined possible in the bleak early years of foreign occupation. To anyone who saw the ruined, hungry, economically paralyzed Germany of 1945 or 1946, the Federal Republic (although not the part of Germany kept under Soviet occupation) would have been almost unrecognizable, booming with prosperity and steadily pointed upward.

The sensitiveness with which German voters react to important events was vividly demonstrated by what happened after the communists sealed off East Berlin on August 13, 1961. Up to that date there seemed to be every probability that Adenauer's party, the Christian Democratic Union, would repeat its achievement of 1957 by winning a clear majority of the seats in the new parliament. In the opinion of almost all political observers, German and foreign, the shock of this unopposed communist action cost Adenauer his clear majority and led to long bargaining for a coalition government.

3. Ex-Nazis in Government

It is true that some ex-Nazis are in government service. The Nazi regime was totalitarian, and membership in the Nazi Party—or at least in some Nazi-controlled organization—was for many Germans a condition of employment. It would have been impossible to staff a com-

petent civil service exclusively from people who had been in concentration camps or in emigration.

What would be a serious cause for concern would be any sign that ex-Nazis were influencing the policy of the Federal Republic along Nazi lines. But of this there is not the slightest proof. On the contrary, it would be impossible to imagine a system more different from Hitler's than the one which has developed under the leadership of Konrad Adenauer.

Nazi Germany exalted the state, cultivated a fanatical creed of German racial and national superiority, based the country's economy on intensive build-up of war industries, rejected any cooperation on equal terms with its European neighbors. Adenauer Germany has based its economy on free private enterprise, has been busily denationalizing and selling to small investors some big state enterprises, has led the way in promoting close European integration, and has been, if anything, a little laggard in building up to very modest goals of defensive military power.

4. Prejudiced Judges and Teachers

Most of the relatively few cases of serious anti-Semitic actions have led to court trials. Nearly all the more unregenerate Nazis live abroad—the surest sign that they would not be welcome in the Federal Republic. There has been a serious, determined, and fairly successful effort to bring to legal account those Nazis who committed crimes that were inexcusable, even by wartime standards:

murders and torture in concentration camps, in Germany and in occupied countries.

In the first years after the end of the war, war crimes trials were reserved to the Allied powers and led to 5,000 convictions and 806 death sentences, some of which were commuted. Since German courts took over, more than 30,000 people were prosecuted for war crimes, according to Walther Strauss, a conservative anti-Nazi who is State Secretary in the Ministry of Justice, and over five thousand were convicted. Since 1958 a central office for the exposure of Nazi crimes has been functioning in Ludwigsburg, and there has been a strenuous effort to finish prosecutions of war criminals before the statute of limitations comes into effect.

It would be impossible to claim that every school in Germany gives full instruction on the crimes of the Hitler period. Local conditions and parents' sentiment enter into the picture, and there is difference of opinion among educators as to the proper age when children should be told stories of revolting crimes. But the suggestion that German schools are systematically covering up the sins of the Hitler period is quite false. On this point the testimony of Dr. Benjamin Fine, former education editor of *The New York Times* who made a detailed study of the German education system in the summer of 1961, is worth quoting:

“With the exception of a small unimportant fringe of neo-Nazis, the overwhelming majority of German youth believes in the democracy of the Federal Republic. . . .

“Hitler and his philosophy are dead, as far as German youth are concerned. Perhaps some traces of his influence still linger in neo-Nazi circles, but this is little more than the ‘lunatic fringe’ you could find in any country. Films showing Hitler or his followers are met with laughter or scorn. Schools stress the evils that Hitler and the Nazi regime did, and the destruction they caused to Germany.”

5. Neo-Nazi Propaganda

What about the strength and influence of the “neo-Nazis”? Politically, it is as close to zero as possible. Of the little groups like the Socialist Reichspartei which are oriented in this direction, not one member in free elections has been seated in the German parliament. In scores of casual meetings with Germans, many in the informal atmosphere of mountain hikes, I never met one who defended Hitler or who wished to see a return of the Nazi system.

Dr. Walther Strauss, who regards Nazism as a terrible blot on the civilized German Christian conservative tradition, offered this penetrating analysis of the danger of a Nazi revival in a conversation in the Ministry of Justice in Bonn last summer:

“Compare the aftermaths of two great wars, in which Germany suffered crushing defeat. It is now sixteen years since the end of World War II. Sixteen years after World War I, in 1934, Hitler was in power, with a machine of terror and propaganda calculated to crush all opposi-

tion. Look how different the situation is today. Bonn is not Weimar. During the existence of the Weimar Republic we had 21 changes of Cabinet. Up to 1961 we had only one Chancellor, Konrad Adenauer. Instead of a score of discordant parties in parliament we have only three parties represented now in the Bundestag—and all these three, however they may disagree among themselves, are dead set against any return to Hitlerism. And of course our economic position is entirely different. Now, we have work for all and general prosperity. In the years of Hitler's rise to power, there was mass unemployment and acute economic distress. We now have a younger generation that has grown up completely without Nazi influence. Every year that passes weakens any lingering appeal of Nazi sentiment."

There is unfortunately one part of Germany where Nazi spirit and methods still prevail. This is the so-called German Democratic Republic (which is neither German, nor democratic, nor a republic), where Soviet tanks prop up the hated regime of Soviet *Gauleiter* Walther Ulbricht. Its popularity may be gauged by one simple fact: over three million Germans have fled from its territory to the prospering Federal Republic since 1945. Its character as a huge penitentiary has been emphasized by the wall in Berlin, designed to prevent the prisoners from escaping.

The brutal young *Vopos* ("People's Police") who shoot men, women, and children trying to escape, are blood brothers, in ideology and character, with the young thugs whom Hitler recruited into his SA and SS.

But this obvious parallel between the brutalitarian methods of Nazism and communism never seems to occur to the commentators who make a specialty of baiting the German Federal Republic, where free political and legal institutions go hand-in-hand with economic freedom.

It is high time that this nonsense about rampant, triumphant neo-Nazism in the Federal Republic be recognized for what it is: malicious propaganda, compounded of downright falsehood, gross exaggeration and half- and quarter-truths, designed consciously or unconsciously to advance the victory of Soviet imperialist communism and to sow distrust between free peoples who should stand together.

THE PRINCIPLE OF THE THING

by *Melvin D. Barger*



SOMEWHERE in New York City there is a young teen-age boy to whom, by the bad logic of our times, I owe a quarter. The debt has lingered now for almost a year, and probably won't be paid. One reason: I wouldn't recognize him, for it was twilight and I got only a few fleeting glimpses of his face. Another: he was quite angry at the moment when I did get a good look at him, so under normal conditions this would make recognition doubly hard. A third consideration: by my own logic—good, I hope—the debt doesn't exist.

It was an extraordinary and startling occurrence. I had stopped my car at a Tenth Avenue intersection, close by the Lincoln Tunnel exit into Manhattan. Seemingly appearing out of nowhere, this young teen-age boy all but vaulted onto the hood of my car and started wiping the windshield. For a moment I sat there in amazement at this unsolicited good deed. Then I realized that my young benefactor was actually giving this service for a tip of some sort; and since the traffic light changes occurred rapidly, he could not be expected to do anything approaching a thorough job. Yet, unless this

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was the first attempt at an unproven venture, experience had no doubt shown him that many motorists would toss out a coin or two upon driving away.

The youngster probably expected only a quarter, but I balked at giving it. There was something wrong with this operation in principle; and at the risk of being an irascible one who shatters the dreams of youth, I stuck my reactionary head out the window and barked: "Look, son, I would just as soon you wouldn't do that. You shouldn't clean a man's windshield out here on the street, and not unless he wants it done. Now I didn't ask you to do this."

I realized immediately that there are times when you're always wrong. The young entrepreneur, obviously and understandably hurt, climbed off my car and snapped: "Well, I'm trying to earn money in an honest way! That's better than stealing, ain't it?" There was a great deal of indignation in his voice, as if he were somewhat unable to believe that the twentieth century still accommodates some medieval minds who don't understand the economic pressures working on juveniles.

Grateful for the anonymity of the twilight, I drove quickly away at the light change, feeling the youngster's reproach stinging at my shoulder blades. I felt a little like the man who has inadvertently stepped on a child's sand castle, but is then incapable of repairing it. For I had read much about the problems of juvenile delinquency in New York City, and I had to admit that there must be much in favor of a youth who is willing to work instead of steal. The principle I was trying to defend

seemed rather shabby and selfish under the circumstances. It was simply that a man should always have a voluntary choice in the spending of his money. He should not have to pay for a service unless he has contracted for it, or has acquired an obligation through due process of law. I had not contracted for the young boy's windshield wiping services.

Now up until then I did not even know that this was one of my principles. It was, but I just did not have a way of stating it. The nameless young entrepreneur had helped me to realize just what it was myself.

Still, it would have been easy to flip him a coin or two as I drove away. This would have seemed to be the humanitarian thing; it would have been the gesture of the "good sport." And it wouldn't have been at all expensive! My reluctance to do so must have been the tired old feeling that we used to call "the principle of the thing."

Under Obligation

It should be clear that the youngster was indulging in a somewhat disguised form of begging. Of course, there is probably nothing morally wrong in begging, though the law frowns on it in most cities. Beggars are at least honest in that they don't pretend to offer a service in return for what you give them. They are soliciting a handout, pure and simple. They do not attempt to put you under some kind of an obligation.

Here, I was apparently being put under a double ob-

ligation. (1) It was being implied that I should provide a gratuity for the unwanted service. (2) It was also being implied that as a citizen I had some kind of an obligation to subsidize a youth "who did not steal." In other words, I was being told that I was getting a chance to "reward virtue and to do something about the juvenile delinquency problem." If a federal planner had been on the scene, he might have supplemented the young man's retort by warning me that if I, the private sector, didn't help this young man solve his problems, pretty soon the federal government would have to take action.

For much has happened during the year since this took place. There has been renewed emphasis on programs spawned by the dogmas called "environmentalism" and "economic determinism." Congressmen have proposed multimillion dollar programs to combat juvenile delinquency. A multibillion dollar effort called Alliance for Progress is underway in Latin America to stop the tide of communism. There is a high-powered movement in progress to pour federal funds into the public education program. These programs all accept the basic premise that everybody's problems have an economic origin; hence, liberal doses of money will solve them.

The root of the problem lies, in fact, in the acceptance of these dogmas as being true. If a man is the helpless product of the economic conditions into which he is born, does this not relieve him of all personal responsibility for the outcome of his life? Can he not shift the blame to others who allegedly denied him what it would

have taken to turn his life into better channels? Is he not encouraged to abandon the often strenuous attempts individuals have to make for their own moral and mental betterment? Finally, we arrive at a point where nobody is responsible for anything, and the only malefactors or ne'er-do-wells are those who still cling to the "ideas of the past."

I'm sure that by now the New York Police Department has discovered the young boy's activities and put a stop to them—but for safety reasons, not moral ones. The greater damage is that dozens of passing drivers were themselves so susceptible to this mild extortion that they yielded to it, thereby reinforcing both in themselves and in the boy the hazy notion that token, unsolicited effort deserves automatic reward. These persons were, in fact, far guiltier than he, for if they had refused, one by one, to deliver their contributions, the boy soon would have declared bankruptcy and "closed out the business." He would have learned that there was no real market for this kind of service.

Why didn't they, then, since many of them must have felt annoyed by the intrusion? My answer is only a hunch, but I suspect that most of them *hated to appear as poor sports, and also had blurred notions themselves about correct principles of economic exchange*. Failing to recognize that it sometimes takes as much courage to be temporarily cast in the role of a "poor sport" as it does to face actual physical danger, they were willing to subsidize a shakedown operation rather than to stand firmly on principle. It is possible that they also rational-

ized it by convincing themselves they were "helping the boy out," when in fact they were supporting his indolence.

The problem of what to do about the boy remains, as does the entire mounting problem of juvenile rootlessness. I suspect that he was indeed a pathetic victim—a victim of a loveless and/or broken home with little training and no moral instruction, the kind of a home the economic determinists point to when they demand more funds for social rehabilitation programs. This is a serious matter; and I must never believe that because the boy's services weren't worth my paltry quarters, I am therefore absolved of any human interest in the outcome of his life. In his remarkable sermon entitled "The Greatest Thing in the World," the missionary, Henry Drummond, pointed out that there is little real social concern in handing out coins on the street, but that our real goal should be in seeking a higher social concern for the redemption of others:

"It is a very easy thing to toss a copper to a beggar on the street; it is generally an easier thing than not to do it. Yet love is just as often in the withholding. We purchase relief from the sympathetic feelings roused by the spectacle of misery, at the copper's cost. It is too cheap—too cheap for us, and often too dear for the beggar. If we really loved him, we would either do more for him, or less."

OF RIGHTS— NATURAL AND ARBITRARY

by Clarence B. Carson



THE NUMBER of rights to which Americans are entitled appears to be increasing rapidly. Almost any current magazine or newspaper is apt to carry mention—sometimes casually—of some new right. They run the gamut from the right of workers to “toilet time” to the right of all adult citizens to vote. The establishment of these rights does not seem to require a constitutional convention or even a court order. Some of them may, for ought I know, be promulgated by cub reporters. They derive in spirit, for the most part, from an “Economic Bill of Rights” set forth by President Franklin D. Roosevelt in his Annual Message to Congress in 1944. He said, in part:

“In our day these economic truths have become accepted as self-evident. We have accepted, so to speak, a second Bill of Rights under which a new basis of security and prosperity can be established for all—regardless of station, race, or creed.

“Among these are:

“The right to a useful and remunerative job in the industries or shops or farms or mines of the nation;

“The right to earn enough to provide adequate food and clothing and recreation;

“The right of every farmer to raise and sell his products at a return which will give him and his family a decent living;

“The right of every businessman, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad;

“The right of every family to a decent home:

“The right to adequate medical care and the opportunity to achieve and enjoy good health;

“The right to adequate protection from the economic fears of old age, sickness, accident and unemployment;

“The right to a good education.”¹

At the risk of being labeled an ingrate for looking a gift horse in the mouth, I have some questions about this accretion of rights. Does the apparent “gift horse” carry a concealed price tag? Can rights be established at will? Are there any limitations upon what may be claimed as a right? What are the foundations and sources of these rights? To answer these questions we must delve into the nature and history of rights.

A right, according to the *American College Dictionary*, is “a just claim or title, whether legal, prescriptive, or moral.” More, it is “that which is due to any one by just claim.” As an adjective, right is correctly used when

¹Franklin D. Roosevelt, *Nothing To Fear*, edited by Ben D. Zevin (New York: Popular Library, 1961, copyright 1946), p. 406.

it is "in conformity with fact, reason, or some standard or principle." A right, then, is something to which one is entitled, and it must be founded upon reality, reason, or principles. This definition can only serve as an abstract guide; the abstractions must be given content before they will serve to distinguish between true and false claims to rights. This can be done by referring to the history of American claims to rights.

Traditional Rights

To lay claim to certain rights is in keeping with American tradition. To hold that some rights should be inviolable has precedents antedating the Declaration of Independence, for the Rights of Englishmen were recognized in colonial charters of the seventeenth century. Thus, there has never been a time in the history of English America when the inhabitants did not believe that they were entitled to some rights. Further, from colonial times to the mid-twentieth century the insistence upon certain rights has been a central theme in our history. Our attention, however, must be focused upon what rights were claimed, what they were based upon, and what changes have occurred.

The earliest grants of rights to Americans stemmed from the King of England. His authority derived from his claim to rule by Divine Right. But in the course of the seventeenth century a momentous change occurred in men's beliefs about the source of their rights. Thinkers began to reason that rights derived directly from Nature

whence they had been implanted by God, rather than indirectly through Divinely appointed authority. This view was used by John Locke to justify the Glorious Revolution in England, and by the time of the American Revolution it had been accepted by most thinking Americans. The rights which Americans claimed and instituted protections of in our revolutionary era were referred to as Natural Rights.

The Law of Nature

The Natural Rights Doctrine can be succinctly summarized. It held that God had created the universe and that in so doing, as Alexander Hamilton put it, “the Deity, from the relations we stand into Himself and to each other, has constituted an eternal and immutable law, which is indispensably obligatory upon all mankind, prior to any human institution whatever. This is what is called the law of nature . . .” After quoting briefly from Blackstone, Hamilton continues his explanation:

“Upon this law depend the natural rights of mankind: the Supreme Being gave existence to man, together with the means of preserving and beautifying that existence. He endowed him with rational faculties, by the help of which to discern and pursue such things as were consistent with his duty and interest; and invested him with an inviolable right to personal liberty and personal safety.

“Hence, in a state of nature, no man had any *moral* power to deprive another of his life, limbs, property, or

liberty; nor the least authority to command or exact obedience from him, except that which arose from the ties of consanguinity.”²

These, then, were the foundations upon which Americans based their rights when they set up the institutions of civil society in the Republic. They were founded upon the reality of a created universe whose Creator had invested with natural laws. The Founders believed that they had used reason to discover these laws, and that they were reasonable. The principles of natural rights, however, need to be more specifically stated. Natural rights were those rights which man would have if there were no governments or other human institutions. They would be rights because no man would have a *right* to take them away, though he might wrongly do so by the use of force. Thus, no man can claim a *right* to the *life* of another. No one has a *right* to the *liberties* of another. In like manner, no man has a *right* to the *fruits of the labor* of another. In short, by nature a man would have the *right* to the *exercise of his faculties in pursuit of his own well-being*, so long as he *did not trespass* upon the equal rights of others.

In a state of nature, however, natural rights would be endangered by the strong, the predatory, and evil combinations of men. Thus civil societies and governments were necessary to prevent the trespass of one man or a group upon the rights of another. In society, according to eighteenth century thinkers, natural rights gave way

² Richard B. Morris, ed., *Alexander Hamilton and the Founding of the Nation* (New York: The Dial Press, 1957), p. 9.

to civil rights. But this change did not alter the content of liberties; it merely gave social support to them. As Hamilton said, "*Civil liberty is only natural liberty, modified and secured by the sanctions of civil society.* It is not a thing, in its own nature, precarious and dependent on human will and caprice, but it is conformable to the constitution of man, as well as necessary to the well-being of society."³ It should be clear from this that governments might institute protections of civil rights but that the rights would not stem from governments.

Usurpation by Government

Many Americans feared that the government created to protect the individual in his rights would usurp them itself. As Thomas Jefferson said, "There are rights which it is useless to surrender to the government and which governments have yet always been found to invade. These are the rights of thinking and publishing our thoughts by speaking or writing; the right of free commerce; the right of personal freedom."⁴ Jefferson was expressing his discontent with the original United States Constitution because it did not specifically prohibit the government from trespassing upon the rights of the individual. It was to answer this objection that the first Ten Amendments were added to the Constitu-

³ *Ibid.*, p. 13.

⁴ Edward Dumbauld, ed., *The Political Writings of Thomas Jefferson* (New York: The Liberal Arts Press, 1955), p. 57.

tion. These amendments were carefully worded. They do not imply a grant of rights by the government; the belief that they do is one of the distortions that has crept into our national thought. They are, instead, limitations upon the government itself. Their phraseology makes this clear: "Congress shall make no law respecting an establishment of religion" (Article I); "the right of the people to keep and bear Arms shall not be infringed" (Article II); "The right of the people to be secure in their persons . . . shall not be violated" (Article III). The Bill of Rights should be correctly construed as prohibiting the government from trespassing upon natural rights as civil rights.

Recent Claims

The above are the facts, reasons, and principles upon which the rights claimed by our ancestors were based. Now let us examine some of the recently claimed rights to see if we can determine their character. Does every child have a *right* to an education? If so, it must mean that he has a claim upon someone to educate him; for a right to be viable it must be realizable. Education requires a teacher. A teacher must come forth willingly or one must be procured by inducements or coercion. In practice, the problem is one of employing teachers and paying them for their services. The money for payment must be willingly given, or it must be extracted from those who have it by force or threat of force. In either case, however, for a child to have a right to education

means that he has a right to the *fruits of the labor* of others. In short, the right to an education can only be established at the expense of another and prior right.

Does everyone have a *right* to an adequate wage? If so, it must mean that he has a claim upon someone to pay it to him. Suppose that the workman does shoddy work, that he does not produce goods in sufficient amount to reward his employer for a decent wage, that he is incompetent, or that his skills are not longer salable. Does he still have a right to a decent wage?

If he does, it will have to be taken from the *fruits of the labor* of others. The same thing can be said of the right of the farmer to "sell his products at a return which will give him and his family a decent living; the right of every family to a decent home; the right to adequate medical care," and so forth. The establishment of such rights would be the instituting of perpetual coercion and injustice. Even if enough people would willingly give from the fruits of their labor to provide these benefits, that would not establish them as rights, for no claim to a gift can be established without changing it from a gift to a tax.

Human Rights

Those who favor instituting "economic rights" have invented a supposed distinction between "human rights" and "property rights." These human rights are said to be prior to and superior to property rights. Thinkers who make this distinction are accustomed to refer to all

concern with money, finances, and property as selfish and motivated by the desire for "pecuniary" gain, the latter being ignoble and inhuman in its consequences. But property (or monetary) rights are reducible to the rights of human beings to the fruits of their labor and the enjoyment of their life. The expropriation of property or money is an expropriation of that part of the life of a man which he has spent in acquiring or improving his property and earning his money. More, it is an *ex post facto* incursion upon the liberties of the individual, for it is the taking from a man the product of his use of his liberty. If the right to the disposal of his property is not a human right, there are no human rights.

Enough has been said to enable us to characterize the nature of most of these latter day claims to rights. They must be *provided* by someone or some agency. They are not founded in the nature of the universe, the nature of existence, or natural law. Thus, they are arbitrary creations, the product of the undisciplined imaginations of men. Can rights be arbitrarily created? If they can, what would be the effect of doing so? Undoubtedly, language can be used, or abused, to announce an almost limitless number of rights. Legislatures can embody such claims in acts, and politicians can run for office on the basis of them.

But what cannot be done is to make a *grant* of something substantial without removing it from someone who is in possession of it. No one can be given the right to associate with me without taking from me my right to

choose with whom I will associate. No one can be given the right to goods which I produce without taking from me my right to the fruits of my labor. No one can have a right to my services without infringing my liberty of serving whom I will.

An arbitrary "right," then, is based upon appearances rather than reality, upon expediency rather than reason, upon confusion rather than principles. It is founded upon the false premise (the appearance) that governments can create rights, that necessity or desirability can give rise to a just claim, and that a man's life and liberty can be separated from the fruits of them. An arbitrary "right" is one which would entail a limitation on other rights in its normal exercise. A natural right is one which *can be* exercised without trespassing upon the rights of others. It is founded in the nature of human existence. An arbitrary "right" has to be provided; a natural right has only to be acknowledged and protected. Arbitrary "rights" require positive enactment by governments; natural rights require only negative prohibitions.

The Defamation of Natural Rights

The natural rights doctrine has been "discredited" in fashionable intellectual circles. This was accomplished by imputing to natural rights philosophers a false conception of the history of man. The defamers of natural rights profess to believe that our ancestors believed that man existed at one time in a state of nature, and that the validity of their concepts depends upon the historical

existence of such a state. This is not now and never was a valid issue; whether man ever actually existed in a state of nature is wholly irrelevant. Natural rights philosophers based their doctrines upon the nature of reality, not upon the course of historical development. They reasoned that governments were human creations, and that human creations were artificial. By a state of nature they meant the natural condition of man without such human artifices. They were peering beneath the surface of appearances to the underlying reality. They were holding that there is a limiting and lawful reality prior to man-made laws and institutions.

This conception of reality has no more been discredited than has the law of gravity. Nor does the possibility that these laws may differ somewhat upon the moon make any difference to our present existence upon earth. In order actually to discredit the natural rights doctrine, it will be necessary for thinkers to demonstrate that we do not live within a confining reality. Let them undertake flight on our planet without attention to the laws of aerodynamics. Let them show that they can bestow goods without taking them from their actual producers. Let them create rights which will not impinge upon earlier rights and do not affront man's sense of justice. Let them submit their Economic Bill of Rights phrased in the legal language which would permit their embodiment into law as Constitutional Amendments, and let us judge whether or not they would result in an abrogation of the original Bill of Rights.

Natural rights and arbitrary rights cannot exist side

by side in the same society; they are mutually exclusive. Every effort to create new rights in the twentieth century has already resulted in a diminution of natural rights as understood in the eighteenth century. There is an inverse ratio between the right of Americans to the fruit of their labor and the right of all Americans to a decent home. The truth of this statement is spelled out on the deduction side of Everyman's pay check.

Most serious of all is the fact that if government can create rights, it can withhold and destroy rights. The practical consequence of this fact is that if rights are derived from governments, there are no rights. Governmental favors may masquerade as rights. They may even assume a semblance of constitutionality. But such favors are instruments of power; they are arbitrary "rights" granted under the exigencies of the circumstances, subject to recall and change when circumstances change. If it is expedient for every American to have a decent home today in view of the threat of international communism, it may be necessary tomorrow for many Americans to be reduced to abject poverty in order not to incite the envy of the rest of the world. In short, when rights are arbitrarily created, there are no rights. The extent to which we have accepted the belief that children have a right to education, that farmers have a right to a parity of income, that all have a right to the latest medicine, and so on, is the measure of the extent to which we have yielded up our natural rights. It is the degree to which we have sold our heritage for a mess of pottage.

WORSE THAN CHAIN LETTERS

by *E. W. Dykes*



REMEMBER the "chain letter" idea? You send a dollar to the first of 12 names on a list, add your name at the end of the list of eleven remaining, mail copies to five other persons, and sit back to await your reward!

While waiting, you might check the arithmetic: \$5 to the first name on your five lists, \$25 to the second, \$125 to the third, \$625 to the fourth . . . \$390,625 to the eighth . . . and \$244,140,625 to you, assuming an unbroken chain. The twelve persons ahead of you, including the one to whom you sent a dollar, would have received a total of \$61,035,156. And you would be only the thirteenth person to have received any money at all out of that \$305,175,781 chain. It might then occur to you that the cumulative amount (which is also the number of people involved) or even your own reward, would be a figure well in excess of the number of men, women, and children in the United States—and that only 13 of them would have received anything in return for their dollars and trouble. At this point, it is easy to see why the Post Office Department has prohibited the use of the mails for this ridiculous and fraudulent chain letter scheme.

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Now, change the picture a bit. Suppose you really need the money. Perhaps your house needs extensive repairs at a staggering cost. Or, you've built on land subject to occasional flooding and you'd like a protective levee. Or, you've built in a desert and now want to irrigate the lawn and garden areas. Or, you lack an off-street parking area for your car. Or, you need an expensive surgical operation. Or, you have two children in college at the same time—or is it just one? Whatever the nature of your financial difficulty, its solution probably appears to be well beyond your means. Surely the Post Office Department would permit a chain letter for any such worthy purpose! (Attempt it at your own risk.)

The federal government is not always so uncompromising, however. Under slightly different circumstances, not only will you be able to avail yourself of the methods of the chain letter but you will be encouraged to find projects to be so financed. Go to your fellow citizens in your city, county, or state, find an immense project which it would be nice to have—or several of them—and apply for federal "aid." And justify the whole procedure on grounds that you could not afford these "necessary" improvements.

Urban Renewal

One form of slopping at the public trough that is now coming into vogue is urban renewal. Many of our larger cities have applied, or are considering applying for funds available from the federal government for this purpose.

Writers on the subject are nearly all agreed that the magnitude of the renewal necessary in most of our larger cities is well beyond the means of these respective cities. By their specious reasoning, these writers show why the downtown problems of Philadelphia, for example, constitute a "national problem" and are thus deserving of federal support. Such reasoning will be strained to the utmost to justify the request of Jonesville, Ohio. Not to be outdone, these smaller cities are now eyeing the grants—and why not? When someone says, "Let's get our share," the rush begins and the line forms to the left.

"Urban rot" is only one of the problems that cities are reputed to be unable to solve within their own means. If city officials go to the right agencies, they can get help for airports, expressways, hospitals, flood control, sanitary sewers, housing—or they can request money for planning in order to return later with more effective appeals for the big money.

Outside the cities there is aid for the farmer if he doesn't plant. Or, if he raises crops, he can borrow on them from the government which maintains unlimited and indefinite storage. The government offers flood control on the one hand, irrigation on the other. Minimum wage legislation and depressed area relief are other conflicting objects of government intervention. And, there is government spending for highways, power projects, rural electrification, aid to education, foreign aid, and so on.

Please note that the projects listed, and others too numerous to mention, in one way and another embrace

our entire population. The basis for any federal "aid" has always included the reason that the governmental unit aided could not afford the particular expenditure. The clear implication is that the federal government can. Were it not for the overwhelming evidence to the contrary, we might let it go without saying that virtually everyone knows that the source of federal funds is from the same people who presumably are to be benefited. Only an absolute illiterate could be unaware of the large—and growing—federal debt.

In the chain letter scheme, the money flows from all the participants to a few who get in early. In this giant federal "chain letter" scheme the same thing is true. The earliest on the various lists will, of course, get theirs. *But if it is true that the projects cannot be afforded locally*, the money is bound to run out. The odds cannot be whipped.

Most people understand the chain letter for what it is. Yet, many of our leading citizens seem unable to see through "federal aid." In my town, the people who should have known better were the ones who pushed through a new expressway costing over \$20 million, with only \$1.7 million being our "contribution" to the chain! In my town, one of the smartest and wealthiest men said we had to have new hospitals—even if it took federal aid. The president of a large eastern railroad wrote me that commuters must have help. Foremost educators are urging aid to education. Editors of architectural magazines, along with talented architects and city planners, aided and abetted by prominent real estate owners

and businessmen, say "urban rot" must be stopped with federal dollars.

Some of these same people talk about the "dollar rot" as though it were a scourge from outer space. When we urge federal money for local projects, we appear oblivious to the fact that we are being bribed with our own money.

The chain letter fraud, in contrast with federal aid, has at least one thing to be said in its favor. A person may participate or not, as he chooses; not so with federal "aid." The citizens of Seattle or Tulsa, whether or not they can afford their own urban renewal, must nevertheless support the scheme in Cleveland or Boston or wherever.

The problems we try to solve with federal "aid" are nowhere near as difficult and complex as the problem we will face in trying to untangle ourselves from the web of federal directives, red tape, massive taxation, and deteriorating values—the ingredients of the strong, centralized government we worship in our final dash away from the American revolutionary concept that man derives his rights from his Creator.

Where to Begin

And how are we to change our course? Perhaps this is the most difficult task of all, for it requires great self-restraint on the part of individuals, with no assurance that others will follow their lead. Actually, doing what is right should never require company. The cleverness

of federal "aid" is disclosed when we face up to the question, "Will some other area use the money my neighbors and I provided if we don't get our share?" The greater the temptation, the more difficult it is to apply one's principles. But principles, you can be sure, are not really your principles if dropped at the point where application is required.

There seems to be only one thing that will stop this cruel deception short of its ultimate failure. In view of the fact that "aid" programs always require applicants, the scheme will die only when applicants fail to appear. Though none of us has any control over the next fellow, we do—or should—have control over our own actions. We cannot guarantee that the "dollar rot" will end; we *can* guarantee that we will not aggravate that rot and that we will have no part in our country's demise.

FREEDOM AND THE NATURE OF MAN

by Sylvester Petro



FREEDOM in society is necessary to man because he can in no other way realize himself, or even be himself. As the great German thinker, Wilhelm von Humboldt, has said: "The true end of man—not that which capricious inclination prescribes for him, but that which is prescribed by eternally immutable reason—is the highest and most harmonious cultivation of his faculties into one whole. For this cultivation, freedom is the first and indispensable condition." This insight explains much. Men have painfully and awkwardly and courageously built free societies because it was only natural for them to do so. They have found that freedom in society is after all the best means of achieving their most cherished goals.

If all this is true, a stunning conclusion must be drawn: *the free society has a much stronger claim to inevitability than communism can boast.* The only alternative is a frustrated mankind doomed to a perpetual

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failure to realize itself. Communist Russia asserts that it is the society most congruent with the nature of man. It asserts a record of fulfillment already superior to that of the free society. But in terms of either the nature of man or of the historical record, Communist Russia and its fundamental ideology, Marxism, are wrong.

Consider the nature of man. This creature has been described in many ways, but I believe man is essentially described as of all earthly creatures the one with the widest known range of desires and the greatest capacity to satisfy a wide range of desires.

Man's yearning in the spheres of the mind, the spirit, and the senses is apparently limitless. Men differ among themselves in the relative strength of these desires; not all artists are thinkers, not all priests are artists. But Albert Einstein took much comfort in his violin, and the most ignorant workingman delights in the moving pictures or the companionship of the tavern, and he finds solace in religion. The infinite variety which is to be found in all human societies is a reflection of the character of the human being. Within a radius of one mile from Times Square in New York, or Piccadilly Circus in London, or Place Vendome in Paris, or Piazza Venezia in Rome, one can find the empirical evidence of the fantastic diversity of the human character.

Equally distinctive is man's capacity to select, adapt, and even create means to serve his diversified ends. No other creature comes close to the instrumental dexterity of mankind with nature-given means, let alone the capacity to create new means. Fitting existing means and

creating new means to serve his ends is as much a distinctive attribute of man as his apparently limitless appetite for the things of the body, the mind, and the spirit.

Full Use of Potentialities

If the goal of mankind is to realize the potentialities of the species to the fullest, it becomes necessary to insure to all men the fullest possible personal freedom. Confining freedom of action to a few, in the totalitarian way, is simply unintelligent—not to mention its immorality; for such a limitation arbitrarily confines the quantity and quality of service to society which might otherwise be forthcoming.

John Stuart Mill put the case for personal freedom—and for the free enterprise system—in its ultimate form when he said: “The only constant and unfailing source of progress is liberty, for by it there are as many centers of improvement as there are individuals.” Compulsion may force men to produce as much as their masters insist upon. I say “may,” for it is doubtful that unfree men or slaves ever produce as much as their masters wish, even under the lash. But what is not doubtful at all is this: compulsion will not make men produce more and better things than the masters themselves wish.

The theoretical maximum of production in an unfree society, therefore, is limited by the imagination of the few who are in control. Since these few are not likely to be the most productive or creative members of society, that theoretical maximum is undoubtedly far beneath

the potential of the society. In the free society, on the other hand, the theoretical maximum is limited only by the productivity and creativity of the most fertile persons, acting singly or in combinations with capacities to produce and create which are so prodigious as to defy a priori conception.

Quite apart, therefore, from the insuperable technical economic difficulties which Professor Ludwig von Mises has demonstrated in his great work, *Socialism*, a compulsory, totalitarian society is doomed to inferiority by a much simpler and more evident fact. Its productivity must be low because it systematically limits creativity and full productivity to necessarily only a few. It cannot be fully productive until it is fully free, and it cannot be fully free till it abandons the central socialist principle, *viz.*, public ownership and operation of the means of production.

The Russian Records

We have been hearing a great deal lately about the superior productivity of the Soviet Union, especially as measured against the United States of America. But for the fact that so many people are impressed by the Russian claims, little time should be spent on this matter. For the truth is that the Russian performance is disgraceful, even when compared to the only-partly-free economy of the United States. If the economy of the United States were rid of the debilitating influence of what is probably the most vexatious structure of govern-

ment regulation and the most burdensome taxes in the world—including Russia—we should probably be out-producing the USSR by an even greater margin than the present one.

There are in fact no areas in which Russia, with more people and a larger land area and longer and harder work, comes even close to the productivity of the United States. The able economist, Karl Brandt, has made a comparison in agricultural production. Of United States agriculture, he says: "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." (*Essays on Liberty*, Vol. VIII, p. 364.)

Of Russian agriculture, Mr. Brandt notes that "after 40 years of 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." In short, the relatively free United States farmer is six times more productive than the enslaved Russian farmer. Think of what the ratio would

be if the farmers of the United States were freed of all government control!

Per capita productivity in the United States exceeds that of Russia to a similar degree in all other areas—except probably in government, where, as might be expected, per capita productivity is the same all over the world: very low. Perhaps it is just as well.

Deceptive Percentages

But, the Russian apologists say, Russia's rate of growth exceeds that of the United States, with Russia claiming annual growth rates of something over 6 per cent, while the United States is growing only at the rate of 3 per cent or less.

This is the most spurious kind of comparison. For one thing, it presupposes the accuracy of Russian statistics, something which even the Russians themselves periodically disavow. For another, it neglects the difference in the rate-base. A child of one multiplies his years by 100 per cent on his second birthday, while his brother of three multiplies his years by only one-third on his fourth birthday—but both have grown only one year older on their respective birthdays. Russia claims a steel-making capacity of some 70,000,000 tons per year, suggesting something like a 500 per cent growth in capacity in the last twenty years. The capacity of the steel industry in the United States has almost doubled in the same twenty years. But that increase, it should be noted, amounted to as much as the total steel capacity claimed by the Rus-

sians today, or about 70,000,000 tons; for the total steel capacity of the United States today falls just short of 150,000,000 tons, as against 80,000,000 tons in 1939.

But even if Russia should ultimately produce more steel than the United States, this would prove nothing concerning the relative desirability or productivity of the free society as against the unfree society. The excellence of the free society does not lie in its gross production figures in any particular industry. The supreme excellence of the free society lies rather in its axiomatic response to the wishes of its members. The fact that Russia is producing 70,000,000 tons of steel each year means only that its masters have brutally directed the people to such a rate of production of steel. Left free, the people might have preferred to direct their efforts to other areas of production and consumption. Had the people of the United States expressed the appropriate buying intentions in the free markets which prevail there, the steel industry would have expanded to the degree necessary to supply the demand, whatever that demand might be.

Other Measures of Growth

In comparisons between Russia and the United States, no one ever mentions the aviation industry, or school construction, or the motel (motor-hotel) industry. In the ten years between 1949 and 1959, the commercial aviation industry in the United States more than trebled in terms of number of passengers carried—16,723,000

passengers in 1949 and 55,875,000 in 1959. I have been unable to find a comparable set of Russian figures.

Many in the United States are complaining about the alleged shortages in public school construction. Yet annual expenditures on school construction have grown more than 500 per cent in less than ten years, from \$411,598,000 in 1947 to \$2,850,984,000 in 1956. Again, comparable figures from Russia are unavailable.

With private citizens owning few if any automobiles in Russia, one could not expect that nation to have enjoyed any growth in the supply of motor hotels. On the other hand, even the less observant motorists in the United States are stunned by the fantastic increases each year in the number of comfortable, convenient, and even beautiful motels which are to be found wherever one looks, even on secondary roads. I do not have exact figures here, but I suspect that there may be at least fifty times as many units in the motel industry as there were fifteen years ago in the United States. The significant point is that a strictly private, personal desire has been accorded a royal fulfillment. The average American citizen on a motor trip stops his car within a few minutes of his first feeling a desire to rest, and with little thought and no effort drives into a handsome, clean, sanitary, and air-conditioned motel in which he and his family may be as comfortable and as private as they are in their own homes.

Commercial aviation, schools, and motels may not be the most elegant materials to illustrate the congruency of the free society with the nature of man, but they are

serviceable. The prodigious growth in these areas in the relatively free United States over the last ten or fifteen years demonstrates that what people want is what the free society will deliver. Its gross productivity in every area is limited only by the wishes and the capacities of its members. To say that an unfree society can out-produce a free society is to voice a contradiction in terms. To say that an unfree society will produce more of the various things that people want than a free society will is even more obviously absurd.

For far too long a time communism has profited from the insupportable assertion of its historical inevitability. Mr. Khrushchev to the contrary notwithstanding, our grandchildren are not going to live in a communist regime. Russia is not going to bury us. If there is any inevitability at all, it is in favor of freedom. If men survive as men, they will survive in freedom, for they can do nothing else and remain men. If the communists bury us, as they boast of doing, they will bury themselves, too. An ultimate victory for communism necessarily involves the ultimate defeat of the human race. Freedom is the natural condition for realization of the human potential. It is time for the lovers of freedom to claim what is rightfully theirs: the only future which men can have as men.

SHARING THE GAINS

by *Harold M. Fleming*



All economic gains must be eventually shared. That is a basic principle of such broad application that it might be called a general "law of economics."

This is not socialism. It is the essence of the free economy. Nor is it "*re-distribution.*" It is plain *distribution*, or *diffusion* of wealth.

It works this way:

1. All business is done by agreements of some kind.
2. The agreements are voluntary.
3. Nobody agrees to anything unless he finds it in some way to his advantage.

These add together to make the essential reason why economic well-being is more widely distributed in the United States than it ever has been in any other country.

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This article is a brief excerpt from "The American Achievement"—the story of how history and economics and politics and human initiative combined in America to achieve freedom, prosperity, growth, and strength—from the August 1961 issue of *Canco Magazine*, a publication of the American Can Company.

For in a free economy, everybody gets a share of the values other people have to offer. But they also have to share a part of the values they themselves have to offer.

A million deals, agreements, trades, contracts, and bargains are made every day in this country. They are all voluntary, and go on the same principle as that of the most primitive barter between Indians and fur-traders. Both sides gain, or think they gain.

This is the difference between ours and the communist system—or any army system. (The communists, in fact, seem to feel that a deal is something like matching coins. One man's gain must be another man's loss.)

But because of this principle of sharing, or "letting the other fellow make a profit, too," the free economy is one of history's greatest mechanisms for the diffusion of wealth.

What Pulls Up Wages

This principle of sharing applies to all markets, including the market for labor. The workman with labor to sell has been for 150 years the most consistent gainer from this sharing principle. This is because, though labor is a commodity, the price of which is subject to supply and demand, it is a unique commodity. It enters into every kind of production, and as productivity increases, the workman shares in the increase.

The hope of profit in new and growing industries forces employers in those industries to bid up for labor. This force has caused them to bid millions of people

from off the farms, from out of depressed areas and out of domestic service, and even from across the Atlantic. The best and the most new jobs are normally found with the most optimistic employers who have the strongest hope of profit. And it is such labor markets that over the decades have steadily lifted wages.

The point where the workman repeatedly benefits from the sharing principle is in the wage-bargain. It is the peculiar nature of this bargain which benefits the workman. What the employer buys is *time*. But what he sells is *units of product* (or service). So as fast as he can get more units of product per hour of the time he buys, the time gets more valuable to him, and he can, and eventually will, one way or another, share the gains with the workman—even though the increased productivity may be due in large part to better machinery and management.

This is because if he doesn't, then even more successful and ambitious employers will outbid him in the labor market. His rate of "qualified applications" will go down, and his quit-rate will go up. If then he can't afford to "meet the (rising) market" for workmen's time, he is on the way to going out of business.

This is the "magic formula of productivity," which class-conscious European economists and employers failed to grasp. It is what Henry Ford meant when he said, "There is no conflict, in a machine economy, between low costs and high wages." This is why the world's highest-paid labor (per hour of workman's time) can be and often is the world's lowest-cost labor (per unit of out-

put); whereas in some parts of Asia and Africa, labor is so expensive, in output or productivity, that it is the lowest-paid in the world, and in some cases scarcely worth any wage at all.

This is also why labor is a unique commodity, the market for which is normally quite different from that of all other commodities. The result of the productivity formula is that, in a free and progressive economy, and particularly in manufacturing industries, the price of an hour of labor normally and indefinitely tends to rise, while the price of manufactured goods normally and indefinitely tends to fall (or tends toward better goods for the same price).

The Costs of Obsolescence

But, it might be asked, "Why doesn't the employing manufacturer's net return on sales also keep rising indefinitely?"

Obsolescence and competition are the combined reason. They are the two blades of the shears which keep clipping away the employer's gains. While the tide of increasing productivity continually works to increase the value of the workman's time, it continually pushes against the value of the employer's investment. For example, he builds a new plant, with new machinery, to market a new product. It is a more productive plant, and he pays more for labor, accordingly.

But in time this employer, or a competitor, or a competing industry, builds a *still more productive* plant, and

bids for people to man it. This notches up the labor market. But there is no such market for the outmoded plant. It is on the way to the scrap heap.

Perhaps this story might be criticized as skipping too easily over the problem of technological unemployment. It might be said that workmen can't move that fast, and labor is not that mobile. But they *can* move. Their time still has value. An outmoded plant can't move. It has no more than scrap value. There is no market today for steam locomotives except with the wreckers—nor any market for the shops that built these locomotives. But there is still a market for the time of the men who used to build and drive steam locomotives—though it may have taken them some time to find it.

THE INPERT SITUATION

by Neil M. Clark



THIS IS A CALL FOR INPERTS. In a brief editorial in *The Saturday Evening Post* some time ago I outlined the in-pert situation, pointing out that we have just about all the experts we can use in this country, but there is a serious shortage of in-perts.

An in-pert, unlike an expert, hasn't been tamed and trained and taught how it must be done.

In the editorial I recalled the young engineering expert Thomas Edison once hired, whose first assignment was to determine the cubic content of a light bulb. After hours of careful measurement and calculation he proudly presented an answer. But Edison shook his head. Knocking a tiny hole in the end of the bulb, the inventor filled it with water, poured the water in a measuring cup, and in two minutes had proved that the expert's answer was 10 per cent off.

An in-pert named John Dunlop, a Scottish veterinarian, devised a pneumatic tire for his son's bicycle. Experts saw nothing in the idea for years and wrote lengthy

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articles in engineering journals explaining why the pneumatic tire wouldn't work. Then another inpert who didn't know any better put the things on his bicycle and out-raced the world's champion.

One serious fact about inperts is the difficulty of turning them out in large quantities. It's easy to train an expert. But an inpert sort of grows.

This wild colt, the inpert, harboring ideas that no tailor has cut to size for him, unawed by dogmatic "authority" from whatever source, whether persons in high position, social taboo, academy, or learned book; untrained, if "training" means rote learning and unquestioning acceptance of what others already "know"; irreverent, if "reverence" means kowtowing to self-appointed stuffed shirts; unpatriotic, if "patriotism" means placing one's business, town, state, or nation selfishly ahead of mankind—the inpert seems certain to hold a good betting hand in the poker game of progress from now on. The individual with a view of his own is coming back or coming into favor. The dynamism of many ideas which the world has not yet had the nerve to try, or perhaps hasn't had the brains to think of, will come not from quietly "obedient" banner-following hordes of faceless organization men in gray flannel suits, even if they have Ph.D. degrees. Believable reports from Russia indicate they will not come from a society predominantly occupied with industrial expansion, but requiring the bureaucratic scrutiny of all ideas through four stages right up to the Central Committee of the Communist Party. The creative ideas will come, rather,

from free-roving, far-roaming minds that weigh evidence fearlessly, accept frontiers as gates to be crashed, and dwell in communities where gates can be crashed with impunity.

Probably no one needs to be reminded at this late date that the world in our day has moved head first into an era of explosive change. But there are conflicting views as to where change is taking us, and what the future holds for the common human being. Familiar guides used in the past by prophets tend to be less useful now. Two schools of thought, at opposite poles, have emerged.

The theory most widely exploited since we have gained knowledge of what is called the frightening population explosion, and of how to crack the atom and invade space, has been enunciated in books such as Orwell's *1984* and Huxley's *Brave New World Revisited*: namely, that we are inevitably moving away from individual freedom and toward a robot-like form of existence in a centrally-directed society, where minds are conditioned by so-called leaders using thought-control methods and even subtle chemicals, and the mass of individuals will increasingly come under the guidance of an oligarchy of trained and willful brains. Somebody—somebody else—will call the shots for most of us, it's said: "experts."

Perhaps this is a natural way to figure, since something of the sort has happened so often in the past. Time after time, from the days of shamans and devil priests till almost yesterday, a few who felt sure they had seen the light and had been shown the right way, seized the pub-

lic platform, assumed authority, held the floor against all comers, and demanded general submission to their views. Insofar as they were able, they made sure their way prevailed. Time and again such leadership, however vigorous at first, has had hardening of the arteries, has lost itself in the jungle of dogmas, has faltered, failed, been rebelled against at last by a few bold ones, and overthrown.

The Role of Leadership

Freedom for common human beings to think and act as they decide for themselves, so long as they do not injure others, has approached at a very halting and uncertain pace down through the centuries; but it seems to some to be fully proved by now that no one brain or gathering of brains, however brilliant, is adequate for the great job of moving society and civilization steadily forward to improved and attainable goals. Efforts in the past to impose fixed procedures and preplanned goals of progress have been futile, self-defeating, and in the end tragic. It seems certain that they will be so whenever they are tried in the future—as they certainly will be tried again and again and again. The jobs to be done today, if we are to have the progress hoped for, seem to be just too big, too complex, the goals too diverse, for any process limited to the activities of a few and guided by them with authority.

The emergent theory fighting for acceptance and winning it, is that the hope for continued progress lies not

in submerging the alert individual, the poor dumb in-pert, but in making it increasingly possible for him to be his own leader in an orderly world in which he has a proper shot at making the rules. Full realization is certainly a long way off. But the logic of history indicates that this is the trend the world has been slowly taking, and the way which offers most hope for a greater society, a society which can operate at increasingly higher levels because the majority of individuals composing it are higher-level folks.

Leaders there will always be. But the function of leadership in the future, it appears, may be subtly different. Leaders may rather be looked upon as counselors, guides, standard-bearers whose opinions are offered and sought tentatively, their words being recognized as opinions and not as "last words" on the subject: opinions gained by contemplation, experience, trial, failure and success, and worthy of careful consideration. But such leaders themselves, at the best, will be content to say:

"This is the light I have had. It may help toward your light. You decide."

The day of the leader who assumed authority, and used force if necessary to bend others to his way of thinking and doing, is of the past or passing: provided, that is, we are truly moving into an age of genuine progress. Authoritarianism in any field, "expertism" of an earlier stamp, end-of-the-roadism (meaning, "We have discovered truth once and for all and this is it!"), has always been the severest brake on progress. The way

of the future leader will be to concern himself less with doing things for people and more with doing those things which enable people to do things for themselves.

It may be hard for many of us, accustomed as we are to accepting the say-so of "big brains," to receive the fact that not groups, but individuals, sometimes very humble individuals, originate change and progress; that any great new idea occurs first of all in just one human brain; that innovation at the outset is strictly an individual product and that the number of brains capable of creativity is not limited in number but is vastly greater than has been commonly thought; and that the release of latent human creativity from its age-long bonds at low performance levels, can accomplish more miracles than releasing the energy in atoms. An eminent philosopher and teacher, Professor Raphael Demos of Harvard University, has pointed out that the opportunity to form one's own personality "is the greatest gift that society can provide to a human being." It may also be the greatest attribute that society can encourage for its own improvement.

Sources of Invention

Inventiveness breeds progress and, like gold, is where you find it. It is not the exclusive prerogative of a chosen few who have received special training. No teachers, we shall see, have yet come up with a sure method for creating creativeness in human brains. Training may do something to bring out the knack—may do much. But

the faculty occurs widely and often turns out to be strongest and least inhibited in quite unexpected places. Only too often, however, it is bashfully modest, unsure of its welcome, unwilling to speak up. Unless given encouragement, it may hide its light and mutter to itself in corners.

A civilization which throughout history has been largely dedicated to traditional ways of doing things, and has been allergic to change, was slow to recognize and value any bright ideas that common human beings might have, and usually was not kind to the individual inventor. The man who invented the wheel was probably not regarded as a benefactor by people who knew him: more likely, he was kicked out of the clan as a red radical. Anyone who did an accustomed thing in an unaccustomed way was likely to be considered a "queer," a social heretic and misfit, a disturber-of-things-as-they-comfortably-were, to be laughed at if he were not too troublesome, to be shunned and ridiculed by sensible people, and if, like Galileo, he proved a threat to established scientific thought, or like Servetus, a threat to theocrats, he must be made to recant or be burned at the stake. The attitude is still with us far too much, although now that the world, by and large, is coming to accept rapid change as inevitable and desirable, it surely is high time for the emergence of a new and more favorable attitude toward individual creators, whence cometh all improvement.

This can probably come about only slowly and with pain and difficulty. But as it comes, it will spread and

find its way into every sector of our lives and thinking. A characteristic of a better tomorrow is that *the individual will make up his own mind*. He will not tolerate having it made up for him by anyone in authority, whether in government, laboratory, school, church, or place of work. The result will not be anarchy, as might be imagined, but the spread of enlightenment by means of the increasing numbers of people having light, determined to be themselves in all departments of their lives, not robots and not facsimiles. Progress and enlightenment can be speeded immeasurably.

It is my conviction that the self-propelled thinking inpert who doesn't swallow all he hears and reads, even if I say it, affords the future its brightest promise, quantitatively and qualitatively.

FREEDOM IS HARD WORK

by Keith S. Wood



A BUSINESS FRIEND of mine complained the other day, "Boy, is the competition getting tough! Changes are coming so fast I can hardly keep up with them. If something isn't done about these discounters, I don't know what's going to happen."

I think many people in business feel that there is something wrong with the economy when competition is fierce. They then support laws to regulate the "cut-throat competition," and the like.

But the fantastic productivity of the free society isn't handed to us on a silver platter! It is developed because of the powerful incentives the free society supplies to everyone—and the greatest incentives as well as the highest pressures are applied to those who are directly responsible for productivity: the businessmen.

Let me hasten to add that almost everyone of us is, in some sense, a businessman—being responsible for organizing and using the factors of production.

When a businessman is tempted to look for help from the law, it may be well to consider the following:

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1. We have no inherent *right* to manage a business, only the right to try. If others do it so much better that we have to "close up shop," then we have to join the ranks of those who work for others. This is a proud position in a free society and not one to be ashamed of.

2. In a free society, we usually aren't forced to discontinue a business, even though competition hurts. More likely, we have to accept a reduced income, which may be temporary or permanent, depending on circumstances.

A friend of mine once suggested, for example, that "there ought to be a law" with regard to pricing below costs, as one of his competitors was doing. This was hurting my friend's business, of course. However, exploring the subject further with him revealed that his business was by no means entirely dependent on that particular line. He's still in business today and successful.

3. Successfully meeting competition depends upon creative ideas. One must have faith that tomorrow's ideas will be sufficient for that day's needs, just as were yesterday's. Nor can we have tomorrow's creative ideas today; they must come to us in their own good time.

4. We should be thankful that we have this hard challenging work to do. It is evidence of our having the responsibilities of free men. In countries lacking freedom, people tend to "take it easy," to shirk—and the result is boredom and frustration.

We businessmen would do well to expect things to be tough always. If organizing and planning for the needs of society were easy, why, even the government could do it!

INTO SPACE AND BEYOND CRITICISM

by Leonard E. Read



THERE MUST BE millions of Americans who are extremely skeptical about our participation in the race to orbit men and balloons and electronic gadgets; who question the wisdom of putting astronauts on the moon; who see no sense in building unbelievably expensive apparatus to send messages into interstellar space to contact creatures who may not even exist and, anyway, could not understand our message if they do—nor we their reply.¹ And, if all the fantasy turned out to be true, the exchange of messages would take so long that the sender would not be alive to hear the reply! Yes, this fantastic business has undoubtedly generated an enormous amount of skepticism.

But where is the criticism? Only now and then does someone take a sly poke at political spending gone cos-

¹ It's probably true that millions of persons, all through the ages, would have scoffed at anything new and different that might have come to their attention. What is different about the point under discussion is that it is not a privately developed and financed project, but one which those who least want it are nonetheless compelled to finance.

mic. Why so much silent skepticism and so little overt criticism? To get at the answer, turn back a quarter century to the New Deal.

Created in 1935 by Executive Order was the WPA—the Works Progress Administration—a companion of NRA, AAA, CCC, FSA, HOLC, and many other so-called alphabetical agencies. Essentially, the WPA was a make-work program, often referred to by its critics as “boon-doggling.” While there may have been few if any instances of the unemployed put to work raking leaves across the road and back again, this is what it amounted to in the eyes of many citizens with a reputation for straight thinking. The point is, these nostrums were roundly and widely lampooned and ridiculed, their fallacies widely understood and exposed. One can catch the spirit of criticism of the time from a jingle by Odgen Nash, “One from One Leaves Two”:

Higgledy piggledy, my black hen,
She lays eggs for gentlemen.
Gentlemen come every day
To count what my black hen doth lay.
If perchance she lays too many,
They fine my hen a pretty penny;
If perchance she fails to lay,
The gentlemen a bonus pay.

Mumbledy pumbledy, my red cow,
She's co-operating now.
At first she didn't understand
That milk production must be planned;
She didn't understand at first
She either had to plan or burst,
But now the Government reports
She's giving pints instead of quarts.

Fiddle de dee, my next-door neighbors,
They are giggling at their labors.
First they plant the tiny seed,
Then they water, then they weed,
Then they hoe and prune and lop,
Then they raise a record crop,
Then they laugh their sides asunder,
And plow the whole kaboodle under.

Abracadabra, thus we learn,
The more you create, the less you earn.
The less you earn, the more you're given,
The less you lead, the more you're driven,
The more destroyed, the more they feed,
The more you pay, the more they need,
The more you earn, the less you keep,
And now I lay me down to sleep.

I pray the Lord my soul to take
If some Soul Commission hasn't got it before I wake.²

While the principle of the government boondoggle grew both in practice and adherents, and spawned millions upon millions of persons with a vested interest in its continuance, the prospect of its overthrow was kept alive by the liveliness of the criticism. Be it noted, however, that lively and effective criticism is possible only when there is general familiarity with the subject, which was the case as long as the boondoggle remained earth-bound.

But put the boondoggle into orbit, into outer space, and the problem is obscured. It is put out of mind, outside the realm of common sense and, thus, beyond effec-

² Reprinted by special permission of the *Saturday Evening Post*. Copyright 1934 by the Curtis Publishing Company.

tive criticism. Outer space is little known, and who can qualify as having worth-while opinions on wholly unfamiliar matters? Regardless of the depth of one's skepticism, there is a natural tendency not to criticize those activities which involve abstruse matters clearly beyond one's ken. "Look who's talking!" is about all the non-expert can expect to hear from listeners and readers. Such a discouraging prospect is enough to silence anyone who is skeptical of our space program. What, then, can a skeptic do? Well, he can ask questions, can't he?

A Fair Question

"What are these sorties into space to cost?" This is a fair question for the novice to ask, simply because there are no experts who might have a better right to ask it. No one knows the cost, not even the President of the United States! Nor the Director of the Bureau of the Budget! Nor James E. Webb, Administrator, National Aeronautics and Space Administration!

To the question, "What will it cost to put three men on the moon?"—a pilot-plant project now under way in the over-all moon undertaking and one of many space projects our nation is head-over-heels in—Mr. Webb replied, "The range of 20 to 40 billion dollars is a reasonable estimate."³

³ See *U. S. News and World Report*, July 3, 1961, p. 58.

Since when does a person know what he is talking about in fiscal matters whose idea of "a reasonable estimate" is such that he can say, in effect, "Give or take 20 billion dollars"? Even one million dollars is beyond the power of most of us to conceive. And a thousand million (\$1,000,000,000) surely is incomprehensible to nearly all of us. Roughly \$1 every minute, day and night, since the birth of Christ! Or look at it this way: Take an average-sized American home (about 8,500 cubic feet), stuff every room as tightly as possible with brand new, crisp \$1 bills.⁴ There would be enough of the one billion dollars left over to purchase 50,000 such homes at \$15,000 each! And the difference between the low and high of our government official's "reasonable estimate"—20 billion dollars—would tightly stuff twenty homes and have enough left over to purchase 1,000,000 more!

A Realistic Estimate?

Further, who ever heard of a governmental estimate that turned out to be realistic? The record reveals that a substantial multiplier is always in order if we are to reckon ultimate costs from original bureaucratic guesstimates. And, we must ask, what is the sense of three lunar inhabitants if it is not subsequently to locate on the moon another Cape Canaveral with its housing projects (pressurized housing?) and all of the other subsidiary

⁴ It takes 264 newly printed bills to make a stack one-inch thick. A vault containing 35,244 cubic feet is necessary to store only one billion such bills.

paraphernalia? (An Associated Press release of August 2, 1961, refers to a government study of "some strange methods for sustaining life in a still stranger environment . . . including: insulated balloons and caves or tunnels. . . . protecting against solar radiation and the extreme temperatures ranging from 250 degrees in daylight to 230 below zero in darkness. Boring machinery for digging tunnels and other equipment for building bases is expected to be operated by remote control by a crew still within the space ship.") Could the total wealth of the United States any more than begin to finance such a moon dream?

Claims Examined

Let us now consider some of the claims made for this orbital program to which we as citizens are being rapidly committed.

CLAIM: *Military advantage.*

In answer to the question, "Is there any military advantage in going to the moon?" Mr. Webb replied, "Certainly."⁵ To the question, "In what way?" he added nothing to convince a lay skeptic. His explanation, like that of others, implies military advantage but specifically we are left in the dark.

Few people dare to criticize any project, no matter how wild, if it carries the label "defense." Further, who among us can qualify as a lunar, military expert? Do

⁵ See *U. S. News & World Report*, July 3, 1961, p. 60.

even the members of the Joint Chiefs of Staff know any more about conducting warfare from the moon than any of us? Doubtless, they would be the first to confess their incompetence in this respect. Mr. Webb sheds some light on the subject when he admits it would take two and one-half to three days for a rocket to travel from the moon to the earth. Would not a modern atomic war with earth-launched missiles be concluded before a moon rocket could reach our enemy?

CLAIM: *"To maintain its international prestige, the United States must match or better its competitor's efforts."*⁶

Who is qualified to diagnose "international prestige"? This is pure collectivistic jargon. It has nothing to do with what a Swede or a Dane or an Italian will think of you or me or our compatriots considered individually, or how they will regard our ideals. It refers only to what the politicians of other countries think of our own politicians. Has international prestige become one of the new national goals? Are we as a collectivity to seek prestige?—fame?—from among men? What has become of the idea that esteem is to be sought from a Higher Source? This notion of international prestige sounds like what might be expected from the godless state.

⁶ This and the following quotes, unless otherwise specified, are taken from a brochure, *SPACE Challenge and Promise*, issued by Aerospace Industries Association of America, Inc., 610 Shoreham Building, Washington, D. C. AIA, as it is called, is a trade association whose members are contractors to the government for space hardware. An attempt is made in this attractive brochure to summarize, in simple terms, the arguments favoring the federal government's space program.

Even if it be conceded that prestige is among our ultimate goals, what competency has our bureaucracy demonstrated in this respect? Since World War II, our political apparatus has spent well over 100 billion dollars in foreign loans, "Voice of America," and the like. When, in American history, have so many foreign politicians thought so little of our own political leaders as now?

In any event, who has the competency to criticize this international prestige claim? For who of us can qualify as an authority in collective psychiatry?

CLAIM: "*This space weather station can give forecasters on earth the complete information they need to provide accurate weather information.*"

Who can criticize this? For who is an expert meteorologist? Is there one? Strict attention to daily weather forecasts breeds doubt. Indeed, the meteorologists who impress this layman are those who know they know almost nothing about the earthly and cosmic forces which determine weather. These forces, like the mystery of the Universe itself, are so complex that they may never be unraveled by man. One thing for certain, it is not true that "a space weather station can give forecasters on earth the *complete* information they need to provide *accurate* weather predictions." However sincere this inaccurate prediction, it offers the taxpayer little assurance about the accuracy of the predictions that are to grow out of it.

CLAIM: "*It is certainly within the realm of possibility that, once man has mastered accurate forecasting, he may*

be able to do something about changing the weather."

What man? Any private citizen? Indeed not! Who then? Obviously, a government man. If government could control the weather, what would be the nature of the control? Would not the control of weather follow the same pattern as government's control of income: ". . . from each according to ability, to each according to need?" That is, would not rain, for instance, be shifted from states with abundant moisture and poured on the thirsty states? Socialized weather, no less! Heaven forbid!

According to bureaucratic claims, government has now relieved material insecurity. Acting on this wholly false assumption, bureaucrats are now suggesting that they can guarantee against celestial uncertainty. What next, little men?

No matter what the weather—rain, hail, sleet, snow, fog, heat, cold, or whatever—we should give thanks for its unpredictable variety. This is by way of expressing gratitude that God, not the government, is in command of it.

CLAIM: "One answer to the problem [justification of governmental space exploration expenditures] appears to be the communication satellite. . . . Not only could they solve the cable problem, but also offer less expensive and more rapid overseas message transmission. In addition, they offer the possibility of long-awaited international television."

In the U.S.A., at least, communications—telephone, telegraph, teletype, wireless, radio, TV—have been pri-

vate undertakings, financed with private capital. No one of the socialized systems of other countries remotely approaches our own in the excellence of its service. Yet, successful as our entrepreneurs have been, they (short-sightedly, for certain)⁷ see no point in criticizing experiments in satellite communication as long as the enormous expense is met not from their own funds but from the daily bread of all the people. Space research "for free"!

Remove from the critic's role these people who know something about communications, electronics, and the like and who remains to raise questions? Only those of us with no more qualification than skepticism!

If bouncing messages off satellites is to be "less expensive" than cable transmission, as is claimed, then, pray tell, why is this not as appropriate a place for private capital as is transoceanic cable? Do not profits derive from cutting costs?⁸ Or, is this only "less expensive" after the taxpayers have orbited the satellites, that is, have contributed all of the capital outlay? Conceivably, one of these days, the political "public" will claim communications to be its business. That day will mark the

⁷ Private manufacturers face many dangers in becoming contractors to the government for space hardware. For example, cost plus contracts, the payment of fantastic salaries for certain technical skills and other wasteful habits tend to unfit the manufacturer for commercial competition. The free market requires that we keep lean, hard, and alert or get out.

⁸ For an explanation of this see "From Whence Come Profits?" by John Chamberlain, and "Incompetent Employers" by Francis Amasa Walker, *The Freeman*, October, 1959.

socialization [nationalization] of this great American industry.

Why do the claimants make reference only to expensive transoceanic cable? During the past few weeks, I have been on the telephone from Tokyo to Seattle and from New York to Buenos Aires. In each instance the conversation was clear and it took less than 1/50th of a second for our voices to reach each other. These talks were via wireless, not over cable. Would satellites be clearer or quicker or cheaper? These messages would be by wireless, wouldn't they? If the satellite route is superior, why does not private enterprise pick up the ball and the entire bill that goes with it? The answer is crystal clear: The market at this time does not warrant such a venture.

CLAIM: *"There is also the navigation satellite. Placed in a precise orbit and equipped with a radio transmitter, it could provide position reports of high accuracy for ships and aircraft."*

Most skeptics of government's cosmic ventures know nothing of navigation, thus, how can they criticize this one, authoritatively?

During recent years I have traveled more than a million miles by air and in every instance the aircraft flew directly to its destined airport. Not lost for a moment, even when the destination was tiny Guam in the middle of the vast Pacific! Is the government warranted in spending billions of our individual incomes to improve on this state of perfection? Indeed, how is it possible to make precision more precise?

CLAIM: "*World mapping is still another area where space research can provide benefits.*"

Few of us know anything about cartography, so how can we competently criticize mechanisms expensively blasted into orbit to do global charting? The proponents add, ". . . large portions of the earth cannot be precisely charted for lack of an accurate starting point. . . . A satellite can provide the needed base line . . ." What portions? The areas where people live appear to be well enough charted. For what waste areas is all of this unbelievably expensive precision needed?

CLAIM: "*The main goal of space research is knowledge.*"

This claim may be in error. While it is next to impossible to grade motivational influences, there are several influences that suggest themselves as more powerful than the quest for knowledge:

What about the folks high in the bureaucracy who believe that the American economy can best be run by the federal government?⁹ Is there a quicker way to make the transition from private enterprise to the omnipotent state than to take from individuals the choice as to how the fruits of their own labor shall be expended and to collectivize these choices in the central government? What promises to accomplish this faster than the multi-billion dollar space program?

⁹ ". . . a panel of seven economists, including Professor John K. Galbraith of Harvard, stated: 'We reject the notion that government governs best which governs least. The federal government is our only instrument for guiding the economic destiny of the country.'"—From *First National City Bank Monthly Letter*, August 1959, p. 90.

Or, what about the powerful political figures and the academicians who believe that government spending is the way to prosperity?

Or, what about the federal government's commitment to "full employment"? Doesn't the space program merely put the WPA boondoggle theory into enlarged practice and into orbit?

Or, what about the contractors who are gaining a vested interest in the lush space hardware business?

Or, finally, what about the scientists and the technicians who are "having a ball," who can indulge their wildest fancies without restraint, who can play Jules Verne and Buck Rogers in this sky's-the-limit game—and without having to give a moment's thought as to where the money is coming from?

Now, let us concede the dubious assertion that "the main goal of research is knowledge." Whose knowledge are these folks talking about? Mine? Yours? The extent to which it is yours or mine can be accurately determined by how much of our income we would voluntarily contribute were these projects on the open market. In my own case, there would be no contribution at all, for many other forms of knowledge have a higher call on my income than does space knowledge.

Obviously, there are other forms of knowledge that are important, but have no appeal to me personally. Each to his own bent. We live by these varied specializations. But that form which I elect to pursue is mine to reap the benefit from and to pay for. This goes equally for our space scientists and technicians. If they say they can-

not possibly gain the knowledge to put three men on the moon without coercively taking the income of those of us who have no interest in such a venture, then I say leave the moon unpopulated. If they say they are doing this for my own good, then I say they aren't God and, therefore, they know less than I when it comes to determining my good.

Forms of knowledge are infinite in variation. But some forms should have a priority over other forms. One of the most important forms of knowledge is to know what the rights of others are. Without this knowledge the other forms become dangerous. For nothing could be worse than a society composed of Ph.D.'s, all of whom are burglars or coercionists. Better that such "tradesmen" know nothing than so much!

The knowledge sought in the space program is financed by coercion. It is a contradiction of the moral law: Do not do unto others that which you would not have them do unto you. It is a contradiction of the economic law: The value of anything is what someone will offer you for it in willing exchange.

A Destructive Course

The boondoggle has been orbited and is, as I have tried to demonstrate, very close to being beyond effective criticism. Lacking criticism, there is no restraint against astronomical government spending except the inability on the part of our bureaucrats to spend faster than now. To say the least, they are hustling as best they can! In

this course lies the destruction of our economy and in its wake a general insecurity and an irreparable stunting of all useful knowledge.

As I see it, only two areas remain for telling criticism: the moral and the economic. We are hopelessly lost in the area of stratospheric debate and, if any success is to attend our efforts, the discussion must be brought back to earthy and familiar territory. Otherwise, the technicians and their sacred science will cancel out our voices with their highly specialized jargon.¹⁰

A Reasonable Point of Reference

Of course, no discussion such as this can make sense unless we agree upon or at least have some understanding of each other's premise, datum line, point of reference, goal, objective. What are we anchored to as the purpose of earthly existence? Is it lunar supremacy? International prestige? Scientism? A collectivism more thorough than that which headquarters at the Kremlin? Rulership of the world? Gross national product? Political people control?¹¹ Or, what?

¹⁰ With tongue in cheek, Dr. Warren Weaver writes: "Perhaps we should turn the world over to this superbreed. Perhaps they could, if properly supported, really liberated, and put in charge—perhaps they could solve all problems of human relations, of economic stability, of international peace, and of the good life. Perhaps they should design not only the churches, but the creeds also. Perhaps the best music and the loveliest poetry *will* in a short time, come out of a machine."—From "The Imperfections of Science," *Proceedings of the American Philosophical Society* for October 17, 1960.

¹¹ For an excellent explanation of why price and other economic controls are nothing but people control, see "Price Control Is People Control" by Dean Russell, p. 173 of this volume.

Without question, one or more of the above must be among the goals of those who are bent on putting the boondoggle into orbit. At least, such projects are consistent with goals of this sort.¹²

There are among us, however, those who believe in (1) the primacy and supremacy of an Infinite Consciousness, (2) the expansibility of the individual consciousness, and (3) the immortality of the individual human spirit. Acting on these assumptions, they reason with consistency that no objective can logically be superimposed on or stand in the way of the emergence of the individual human spirit; there should be no inhibition against the expansion of the individual human consciousness into as near a harmony as possible with Infinite Consciousness. Self-realization, that is, the realization of those creative potentialities peculiar to each personality, is the prime goal above which there can be no other.

Consistent with this individualistic philosophy of life is the belief that men are endowed by their Creator—not by the state or any collective—with the right to life, liberty, and the pursuit of happiness as each can find it. This is a spiritual concept. It is also political because it denies the state as the endower of rights. And, too, it is economic for, if a person has a right to life, it follows that he has a right to sustain life, the sustenance of life being the fruits of one's own labor.

¹² For the most flagrant attempt to present collectivistic goals for this country, see *Goals for Americans*, being a Report of the President's Commission on National Goals. Prentice Hall, Inc., 1960. 372 pp.

The economic precept that consistently fits this way of life is willing exchange as distinguished from unwilling exchange—the market value of any good or service being what men will willingly exchange for said good or service. This theory is incompatible with the coercive practice of taking the fruits of one's labor to satisfy someone else's compassionate instincts or someone else's interpretation of what is for one's own good or for someone else's joyous flights into space.¹³ A moment's reflection will reveal that willing exchange is the application of the Golden Rule to economic affairs.

If we will take note of the ideas issuing from American pulpits prior to the writing of the Declaration of Independence; if we will reread Madison's account of our Constitutional Convention; and if we will again peruse *The Federalist Papers*, we will observe that the whole case for America was built around the rights of the individual; in short, justice. Among men pursuing such an end, the American miracle followed as a consequence. Attention to moral principles brought economic blessings in its wake. Inattention to moral principles must bring economic disaster.

We won our case in those days with the moral argument. It appears more than likely that we can save our case only with the moral argument.

¹³ This is not to deny but to assert that government's role is to perform the defensive function. Government, however, cannot be defender and predator at once. For the author's ideas as to how much and why government should be limited, see *Government: An Ideal Concept*. Irvington, N. Y.: Foundation for Economic Education, Inc., 149 pp. \$1.50 paper; \$2.00 cloth.

WHAT FREEDOM MEANS

by *Dean Russell*



MORE MONEY is being spent today than ever before to sell "freedom and the American way of life." Literally, hundreds of millions of dollars are spent every year on this project, at home and abroad. In my opinion, almost all of it is wasted, including both governmental and private expenditures.

The primary reason for this is that the persons who are conducting these sales campaigns seem to think that freedom is a tangible product. Thus it is hardly surprising that they try to sell freedom in exactly the same way that has proved so successful in selling soap.

But freedom is not a product; it is an idea—an abstract, hard-to-understand, and generally unpopular idea. Since freedom is not a product, it cannot be bought or sold. With that in mind, examine the central theme of these advertisements and campaigns for freedom and the American way. You will usually find the promise that "freedom will provide you with more bathtubs and automobiles than communism will."

From the *Rockford* [Illinois] *Morning Star*, July 23, 1961.

That statement is true enough, but it hardly inspires men's souls. While I enjoy bathtubs and automobiles (and own two of each), I am not willing to die for them. If necessary, however, I am willing to die for freedom. Since I will not give up my life for an automatic dishwasher or central heating, just what is this abstract idea of freedom that I find so precious?

The Kind of Freedom the Founders Sought

Perhaps a logical starting point for our discussion would be to examine again the concept of freedom for which the founders of this nation were willing to sacrifice all of their material wealth, and their lives, too. Read their letters and speeches and books—the ministers, statesmen, farmers, merchants, lawyers, and others who advocated and led our revolution for freedom. You will be hard put to find any promise that freedom will bring to its defenders a higher level of material living. (It will, but that is a mere by-product.)

Our forefathers who fought for freedom never claimed that it would provide more buggies and wagons than socialism would. (It did, but that is merely one of the results of freedom, not freedom itself.)

True enough, the founders of this nation believed firmly that private ownership of property undergirds freedom. And all of them said so, loudly and clearly. Thus, of course, they were willing to fight for that, too. But note that they fought for the right of ownership (the abstract idea) rather than for the property itself.

They fought for the right of a person to go into business for himself—if he wanted to, and if he could earn, borrow, or inherit the necessary capital.

They fought for the right of any person to hire any other person to work for him, on terms mutually agreed to by both individuals.

They fought for what is perhaps the key to all freedom—the right of a person to quit his job for any reason whatever, and to try to find another one. They fought also for the equal right of an employer to fire any employee he chooses to fire, and for any logical or illogical reason he may have. Realists like Franklin and Madison were well aware that the one right cannot long exist in the absence of the other.

Above all, they fought to keep their own government (their own duly elected officials) out of their personal and business affairs. They fought to preserve the right (the chance, the possibility) of any person to become a millionaire or a pauper—as ability and luck might determine. They fought to preserve the precious right of persons to love their fellow men and to be charitable to them, if they choose to do so. In short, they fought for the abstract idea that is freedom—that is, the “exemption from necessity, in choice and action.”

Can you imagine our “Voice of America” trying to explain that nonmaterial and abstract idea to the “uncommitted nations of Asia and Africa”? I can’t, for two reasons.

First, we Americans don’t believe in freedom any more; we would rather have government-guaranteed se-

curity. Second, even if we did believe in it, the Africans (and Europeans and Americans and Asiatics) wouldn't understand such an abstract idea of personal responsibility anyway. Thus, since we no longer have an abstract ideal to offer them, we try to sell them the only thing we seem to have left—material rewards like the tangible money payments from compulsory social security. We rhapsodize about our public housing developments and hydroelectric dams that all of us are forced to pay for, and that can actually be photographed and shown to the leaders of the new nations as examples of what they should do. We pridefully recount the actual jobs that are guaranteed or provided by governmental decree. And so on through all of the realities and promises of material benefits that underlie our compulsory social programs.

We talk about sacrifice but vote for more subsidies and material benefits. We Americans have so lost our way that it should have surprised no one when our leaders actually appointed a committee to try to find for us some acceptable national purpose! As could have been predicted, of course they failed miserably. Even so, perhaps we can draw some comfort from the fact that our leaders at least realize that something is missing.

This emphasis on government-guaranteed material possessions may now well be the "American way of life" (just as it has always been the communist way of life), but it most definitely is not freedom. That disappeared with the advent of the words "compulsory, forced, governmental decree," and so on. Freedom (choice) for the

farmer really disappeared when he accepted those first "free" seeds from government; the present controls over what and how much he may grow followed automatically. Freedom (exemption from necessity) for employees disappeared with the Wagner Act (and its successors) that permits and encourages labor leaders to force them to join a union against their wishes. Freedom (choice in action) disappeared for all of us when the government first compelled us to pay tribute to its alleged insurance scheme whereby everybody is promised that he can live at the expense of everybody else. And so on and so on through the thousands of other material schemes that compel peaceful persons to participate against their wishes.

We Fly False Colors

Today we are trying to sell these compulsory material aspects of our society under the fraudulent label of freedom. The communists will continue to beat us at this game for two reasons. First, they can (and do) outpromise us in material benefits. Second, and by far the most important, the communists understand that men prefer to fight for abstract ideals that appeal to their souls instead of their bellies. Thus, though they have no intention whatever of fulfilling their promises, the communists speak of the abstract ideals of brotherhood, peace, equality, dignity, and so on. Meanwhile, we Americans keep yapping about material bathtubs, automobiles, soap, guaranteed jobs, compulsory social security,

and federal aid to state and local governments. Can you find anything worth fighting and dying for in any of them?

If my political leaders decide that it is necessary for me to man my machine gun again "to fight for freedom," I'll do it. But let them clearly understand that I'll be fighting for an abstract idea and ideal—freedom; the right to be responsible for my own welfare; to suffer the consequences, good or bad, that result from my own choices; to go unemployed if no one wants to hire me; to go hungry if no person or church or charitable organization will give me bread; to associate with anyone who cares to associate with me, and for any good or bad reason that appeals to either of us; to worship God, or not, as I please; to teach my children that freedom automatically disappears when the government applies compulsions against peaceful persons; and above all, to hold to my conviction that freedom is more precious than any material benefit—yea, even more precious than life itself.

THE HIGHWAY DILEMMA

by John C. Sparks



PERHAPS for the same reason that so many persons expect the government to resolve their personal problems, they also imagine that a remedy which failed when applied in small measure is bound to give good results if applied on a massive scale. The outcome, of course, depends on whether or not the proposed remedy is suited to the problem. A small amount of the wrong medicine may do no more than postpone a patient's recovery, whereas a large dose might injure him seriously, if not fatally.

By the middle 1950's, it was fairly obvious that the United States had on its hands a sick patient in the form of an acute highway problem. The federal government asked a study commission for recommendations to make the nation's roads adequate and safe for the growing commercial and passenger traffic. Mounting maintenance costs, increasing snarls of traffic, rising totals of highway accidents and deaths were some of the alarming symptoms of sickness in the system of highways, roads, and streets owned by city, county, state, and federal governments.

A major automobile manufacturer conducted a contest for ideas which might help resolve the problem. Clubs and civic groups offered suggestions. Government leaders had recommendations. But the net result of all this was the one general idea, the one solution, of turning to the federal government. It could administer the largest possible dose of the same old medicine—bureaucratic planning, construction, and operation, financed on the grand scale through higher taxes.

In 1956 the Federal Highway Program was initiated to provide a network of national highways estimated to cost \$23.6 billion and to be completed by 1972. Today, five years later, the estimated mileage goal of the new highways has been increased slightly, but the costs are now estimated to be \$41 billion, and many believe the figure may exceed \$50 billion before completion. Furthermore, the predicted completion date has been moved along three years to 1975. Other difficulties include property acquisition at prices well above recent market values; construction work below specifications; overpasses too low to accommodate commercial transports; houses disappearing before the government could redeem some of the acquisition costs through resale;¹ selection of costly routes when less expensive routes were available;² and political considerations outstripping economic considerations. Sharp criticism has been leveled at the program by various senators and others in posi-

¹ "\$40 Billion Highway Program in Trouble." *U.S. News & World Report*, March 7, 1960.

² Karl Detzer, "Our Great Big Highway Bungle." *Reader's Digest*, July 1960.

tions to report the extravagant waste, bureaucratic bungling, and dishonesty.

The only purpose in recounting the record of the Federal Highway Program is to show the poor condition of the patient after a big dose of the wrong medicine. Obviously, it is important to determine the right medicine so that we may work ourselves out of the highway dilemma.

Looking in the Wrong Place

No number or concentration of experts on road construction or of wizards on finance can find the solution to the highway problem *until the search is conducted in the area in which the solution lies*. The evidence is clear that the wrong place to look for the solution to the highway problem is in the area of government. That practically all highways are owned by some particular form of government—federal, state, county, or municipal—*is the problem* and not the solution.

Government is not creative, although misguided and misunderstanding citizens and elected servants have time and time again mistaken compulsion for creation.

The proper role of the government should be to defend our nation from outside attack, as a soldier, and defend us from lawlessness from within, as a policeman. Both of these tasks are very important, but neither is creative in nature. The company striving to develop a new vaccine for the elimination of cancer surely would not assign the project to the plant security police. Nor

should we assign the development of highways to political policemen. We have too often hooked up coercive power to a creative field, and the results have ended inevitably in failure. When the hand of government is inserted in a problem requiring initiative, it becomes a dead hand—and the failure can be predicted.

Government should not be in the creative field of highway construction and ownership. One cognizant of the coercive nature of government could have predicted years ago (and some surely must have done so) the dilemma with which we are faced today. Surely he would have foreseen the inadequacy of government roads to keep pace with the development of ideas for better conveyances that would come from millions of creative individuals acting freely. No one could have predicted in detail where the road facilities would be proven inadequate, just as no one could have predicted in detail sixty years ago just what the 1961 model Cadillac would look like. But if one had been aware of the creative nature of a society of free men and the coercive nature of government, he could have predicted in general terms, but no less accurately, the dilemma of today.

Similarly, we can predict today the greater dilemma which will face us still unsolved in succeeding years unless government surrenders this highway problem and responsibility to private initiative.

The alternative to public or government ownership of highways is *private ownership*. There are but these two possibilities. The alternative to the government ownership of anything is private ownership, whether it

be the automobile industry, chemical industry, the postal system, or the corner grocery store. Regardless of the industry or service, these are the alternatives of ownership.

The government-ownership record is not enviable. It has become a so-called insurance company for millions, but with a Social Security sales program so unconvincing to the discernible that it must force its captive "policy holders" to pay their "premiums." In its operation of this compulsory "insurance" scheme, it pays out benefits in order to win votes and increases the amount of these benefits without regard to its financial status. Government entry into the electric power field under the guise of flood control, its entry into local education and its threat to wield even a heavier hand of authority through federal aid, its slow and expensive jaunt into atomic power—these are vivid bits of evidence of the record of government ownership and control in creative fields.

For the purpose of illustrating the great accomplishments of private initiative, let us suppose you had lived in 1900 and somehow were confronted with finding a solution to any one of the following problems (within the next 61 years):

1. To keep roads adequate for use of conveyances, their operators, and passengers!
2. To increase the average span of life by 30 years!
3. To convey instantly the sound of a voice speaking at one place to any other point or any number of points around the world!

4. To convey instantly the visual replica of an action, such as a presidential inauguration, to men and women sitting in their living rooms all over America!

5. To physically transport a person from Los Angeles to New York in less than four hours!

6. To build a horseless carriage of the qualities and capabilities described in the 1961 advertising folder of any automobile manufacturer!

Without much doubt you would have selected the first problem as the one easiest of solution. In fact, the other problems would have seemed fantastic and quite likely would have been rejected as the figment of someone's wild imagination.

Now, 61 years later, let us see which of these problems have been solved. Has the easiest problem been solved? No! Have the seemingly fantastic problems been solved? Yes, and we hardly give them a second thought.

No Accident

It is not accidental that solutions have been found wherever the atmosphere of freedom and private ownership has prevailed wherein men could try out their ideas and succeed or fail on their own worthiness. Nor is it accidental that the coercive force of government—when hooked up to a creative field such as transportation—has been slow, plodding, and unimaginative in maintaining and replacing its facilities.

How could roads be built and operated privately? I

do not know. This is a subject to which none of us directs his creative attention. We never think creatively on any activity pre-empted by government. It is not until an activity has been freed from monopoly that creative thought comes into play.

But go back to 1900. Could any of us then have told how to solve the five problems to which solutions have been found? Suppose, for instance, that someone could then have described the looks and performance of a 1961 automobile. Could any of us have told him how to make it? No, no more than we can describe how to privately build and operate highways today. But we can be sure that the exciting and miraculous equivalent of other private-ownership developments will occur with respect to highways when they are freed from governmental monopoly.

A privately-owned highway company would continually seek to satisfy its customers by providing safe facilities for them and their vehicles, most likely far beyond our imagination. It would continually seek to improve its facilities in order to increase its own sales and attract customers from its competitors. The tie-in of achievement and financial reward would be direct—and the results would be as astounding as penicillin, television, or power-steering. Could we not logically expect a development in highway facilities as amazing as the contrast between a jet-engine airliner and the first invention of the Wright brothers?

Who can say what thoughts will come to light when men are free to own, build, and operate highways and

try out their own ideas, assuming their own risks of penalty or reward according to their abilities? I cannot predict the exact development in highways which would be comparable to the development of four-wheel brakes to an automobile, or to the development of the coaxial cable or microwaves to the communications industry. I cannot predict the exact nature of the ingenious thought of some man unknown to me, perhaps yet unborn. But I can safely and accurately predict he will exist somewhere just as soon as government relinquishes its monopolistic and compulsory hold on highways, and he will bring forth and try out an idea which will be but one of many advances that will come through a private highway system.

This is the direction toward which we must head if we hope to be successful in finding our way out of the highway dilemma. It will cost nothing but courage to try freedom. Private ownership, private initiative, the hope of reward, and the expectation of achievement have always been primarily responsible for the advancement of mankind—accounting for an almost infinite number of “fantastic” accomplishments. Privately-owned highways could be another.

POTLATCH, U.S.A.

by *Marceline Bradfield*



CUSTOMS OF EXOTIC PEOPLES often strike us as strange. Imbued as we are with our own culture, it is difficult for us to visualize the significance of foreign practices to the group who hold them quite natural. This frequently results in our standing off uncomprehendingly and wondering to ourselves, "Now, why on earth would anyone want to do a thing like *that*?"

As an illustration, let us examine a ceremony of the Tlingit and Kwakiutl Indians, which was called the *potlatch*. The aboriginals of the Pacific Northwest were a hunting-gathering group united by linguistic similarity and clanship relations. They fished for salmon each spring, drying the catch to last till next season. Game animals were plentiful, and life was not an uninterrupted battle for survival. Indeed, there remained time for blanket-weaving, fur-dressing, carving, and the making of copper shields in surplus quantities. One might suppose that the Kwakiutls and Tlingits would have used this surplus wealth to create more wealth or leisure for

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themselves by trading with neighboring tribes. However, such was not the case. They created the abundance *merely to destroy it or give it away!*

The key to the Kwakiutl-Tlingit culture was prestige and social position. The clans expended great amounts of time and energy in amassing stores of wealth and food. Rivalry between clans and heads of clans was acute. At a certain appointed time a chief would invite another head of a clan to a *potlatch*. For a chief to refuse the invitation would have meant ridicule and loss of rank. The host presented the guests, the entire visiting clan, with great gifts of food and goods to humiliate them—the more extravagant the gifts, the more mordant the shame. Huge piles of blankets were burned one at a time. Pelt after pelt of furs were added to the flames. Vast sheaves of cedar bark were rendered to ashes. Stack upon stack of copper shields were shattered to the ground. The only recourse open to the vanquished guests was to return the invitation and outdo the giving and the destruction by the former host.

It does not require much thought to realize that, considering the bounty of nature was a rather fixed quantity, someone was bound to bankrupt his entire clan sooner or later, and, unable to give away more, go down in utter degradation.

“Now, why on earth would anyone want to do a thing like *that?*”

Let us substitute more familiar terminology and techniques for Kwakiutl-Tlingit, and re-examine the description:

A ceremony of the Americans is called the *give-away*. The inhabitants of the U.S.A. are a highly-developed industrial society united by linguistic similarity and broad cultural ties. Both industry and agriculture are highly productive, so that life is not an uninterrupted battle for survival. Indeed, there remains time for production of farm produce, consumer goods, and luxury items in surplus quantities. One might suppose that the Americans would use this surplus wealth to create more wealth and leisure for themselves by trading with neighboring nations. Such is, in part, the case, but they also create the abundance *merely to destroy it or give it away!*

World-wide Give-away

The key to the American culture is prestige and social position. The nation expends great amounts of time and energy in amassing stores of wealth and food. Rivalry between America and its allies on the one hand, and a Sino-Soviet group of allies on the other, is acute. At various times a chief of state from still another group of nations, known as underdeveloped nations, figuratively invites both rival groups to a give-away. For either to refuse the invitation would mean ridicule and loss of rank.

The difference between *potlatch* and give-away now becomes apparent: the "host" now becomes the recipient, while the "guests" each vie for the honor of presenting him with the most extravagant gifts. The Western clan presents the "host" with great gifts of food, money, and

goods to humiliate the Eurasian clan—the more lavish the gift, the more mordant the shame. Huge piles of grain are allowed to rot one at a time. Ton after ton of butter is added to the decay. Vast sheaves of banknotes are poured down bottomless abysses of foreign aid. Stack upon stack of foreign loans is allowed to lapse. The Eurasian group gives the appearance of lavishing its aid upon the underdeveloped clan, too. Actually, the Soviets never really release their presents, but hold strings to them, concealed or unconcealed. Moreover, the Eastern clan has not been so well blessed by a propitious combination of geographic, demographic, and historical factors as to have superabundant goods and food. They do not, therefore, practice destruction of the fruits of their own labor. On the contrary, they are concerned with increasing the wealth of their own economic system.

Creating Enemies

When one give-away is completed (though there really is no *one* give-away—only an unending series), the “guests” do not return the invitations to the “host.” They have only to progress down a revolving list of prospective “hosts,” each time each “guest” trying to outprestige the other by winning favor from the “host” and humiliation for the rival. It never seems to dawn on the Western clan that their give-away often backfires, winning favor for the rival and humiliation for the “host.” For, although the recipient himself requested aid, he suffers excruciating embarrassment from having accepted

charity. Nothing wears so thin, so fast, as gratitude chafed by pride. Thus, the American clan, intending to encourage friendship with the underdeveloped nations, succeeds merely in creating enmity.

It does not require much thought to realize that, considering the bounty of economics is a rather fixed quantity, one chief is bound to bankrupt his entire clan sooner or later, and, unable to give away more, go down in utter degradation—especially when the rival chief is holding out half the deck up his sleeve in the game.

“Now, why on earth would anyone want to do a thing like *that*?”

Greatness Through Abundance

The Tlingits and Kwakiutls would understand: the man who makes beggars of himself and all his people is the greatest chief of all. The validity of this cultural concept is proven by the great renown which these Indians achieved. Hardly anyone outside of academic anthropology has ever heard of them!

The great nations of history did not succeed to that greatness by distributing their wealth or charring it to clouds of dust and smoke. Their greatness came from the ability to *accumulate wealth*. Any renowned empire—Inca, Egyptian, or Roman—became great by gathering up—hoarding if you will—wealth. This fact was not lost upon our forefathers. They fought and struggled and saved painstakingly for wealth. And they built up a great nation.

Nor has this theory been lost upon the leaders of the Soviet Union and Communist China. They, too, are fully aware that they must amass capital goods before they can reach and surpass us. That is the reason they keep tight rein on their "foreign aid," and why they encourage our big give-aways. They hope we will pass them—going in the wrong direction!

It is frequently next to impossible to detach ourselves from our own culture long enough to evaluate it objectively. But comparison of our theories and practices with those of others can serve to clarify persistently foggy perspectives. Or is it still obscure that we are abandoning our former ideals of greatness through abundance, and embracing the ridiculous practice of winning greatness by losing everything.

MENTAL GAPS IN OUR THINKING ABOUT RUSSIA

by Lev E. Dobriansky



ALTHOUGH we have dissolved much of the fog in our thinking about Russia during the past ten years, our concept of this global menace still remains distorted by a series of assiduously cultivated myths.

In fact, I have just now momentarily nourished one of these myths by saying "our thinking about Russia" when I should have referred to the "Soviet Union." This is the most common myth: using "Russia" and "the Soviet Union" interchangeably as if they were the same territory and the same people. It suits the communists just fine when we commit this error.

Russia is only one of the fifteen entities that comprise the Union of Soviet Socialist Republics. But as the "boss" nation of the communist federation it strives to make the world believe that the other nations are *natural* members of one big Russian family whose papa sits in the Kremlin.

This is not just a semantic quibble. Moscow wants us

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to forget that its empire began with the gun-point capture, between 1918 and 1922, of over fourteen non-Russian nations that differ, often markedly, from Russia proper in language, race, history, culture, and religion. Simply stated, these nations are no more Russian than the Irish are English, or than the Japanese are Chinese. They were first subjugated by the Czars, then more terribly resubjugated by Lenin and Stalin, and are still in captivity under Khrushchev.

When they are misidentified as Russian, it serves Moscow's purposes because the term Russia by-passes the fact of a Soviet empire, and obscures that empire's internal problems and inherent weaknesses. Moreover, when we call the people of the many non-Russian nations Russians, we in effect ignore their legitimate feelings of national pride and loyalty, and we appear to approve of their forcible absorption into the communist totalitarian empire.

But even more important, the acceptance of this first myth conditions people to an easy and often unquestioning belief in other myths that build up the false face the Kremlin shows to the world.

A Federal Union

For instance, the Kremlin communists and their apologists in America have for years spread the fiction that the U. S. S. R. is a federal union of states very much like the United States of America. This spurious claim is obviously an attempt to equate Russia's armed conquest

and forced incorporation of other nations with our union of fifty states and territories that freely willed their own federalization. Ours is a single and freely united nation; the Soviet Union is a multinational empire held together by totalitarian brutality, but disguised as a federal union.

This myth is unwittingly encouraged by the failure of our press and news commentators continually to emphasize that the Soviet Union is a vast and brutally forged empire within an even more wickedly wrought communist empire. Prominent Americans on occasion perpetuate this myth of a Soviet Union of freely federalized states when they refer to Ukraine as Russia's Texas and compare Byelorussia to Massachusetts!

Part of the price we pay for this thoughtlessness is our failure to convince millions in Africa, Asia, Central and South America that we are not the imperialistic and colonial monster that the communist empire builders charge us as being.

The Nationality Problem

The Soviet Union's myth of its being a free federal union similar to the United States is supported by what may be called its population myth. This is expressed in such terms as "the national minorities" and "the nationality problem" in the Soviet Union, with the suggestion that it parallels the U. S. minorities situation but is handled with more justice and wisdom, and with much less friction.

Here again we see the hand of masterful propagandists, uninhibited by obligations to the truth, turning gullible minds away from the fact of the captive non-Russian nations in the Soviet Union, and toward the scarlet fiction that some 214 million Russians lovingly stand together under the hammer and sickle.

The facts contradict this Soviet-created illusion. About 54 per cent of the U.S.S.R.'s population is non-Russian. In fourteen of the Soviet republics non-Russian natives are a majority of their population. Only a propagandist indifferent to truth would call these nations, with their native majorities, "national minorities." They are nations with distinctive cultures and histories, one of which goes back 4,000 years. But by referring to them as "national minorities" Moscow further diverts attention from the empire it rules and the colonialism it practices as a fixed policy.

It is grimly amusing to note that Karl Marx called the Czarist empire "a prison-house of nations"—an even more appropriate epithet for the system that today pays lip loyalty to communism's founder.

Totalitarian Russian Imperialism Versus International Communism

The free world's acceptance of these Soviet myths is indicated by another common error we make—one the Kremlin totalitarians are content to leave uncorrected. That is, the mistake many anti-Soviet individuals and agencies make when they rebuke other fervent opponents

of the Soviet Union who customarily assert that the free world's enemy is "totalitarian Russian imperialism." The burden of their protest against this characterization is that our real enemy is international communism, and that the term "totalitarian imperialism" lays the crimes of communism on the Russian nation and people, rather than on the Marxist ideology.

Moscow has no quarrel with this argument. It permits her to continue accumulating slave colonies behind the façade of Marxist historical materialism that has no relationship to the Soviet empire. When we attack Soviet communism as the sole enemy, Khrushchev has only to reply that the "imperialist West" is opposed to the concept of soviets, which are no more than representative workers' councils.

But when we point to Russia's history of imperialism—during the Czars under the banners of the Third Rome and Pan Slavism, and since 1918 under the guise of communism—then Khrushchev can do little more than rage impotently, as he has most notably done when we celebrated Captive Nations Week.

Moreover, when we speak of *Russian totalitarian imperialism* and refer to its colonialism and the certainty of ultimate Moscow control and empire absorption, then we are dealing with facts that have flesh and blood meaning in the world of today. Restless millions of have-nots are more easily aroused against imperialism and colonialism—which they think they have experienced and understand—than against communism, which they do not know or understand.

The Big Brother Myth

In order to solidify its empire and lull the suspicions of newly acquired colonies, Moscow has for years circulated the Big-Brother myth: the figment that the U.S.S.R. is an ever-loving brotherhood, with the Russians themselves always the benevolent big brothers.

However, there are some false notes in this sweet song: for example, that the non-Russian nations in the Soviet Union do not want to be independent, and that they are grateful to the Russians for whatever they have of well-being. In order to make this campaign more plausible and palatable the Kremlin ordered a rewriting of the early histories of Ukraine, White Ruthenia, and Muscovy (Russia). Moscow not only compiles dishonest records of its own history, but reaches far back to distort and twist the chronicles of earlier times to fit its propaganda.

There is, of course, no special brotherly relationship between the Soviet Union's non-Russian nations and Russia. Nor do they recognize the Russians as their benefactors. In fact, they know that Russia would be a second-rate power if deprived of its economically rich captive nations.

Although the big brother song is crooned primarily to those within the Soviet Union, it is also yodeled in the free world to discourage us from thinking of Kremlin power as a totalitarian empire without precedent in history, extending from the Danube to the Pacific.

It is no coincidence that the Soviet myths we have

been discussing complement and support each other. They are carefully devised and skillfully circulated inventions of propaganda technicians who employ truth only when it serves their purposes.

It Began Before 1940

Moreover, when we fall into these several propaganda traps, we often then unwittingly do some myth-making of our own in behalf of the Kremlin. For example, we find ourselves dating the beginning of Red Russian imperialism as of the 1940's when Moscow seized the Baltic States and then moved into Central Europe. We point to the capture of these "satellite" nations and suggest that a just and enduring peace could be established if the Iron Curtain were pushed back to the Soviet Union's prewar borders. Thus we imply that the Soviet Union is truly Russian, a freely organized federation of some 214 million Russians and some foreign language minorities such as are found in our own country. The Russians' record of imperialist aggression between 1917 and 1940 is consequently ignored. Russia's basic empire goes unremarked, while its captives—greater in number than the total "satellite" population—perhaps conclude the world has forgotten them.

Endorsement by Implication

Finally, the myth of peaceful coexistence between the Soviet Union and the free world amounts to little more

than agreement that the Kremlin shall be permitted to strengthen its empire and perfect its plans for the subversion and eventual conquest of the free world. Peaceful coexistence is a form of negative support of Russian totalitarian imperialism.

The alternative is not war, but the development of a relentless spirit of revolution against Russian imperial rule and for the independence of the captive nations both within the Soviet Union and the more recently acquired "satellite" nations.

We can best engender this spirit of revolt against Red tyranny by continually rededicating ourselves to the great traditions that have made us a powerful nation of free men. However incomplete may be our achievement of ideal freedom, nevertheless we still stand before the world—and particularly before the captive world—as an eloquent example of freedom and its rewards.

When we stand on this foundation—and resolve it shall not be undermined—we can in all truth and consistency reaffirm our national tradition that all the peoples of the world have the God-given right to determine their own destiny, free of external coercion or interference. And inherent in this tradition is its logical extension that every individual has the basic right freely to choose his way of life, without dictation from government.

This inspiration, example, and goal will always remain our major contribution to the freedom of other peoples, and whatever else we do for them should be done within and as an expression of these principles.

Peaceful coexistence, a term first used by the wily

Lenin, is a Kremlin cold war propaganda prop with great slogan value because it appeals to our yearning for peace. But since the phrase properly embraces a free and liberal exchange of cultures, ideas, and information, it is impossible of true realization. The Iron Curtain cannot be lifted without endangering the survival of the Russian totalitarian empire. And that is all the Kremlin is interested in preserving and expanding.

It is instructive to observe that Moscow attempts no defense of its brazen colonialism, but instead shifts the spotlight from itself to others by shamelessly demanding, as it did in December 1960, that the United Nations call for an end to colonialism. This from a power that holds at least 22 nations—totaling over 214 million souls—in direct, iron-bound captivity.

And this from a centrally controlled international conspiracy that plots the subjugation of still more nations, while the free world since the end of World War II has added to its rolls over 35 former colonies, protectorates, and other dependent areas—with a total population of 800 million people—most of them helped to national independence by the Western powers upon whom they were previously dependent.

Thus, as the Western nations abandon colonialism, Russian imperialism retains all of its captives and hungers for more.

When the world realizes—as it must for its salvation—the colossal hypocrisy that shields Moscow's malevolent ambitions, then we may hope for an end of the terror that bestrides this little star on which we live.

THE REA THROUGH THE LOOKING GLASS

An Editorial



IN *Through the Looking Glass*, Alice discovered that words can be rather slippery things:

"When *I* use a word," Humpty Dumpty said in rather a scornful tone, "it means just what I choose it to mean—neither more nor less."

"The question is," said Alice, "whether you *can* make words mean different things."

Some readers recently were as startled as Alice on seeing how familiar words were used by the National Rural Electric Cooperative Association in a full-page advertisement given nationwide circulation. The ad pictures the skyrocketing growth of rural electric systems as an outstanding example of "free enterprise." It asserts that "4¾ million people own rural electrics—more than any other business," more than A. T. & T's 1,900,000 shareholders, General Motors' 746,803, and Standard Oil of New Jersey's 526,610.

The thousand or so rural electric systems under discussion are "nonprofit groups—usually cooperatives." They have a lot of shareholders. Unlike corporations

From the *Monthly Letter* of the First National City Bank of New York, August, 1961.

organized for profit, they typically require a membership fee—the purchase of one share—as a condition for providing service; thus, $4\frac{3}{4}$ million is more genuinely descriptive of the aggregate number of customers than of the spread of ownership. The shares are of little investment value for they pay no dividends *per se*. The “profit” for the shareholder lies in access to power below its true cost. The cooperatives spare themselves from income taxes by avoiding realization of profits in the ordinary, legal sense. Further, the Rural Electrification Administration, supported out of the Federal Treasury, gives them a pipeline to the taxes paid by everybody else, including their competitors. The NRECA is too modest in totting up the number of owners of the “rural electrics”; a hundred million taxpayers have investments in them, involuntary and unprofitable but nevertheless real.

Last year the Congressional Joint Economic Committee published a report on “Subsidy and Subsidylike Programs of the U. S. Government.” This document does not develop a picture of the electric cooperatives as “free enterprise.” It does not find the capital contributions of the beneficiaries important enough to mention. The REA, included in a chapter on “Agricultural Subsidy Programs,” is described as extending loans to cover *the full cost* of constructing power lines and other facilities:

The Rural Electrification Administration makes loans for the purpose of financing electric systems and telephone service to rural areas. By such loans it has made possible the extension of electric power and telephone service to many farms at an earlier date and at lower cost than would otherwise have

been possible. In the field of rural electrification, which the REA has undertaken since 1935, the REA makes loans to qualified borrowers, with preference to nonprofit and cooperative associations and to public bodies.

Loans cover the full cost of constructing powerlines and other facilities to serve persons in rural areas who are without central station electric service. They bear 2 per cent interest and are repaid over a maximum period of 35 years. . . .

The report gave an estimate of REA loans less repayments as of June 30, 1961: \$4.4 billion loans for electric service and beyond \$700 million for telephones. The total rises every year and will continue to do so as the cooperatives expand outside farm areas, take on commercial and industrial customers, build generating capacity, and extend telephone services. Against these aggregates of \$4 to \$5 billion, the "ownership" represented in membership fees of beneficiaries—at \$5 or so apiece—is a drop in the bucket. It takes care of less than one per cent of the total investment.

It is true that the cooperatives pay interest on borrowed money. But there is a continuing subsidy in the fact that the REA lends at 2 per cent while the Treasury has to pay an average of 3 per cent on the public debt. In the original Rural Electrification Act of 1936, the intent of Congress was that "all such loans . . . shall bear interest at a rate equal to the average rate of interest payable by the United States of America on its obligations, having a maturity of ten or more years. . . ." In 1944, when the Treasury was paying an average of 1.93 per cent on the public debt, the Congress fixed the REA lending rate at 2 per cent.

In his budget message of January 1959, President Eisenhower proposed that: "The present statutory interest rate of 2 per cent for loans made by the Rural Electrification Administration be replaced by a rate which will cover the current cost to the Treasury of equivalent-term borrowing and other reasonable costs." On this formula the REA would be charging upwards of 4 per cent. That is what the Treasury would have to pay to-day on long-term bond issues.

Mr. Eisenhower's plan drew a barrage of criticism and was never adopted. Yet the principle he set out seems reasonable:

Ideally, in a federally sponsored and financed undertaking, it should be possible for the government to step progressively aside as they reach the stage of self-efficiency which enables them to move forward under their own sound management, ownership, and financing.

Consolidated income statements of investor-owned electric power companies and REA cooperatives make it possible to figure the subsidy elements. The cooperatives pay 3 per cent of their revenues in taxes instead of 24 per cent for the private utilities and 2 per cent on borrowed money instead of 4½ to 5 per cent. In 1959, when their operating revenues were \$618 million, the REA cooperatives would have needed \$164 million more revenues to raise their tax payments to the private utility average, and perhaps \$50 million besides if they had been required to meet the market on money costs. In other words, the cooperatives might have had to raise their rates around 35 per cent.

The flourishing development of the rural electric systems raises the question whether they are not now strong and enterprising enough to take their places as full-fledged, dues-paying members of the corporate society. Through subsidies and tax exemptions, we create powerful incentives for the establishment and growth of non-profit organizations. But the hard fact is that the vast federal government machinery demands a huge flow of taxable income and profits. It would grind to a halt, or fling itself apart in wild inflation, if we all went cooperative.

The ad treats the $4\frac{3}{4}$ million as participants in one single business and says that "a finer example of private enterprise . . . would be hard to find." The business in question must be the REA of which the "rural electric" are common dependents or subsidiaries. It is, indeed, a topsy-turvy world when the REA system gets identified as private enterprise.

Pretty soon, as Humpty Dumpty might have been moved to mention, we may begin calling the private utilities public enterprises. After all, they *are* public utilities, serving everybody in the whole land. And they do turn the greater part of their profits over to the government.

Rich people, meanwhile, can come to be known as public servants. After all, they do spend most of their time working for the government.

Maybe we're suffering from the effects of "living backwards." As the White Queen once told Alice, "It always makes one a little giddy at first."

WHAT HAPPENED TO WHALE OIL?

by E. F. Hutton



IT IS GENERALLY A MISTAKE for politicians to try to bolster up depressed areas or industries. History proves this over and over.

If an area or industry is depressed because of previously mistaken legislation, the law should be repealed. But if they become depressed for economic reasons, the politicians should keep hands off.

Take whale oil. That industry was a great and necessary one down to about 1850. Whaling ships searched every sea. There was "no climate that was not witness to their toil; no sea not vexed with their ships."

Then came coal oil, or kerosene, and New Bedford and Nantucket became depressed areas. Government, however, kept hands off and whaling men and their sons found other jobs.

With the coming of natural gas, kerosene for lighting started a long decline despite more millions of homes. The smelly lamp gave way to the gas jet, which was soon obsoleted by electric light.

Mr. Hutton (1876-1962) was the well-known industrialist, investment banker, and author of the column, "Think It Through."

Suppose all these new industries had been taxed to keep the dying ones alive! Government kept hands off, and the free competition of better and cheaper products caused the most rapid technological progress in history.

Congress is now urged to legislate increased coal consumption by 100 million tons a year to relieve unemployment in the coal industry which has pushed wage scales to the highest levels in America. Congress can do that only at the cost of other industries and their employees.

THE TALE OF THE LITTLE RED HEN

(Adapted from earlier versions)

by W. A. Paton



EARLY ONE MORNING the Little Red Hen was out looking for something to eat, and in the course of her search she came upon several plump, fresh kernels of wheat, spilled by somebody in the road. She was just about to swallow them when the thought occurred to her that perhaps she might instead get into the wheat business in a small way by planting the kernels. So she called to some of her farm friends: "Look, I've found some wheat. Who will help me dig up some ground so that we can plant this wheat and raise a crop?"

The "friends" didn't take kindly to the idea. "Not I," quacked the duck. "Not I," honked the goose. "Not I," grunted the pig.

"Well, I will then," said the Little Red Hen. She picked out a nice piece of ground near the fence and worked hard scratching it up into good loose soil. Then she made some holes, well spaced, dropped a kernel in each hole, and filled them carefully with dirt.

Dr. Paton is Professor Emeritus of Accounting and of Economics, School of Business Administration, University of Michigan.

Hard Work and Loving Care

The Little Red Hen visited her bit of wheat field every day, pulled out the weeds that came up, used her sprinkling can to water the soil when there wasn't enough rain. Soon the green wheat sprouts broke through the ground and grew into sturdy plants, and finally the stalks and wheat heads appeared and ripened. When the wheat was ready to cut, the Little Red Hen appealed to her "friends" again: "Who will help me cut the wheat and take it to the mill?"

"Not I," said the duck. "Not I," said the goose. "Not I," said the pig.

"Well, I will then," said the Little Red Hen. She cut the wheat stalk by stalk with her shears, bound it into several bundles and carried each bundle on her back over the hill and down by the river to the mill. The miller spread the wheat out on his threshing floor and pounded the heads with his flail until the kernels were all separated from the husks. Then he blew away the straw and chaff and ground the beautiful red wheat into flour. He put the flour in a sack (after taking out his toll for the work he'd done), tied up the sack, and gave it to the Little Red Hen. She carried it on her back all the way home—a long, hard trip. When she had the sack of flour safely in her house, she went out and called to her "friends" once more. "Who will help me make my flour into dough and bake it into bread?"

"Not I," said the duck. "Not I," said the goose. "Not I," said the pig.

"Well, I will then," said the Little Red Hen. She bustled about making the flour into dough, and putting it in her round baking pan. After the dough had risen, she put it in the oven and late in the afternoon she took it out (being careful not to burn herself), and there on the table was a round loaf of the loveliest brown bread anyone ever saw or smelled!

Sharing the Gains

The Little Red Hen then went to the door and—with a bit of a glint into her eye—called out: "Who will help me eat this lovely loaf of bread that I have baked?"

"I will," quacked the duck, very loudly. "I will," promptly honked the goose. "I will," squealed the pig. And all three rushed to the door of the Little Red Hen's house.

But they didn't get any encouragement from that point on. "No," said the Little Red Hen. "I found the wheat; I prepared the soil and planted it; I pulled the weeds and watered the ground when it got too dry; I cut the wheat and carried it all the way to the mill; I carried the flour home myself; I made the flour into dough and baked it. None of you would help until it came time to eat. And I'm going to eat *my own bread* all by myself." She shut the door with a bang, and sat down to a good meal of hot bread, with plenty of butter on it! And it didn't bother her a bit that she was not sharing the results of her foresight, initiative, and labor with those unwilling to contribute to production but

very eager to consume what someone else had produced.

* * *

Unfortunately, the fable's ending doesn't square with the facts of life in America today. The duck, the goose, and the pig, constituting a democratic majority, have authorized their income tax collector to take from the very productive little hen up to nine-tenths of the bread she has earned. Added to this ruinous levy there may be a sizable fine to which she is subject for having grown wheat in excess of the quota allowed her under the farm price-support program. Far from enjoying the whole loaf she produced by her own efforts, she'll be lucky these days if her "needy" neighbors leave her as much as a crumb.

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